

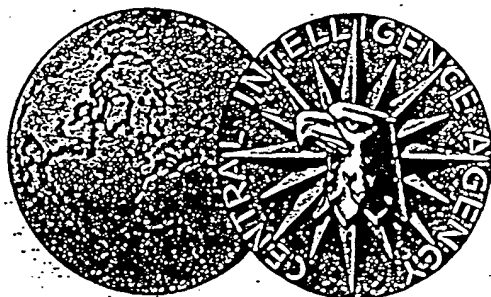
CONFIDENTIAL

COPY NO.  
FOR THE ASSISTANT DIRECTOR  
FOR REPORTS AND ESTIMATES

47373

# THE WORLD BREADGRAIN SITUATION 1948-49 AND 1949-50 OUTLOOK

CIA HISTORICAL REVIEW PROGRAM  
RELEASE IN FULL



ORE 66-49

Published 15 September 1949

CENTRAL INTELLIGENCE AGENCY

Document No. 00  
NO CHANGE in Class   
 DECLASSIFIED  
Class. CHANGED TO TS S. 0  
DDA Memo. Apr 77  
Auth: DDA REG. 77-1763  
Date: 23-01-78 BY: 024

CONFIDENTIAL

~~CONFIDENTIAL~~

DISSEMINATION NOTICE

1. This copy of this publication is for the information and use of the recipient designated on the front cover and of individuals under the jurisdiction of the recipient's office who require the information for the performance of their official duties. Further dissemination elsewhere in the department to other offices which require the information for the performance of official duties may be authorized by the following:

- a. Special Assistant to the Secretary of State for Research and Intelligence, for the Department of State
- b. Director of Intelligence, GS, USA, for the Department of the Army
- c. Chief, Naval Intelligence, for the Department of the Navy
- d. Director of Intelligence, USAF, for the Department of the Air Force
- e. Director of Security and Intelligence, AEC, for the Atomic Energy Commission
- f. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
- g. Assistant Director for Collection and Dissemination, CIA, for any other Department or Agency

2. This copy may be either retained or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Collection and Dissemination, CIA.

DISTRIBUTION:

Office of the President  
National Security Council  
National Security Resources Board  
Department of State  
Office of Secretary of Defense  
Department of the Army  
Department of the Navy  
Department of the Air Force  
State-Army-Navy-Air Force Coordinating Committee  
Joint Chiefs of Staff  
Atomic Energy Commission  
Research and Development Board

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

## THE WORLD BREADGRAIN SITUATION 1948-49 AND 1949-50 OUTLOOK<sup>1</sup>

### SUMMARY

Smaller crops of breadgrain will be harvested in 1949 than in 1948 when the world produced 217 million metric tons, its best crop of wheat and rye since the end of hostilities. Larger farm and off-farm stocks of breadgrain, however, were carried over on 30 June 1949 in exporting countries, particularly in the United States and the USSR, than were carried over on 30 June 1948. This increase in stocks carried over into the marketing year beginning 1 July 1949 and ending 30 June 1950 will wholly or in part offset the drop in the 1949 world production.

If importers maintain their wheat and rye consumption on the 1948-49 level, at least as much breadgrain must be shipped during 1949-50 as was marketed during 1948-49. A large part of the breadgrain entering international trade will be marketed without regard to any price guarantee since only part of the world's 1949-50 export availability of breadgrain will be equitably distributed among importers within the price range guaranteed by the International Wheat Agreement, to which the USSR and Argentina have not subscribed.

The USSR enters the 1949-50 trade year with farm and off-farm stocks larger than the 2 million metric tons quota that the International Wheat Conference refused to grant. There is, also, the prospect of a somewhat larger breadgrain production in 1949 than that of last year, which places the Soviet Union in a position prospectively better than at any time since the war. If the Kremlin so

decrees, the USSR can throw breadgrain onto the international market in excess of the 2 million metric tons quota denied by the International Wheat Conference.

An increase in barter and other trade agreements among non-dollar countries to circumvent dollar shortage may be expected to characterize international market manipulations during 1949-50, especially if the USSR invades the international markets.

Total 1949 production of breadgrain in the satellites may be not more and possibly less than last year. Carry-over stocks are relatively low except possibly in Yugoslavia and Albania.

As of 15 July, a decrease of 1 to 2 million metric tons is expected in the breadgrain production of northern and western Europe (including northwest Africa). Average off-farm supplies in this area at the beginning of the 1949-50 trade year were below normal.

The Middle East (including northeast Africa) entered the 1949-50 trade year with about 1 million tons of breadgrain in off-farm storage and the prospects of a production as large as that of 1948. No change in the production and import requirements in other African countries is expected.

In the Indian Subcontinent and the deficit countries of the Far East, carry-over stocks are low and the 1949 production of breadgrain is expected to be less than that of 1948.

Australia with an export quota of 2.2 million metric tons may export 3 million tons of

<sup>1</sup>The statements contained in this report are based largely upon a more extensive survey of the World Breadgrain Situation in 1948-49, Working Paper No. 8, on file in the CIA Library and available to appropriate government officials who may be concerned with such problems.

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. It is based on information available to CIA as of 15 July 1949.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

wheat during 1949-50 unless unfavorable weather conditions develop before the harvest next fall.

Argentina enters the 1949-50 trade year with abnormally low stocks of about 1.1 million tons. Acreage and production are expected to continue at the low level of 1948-49.

Combined 1949-50 production among other South American countries and in the Caribbean area may be expected to be about the same as last year with about the same import requirements.

The 1949 Canadian wheat crop is 3.2 million metric tons below the good harvest of 1948. However, at the expense of end-of-year stocks, Canada can fulfill the 5.5 million ton export

quota granted by the International Wheat Agreement.

The United States has a 1949-50 potential export supply of 14.3 million metric tons. The export quota under the wheat agreement is 4.6 million metric tons. Adding 5.6 million tons as probable shipments to occupied countries gives 10.2 million metric tons of foreseen shipments. This leaves a potential of 4.1 million metric tons available for stabilizing the non-guaranteed markets in case of any emergency.

Despite a decline in production, the United States is still in a sufficiently strong position to meet the demands of the breadgrain markets of the world during 1949-50, within the framework of abilities of importers to pay.

~~CONFIDENTIAL~~

## THE WORLD BREADGRAIN SITUATION 1948-49 AND 1949-50 OUTLOOK

### 1. The 1948-49 Breadgrain Situation.

#### *a. The Importers.*

Early in the summer of 1948, it appeared that for the first time since the war there would be as much breadgrain for export as world markets would take within the framework of abilities to pay. Surveys of requirements of the majority of importing countries, taking into consideration abilities to pay, indicated that the import markets of the world would take during the 12 months 1 July 1948 through 30 June 1949 a combined total of 27.8 million metric tons of breadgrain\* compared with 26.2 million metric tons\* reported to have been shipped to these same markets during the 12 months 1 July 1947 through 30 June 1948.

#### *(1) Turnover Supplies Low at Beginning of 1948-49.*

Shipments of 26.2 million metric tons of breadgrain by exporters during 1947-48 added to the combined indigenous production of the importing countries concerned, estimated at 73.8\* million metric tons, indicated a 1947-48 combined gross supply\* of 100.0 million metric tons, which was practically equal to the average prewar gross supply of 100.4 million metric tons available to these same importers during the 5 years 1933-34 through 1937-38.

In the interim between the prewar period and 1947-48, population had increased roughly

10 percent so that per capita gross supply during 1947-48 was appreciably less than the average per capita supply during 1933-34 through 1937-38 and was insufficient to meet normal requirements.

Because of the drain placed on farm and off-farm stocks of breadgrain in attempts to cover consumption and other requirements during 1947-48, most of the importing countries of the world entered the trade year 1948-49 with customary turnover supplies at a minimum.

#### *(2) Turnover Supplies Still Below Normal at End of 1948-49.*

In 1948, the importing countries produced domestically a combined total of 86.8 million metric tons. Import requirement, estimated at 27.8 million tons, indicated a combined gross supply for all utilization during 1948-49 of 114.6 million tons.

This improved supply (14.6 percent greater than that of the previous year) enabled most of the peoples of the world to eat more bread of better quality than at any other time since the outbreak of the war. Not only did peoples in certain countries eat better, but in several countries customary turnover supplies have been built up to nearly normal while a few fortunate countries with better indigenous production than others carried over into the 1949-50 marketing year some reserve stocks.

1947-48, because no allocations were made to these areas during 1948-49.

\*The estimated production of 73.8 million metric tons does not include the production of Bulgaria, Poland, Rumania, and the Soviet Zone of Germany, which were normally exporters but which because of poor indigenous production were forced to import during 1947-48. Also, the insignificant production of Albania does not come into consideration.

\*The term "gross" supply of breadgrain implies stocks on farms for seed, allowances for waste (usually 3 percent), feed for livestock, also industrial utilization, human consumption as well as off-farm turnover supplies and other carry-over stocks.

\*The estimated quantity of grain that world markets would take during 1948-49 is the combined total (adjusted as of 12 April 1949) of allocations of breadgrain made by the Cereal Committee of the International Emergency Food Committee of the United Nations after formal hearings of requirements presented by each country concerned. These countries included Finland and Czechoslovakia but not Spain.

\*The total quantity of recorded shipments during 1947-48 was 26.8 million metric tons. The figure 26.2 million tons does not include 0.6 million tons of breadgrain shipped to Albania, Bulgaria, Poland, Rumania, and the Soviet Zone of Germany during

~~CONFIDENTIAL~~

It is not possible to estimate with any degree of exactness the 1948-49 balance between supply and utilization among the importers, as a whole, but it is highly probable that on the average throughout the world, end-of-the-year<sup>1</sup> off-farm supplies in importing countries were below normal.

*b. The Exporters.*

As stated above, the International Emergency Food Committee estimated the 1948-49 effective demand for breadgrain at 27.8 million metric tons of which 24.6 million tons were prorated on the basis of estimated export availabilities among the United States, Canada, and Australia for orderly marketing to a majority of importers throughout the world. It was assumed that Argentina and the USSR would be in a position to ship about 1.6 and 1.2 million tons respectively and that a few small exporters might possibly ship 0.4 million tons more or less.

The three major exporters under the supervision of the International Emergency Food Committee, within a small margin more or less, fulfilled their export quotas by 30 June 1949. Argentina shipped 1.7 million metric tons of breadgrain during 1948-49 while the USSR is estimated to have shipped 1.1 million tons. The small exporters had already exceeded expectancy by the end of the first 6 month (30 December 1948). As of 30 June 1949, combined shipments by exporters are estimated at around 27.0 million metric tons.

*c. Allocation of Breadgrain Abandoned.*

During the trade years 1947-48 and part of 1948-49, the orderly adjustment of export availabilities to import requirements was effected largely through the operations of the Cereals Committee of the International Emergency Food Committee of the United Nations.

Because of the large 1948-49 supply, prices of wheat and rye on the markets of the world declined. Also, because of the large supply in sight, the allocation of breadgrain to importers was abandoned as of the end of March

<sup>1</sup> The end of the 1948-49 international trade year is 30 June 1949. The end of the consumption year, normally 31 July in Europe, may vary somewhat among the various importing countries.

1949. The Cereals Committee was dissolved in April 1949.

Although the Cereals Committee will no longer influence orderly marketing between consignor and consignee during 1949-50, the breadgrain markets of an important proportion of importers will in part be stabilized by the operations of the International Wheat Council under the provisions of the International Wheat Agreement.

*d. The International Wheat Agreement.*

The International Wheat Agreement guarantees that within the range of agreed upon ceiling and floor prices, a substantial number of importers will take a minimum of 12.41 million tons of wheat annually from Canada, the United States, Australia, France, and Uruguay over a term of four years beginning 1 July 1949.

The export quota of the United States is 4.57 million metric tons (168 million bushels),<sup>2</sup> which importers agree to take at not more than a ceiling price of \$66.14 nor less than \$55.11 per ton (\$1.80 to \$1.50 per bushel).<sup>3</sup>

After the agreed quota has been met, an importer can buy additional wheat anywhere at any negotiated price. Non-signers of the agreement can buy at any time at any negotiated price.

Orderly marketing under the agreement will be supervised by the International Wheat Council made up of delegates, one for each ratifying country.

Argentina refused to enter the agreement on grounds of price and the USSR dropped out before final discussions when unable to get an annual export quota of roughly 2.0 million metric tons of wheat.

<sup>2</sup> Other quotas are: 5.52 million tons to Canada; 2.18 million tons to Australia; 0.90 million tons to France and 0.49 million tons to Uruguay. In addition, the United States may ship 5.6 million tons to the occupied countries resulting in foreseen combined shipments of 19.2 million metric tons.

<sup>3</sup> Ceiling prices remain throughout the period at \$1.80 per bushel for Canadian wheat at Fort William or at Port Arthur, which is equivalent to about \$1.92 per bushel at Gulf Ports. Similar floor prices diminish at the rate of 10 cents per year to \$1.20 per bushel in 1953.

~~CONFIDENTIAL~~

Either country, within the framework of export availabilities can enter the market at any time to take advantage of ceiling prices or to force prices to the floor.

(1) *Unguaranteed Markets.*

Foreseen shipments under the wheat agreement plus shipments to occupied countries total 19.2 million metric tons.<sup>3</sup> With an expected import requirement of about 27 million metric tons, negotiations for 8 or more million tons of export wheat and rye may activate buying and selling on the unguaranteed markets of the world during 1949-50.

*e. Carry-Over Supplies.*

As indicated above, importers as a whole, largely because of inadequate abilities to pay, entered the current trade year on 1 July 1949 with turnover supplies somewhat below normal.

On the other hand, the five chief exporting countries carried over into the 1949-50 trade year combined stocks of about 19.8 million metric tons of breadgrain as compared with a combined carry-over on 30 June 1948 of 13.5 million tons.

The increase of 6.3 million tons in carry-over supplies into the trade year 1949-50 may offset wholly or in part the decline in the world's breadgrain production in 1949-50.

2. The Outlook.

The acreage seeded to wheat in western and northern Europe for harvest in 1949 is less than that seeded for the harvest of last year. Although weather conditions have improved since April, the outlook as of June indicates an indigenous supply of breadgrain for utilization during 1949-50, somewhat less than that of 1948-49 when an unusually favorable combination of weather factors contributed to the production of one of the best wheat harvests in many years. Current production of breadgrain in the Danube Basin is expected to be not greater and possibly less than last year while in the USSR there is the prospect of a production somewhat greater than that of 1948. The Canadian crop is estimated to be below the excellent production

of 1948. In the Southern Hemisphere, where wheat for harvest in the late fall and early winter of 1949-50 is planted in June-July, no change from the 1948-49 production can be predicted as of 1 July 1949.

In the United States, July conditions indicate a wheat harvest of nearly bumper proportions, but the crop is expected to be somewhat less than that of last year.

It is premature to indicate whether or not during 1949-50 the world food supply and requirement position will be relatively as good as or worse than that of 1948-49. However, indications point to the probabilities that in importing countries the average indigenous breadgrain supply in 1949-50 will be considerably less than that in 1948-49, that the average stocks were below normal and that the import markets of the world may be expected to take on the average, within the framework of abilities to pay, approximately the same quantities of breadgrain as in 1948-49.

If a demand situation similar to that of 1948-49 develops, negotiations for as much as 8 million metric tons of wheat and rye and possibly more may activate the free markets of the world.

If the political situation warrants, it is conceivable that the USSR may attempt to market 2.0 million or more metric tons of wheat. Should this or any other contingency arise, the United States, with uncommitted export availabilities of more than 4 million metric tons<sup>3</sup> should be in a sufficiently strong position to meet competition on the international free market, within the framework of abilities of importers to pay.

*a. Position of the United States.*

By 1948, the wheat and rye production in the United States was 95 percent greater than the 1933-37 average enabling an export availability during 1948-49 of 13.9 million metric tons as compared with an average export during the 5 years 1933-34 through 1937-38 of 1.0 million tons. During 1947-48 shipments totaled 13.2 million tons.

<sup>3</sup> Includes 3 million metric tons more wheat in storage on 30 June 1949 than carried over in stocks on 30 June 1948.

<sup>1</sup> See footnote 2 on page 4.

~~CONFIDENTIAL~~

On 1 July 1949, the United States entered the export year with farm and off-farm stocks of wheat and rye estimated at 8.2 million metric tons. Preliminary estimates place the 1949 breadgrain production at 32.9 million tons indicating a total statistical supply of 41.1 million tons.

If domestic disappearance estimated at 18.6 million tons is deducted from a total statistical supply of 41.1 million tons, a balance for stocks and export of 22.5 million tons is indicated. Assuming a carry-over on 30 June 1950 of 8.2 million tons (the same as the estimated carry-over on 30 June 1949) a potential export supply during 1949-50 of 14.3 million tons is indicated; this is 0.4 million tons greater than the 13.9 million tons export availability allotted to the United States by the International Emergency Food Committee for shipment during 1948-49.

Under the provisions of the International Wheat Agreement, the United States was allotted 4.6 million tons of wheat for marketing during 1949-50 at prices ranging from \$55.11 to \$66.14 per ton. During 1948-49, the United States consigned to occupied territories 5.6 million metric tons of wheat and rye. Assuming no decrease in shipments to occupied countries during 1949-50, total shipments already foreseen of 10.2 million metric tons are indicated. If these estimates approximate reality, a potential 4.1 million tons are indicated as available for manipulation on the world's free markets or for additional stockpiling at the end of the current trade year. Additional stockpiling is not necessarily an unmitigated evil, because the United States as the chief food supplier to deficit countries requires a large carry-over to offset any possible drop in production in the Western Hemisphere or other parts of the world.

*b. Position of the USSR.*

By 1948, the wheat and rye production in the USSR was 2.8 percent greater than the 1933-37 average.<sup>1</sup> Shipments during 1948-49

<sup>1</sup>The 1933-37 average (50 million metric tons) is used for this comparison because trade data for this period are more nearly complete than for later years. The conventional prewar comparison base for production is the 1935-39 average of around 56 million tons. The 1948 production (51.4 million metric tons) was 8.2 percent below the 1935-39 average.

are tentatively estimated at 1.1 million metric tons as compared with an average export during the 5 years 1933-34 through 1937-38 computed to be 0.9 million tons.<sup>2</sup> During 1947-48, shipments are estimated to have been 1.7 million metric tons<sup>3</sup> and at least 2.0 million tons of previously accumulated farm and off-farm stocks of breadgrain were available to the Soviet Government on 1 July 1948.

The 1948 production estimated at 51.4 million tons indicates a total 1948-49 supply of 53.4 million tons. Deducting domestic disappearance placed at 44.6 million tons indicates a supply for export and stocks of 8.8 million tons from which at least 1.1 million tons were exported, leaving a statistical balance for carry-over stocks in 1949-50 of 7.7 million tons.

Because of increased acreage and improvement in June growing conditions, there is the prospect of a somewhat larger production of breadgrain in the USSR in 1949 than in 1948. If, as in the United States, it is assumed that the breadgrain carry-over on 30 June 1950 will be the same as the assumed carry-over on 30 June 1949 (some 7 to 8 million metric tons), the export availability of the USSR during 1949-50 may exceed the 1.1 million metric tons estimated to have been exported during 1948-49.

If political expediency should so dictate, however, the Soviet Government would not hesitate to draw on any obtainable grain supplies for shipment abroad. In that case, a very considerable quantity of breadgrain in excess of 2.0 million metric tons could be placed on the open markets of the world during 1949-50, without reduction of reserve stocks.

<sup>2</sup>Includes surpluses and shipments from Rumanian, Polish and Baltic territories included within the frontiers of the USSR as of 1945.

<sup>3</sup>Of estimated shipments totaling 1.7 million metric tons, 1.2 million tons were consigned to the satellites and the Soviet Zone of Germany, while 0.5 million tons were shipped to countries outside the Soviet sphere of influence.

~~CONFIDENTIAL~~



*c. Position of the Satellites.*

In 1947-48, because of a very poor harvest, the satellites,<sup>1</sup> taken as a unit area, imported (net) 1.4 million metric tons of wheat and rye<sup>2</sup> in contrast to an average net export of 2.8 million metric tons during the five years 1933-34 through 1937-38. At the end of the trade year 30 June 1948 turnover supplies were at a minimum.

Production in 1948 increased materially, and although a few thousand metric tons of breadgrain were exported by Poland and Rumania, 1948-49 import requirements of more than 0.5 million metric tons reported by Czechoslovakia and Finland together with shipments to Albania, placed the area in a deficit position. On 1 July 1949, Poland, Yugoslavia, and Albania may have entered the trade year 1949-50 with small stocks in excess of usual turnover supplies.

Combined production in 1949, particularly because of the poor Rumanian and Bulgarian crops may not be better and may possibly be poorer than that of 1948. If this situation develops, the satellite area as a whole may again become a net importer of breadgrain during 1949-50 and a liability to the USSR.

*d. Position of Western Europe.<sup>3</sup>*

During the five-year period 1933-37, Western Europe produced an average of 34.0 million metric tons of breadgrain. Net imports during 1933-34 through 1937-38 averaged 12.6 million tons, indicating an average gross supply for all utilizations of 46.6 million metric tons.

<sup>1</sup>For the purposes of this analysis, the satellites of Eastern Europe comprise three countries that normally were net importers of breadgrain (Albania, Czechoslovakia and Finland) and five countries that normally exported wheat and rye (Bulgaria, Hungary, Poland, Rumania, and Yugoslavia). The Soviet Zone of Germany, which normally shipped its excess production of wheat and rye to Western Germany, is also included.

<sup>2</sup>About 1.2 million metric tons of the 1.4 million tons shipments originated in the USSR while 0.2 million tons were shipped by the United States, Argentina, and Canada.

<sup>3</sup>All of continental and insular Europe west of Finland, the Soviet Zone of Germany, Czechoslovakia, Hungary, and Yugoslavia but not Greece.

Production fell off sharply in 1947 to 22.6 million metric tons. Reported combined shipments into the area during 1947-48 totaled 17.7 million tons indicating a combined gross supply of only 40.3 million tons. Only by severe rationing, by resort to high milling extraction and adding coarse grain and potatoes to the bread mix, were non-farm populations maintained at near subsistence levels. End of the year carry-over supplies were minimum.

Increased acreage and an unusually favorable combination of weather factors in 1948 resulted in a breadgrain harvest of 31.8 million metric tons—the best in several years. The International Emergency Food Committee allocated to the area 16.5 million metric tons to be shipped during 1948-49 indicating a gross supply of 48.3 million tons—1.7 million tons larger supply than the prewar average. Increased population as well as more and better bread consumed by the non-farm population accounted for the utilization of a large part of the increased supply. Certain countries built up their usual turnover stocks to nearly customary levels. A few countries may have carried over reserve stocks but, on the average, off-farm stocks on 30 June 1949 were below customary levels.

Production of breadgrain in Western Europe in 1949 is expected to be less than during 1948. Shipments into the area during 1949-50 are expected to be not less than during 1948-49, possibly 16 to 17 million metric tons, but may exceed that figure.

*e. Position of the Near East.<sup>4</sup>*

During the five years 1933-37, the Near East produced an average of 8.48 million metric tons of breadgrain. Net imports during 1933-34 through 1937-38 averaged 0.49 million metric tons indicating an average gross supply for all utilizations of 8.97 million tons. Although production in 1947 increased to 8.62 million tons, combined net shipments into the area totaled 1.33 million tons indicating a combined gross supply during 1947-48 of 9.95 million tons.

<sup>4</sup>Includes Greece and Aegean Islands, Cyprus, Turkey, Syria, Lebanon, Palestine, Israel, Transjordan, Iran, Iraq, Saudi Arabia, Aden, Bahrain, Kuwait, Oman, the Trucial Coast, Yemen, Egypt, Anglo-Egyptian Sudan, Ethiopia, Eritrea, the Somalilands, Cyrenaica, and Tripolitania.

~~CONFIDENTIAL~~

lion tons. Increased population and improved diet resulted in greater human consumption during 1947-48 than before the war. Restrictions on exports together with speculative hoarding, however, resulted in some increase in carry-over by certain countries on 30 June into the trade year 1948-49.

The 1948 combined production of the Near East was estimated at 9.63 million metric tons. In spite of an increase of a million tons in production over that of 1947, allocations and shipments of breadgrain into the area are estimated at 1.63 million tons, indicating a gross supply of 11.26 million tons or 1.3 million tons greater than the gross supply available for all utilization in 1947-48. Roughly 0.2 million tons of this increased supply were required in Greece to bring customary turnover supplies more nearly to normal. Another 0.2 million tons were utilized in Egypt for increasing human consumption and stockpiling. Fully 0.9 million tons were utilized to increase consumption or were added to reserve stocks in Asiatic Middle East—largely in Turkey.

Given normal weather conditions, the 1949 production of breadgrain in the Near East, particularly in the Asiatic Near East, should be as good as or better than that of 1948. With about a million displaced persons in the area depending in part upon international relief, a considerable quantity of wheat will be shipped into the area to supplement possible intra-regional exports from surplus producing countries to deficit areas within the region. At the end of 1949-50, however, unless policies in Turkey and certain other countries change and unless the situation is altered by other causes, relatively large reserve stocks of wheat may be carried over on 30 June 1950.

*f. Position of Northwest Africa.<sup>1</sup>*

During the five years 1933-37, northwest Africa produced an average of 1.98 million metric tons of breadgrain. Annual net exports during 1933-34 through 1937-38 averaged 0.31 million tons indicating a domestic disappearance of 1.67 million tons. In 1947 production decreased to 1.76 million tons. Ship-

<sup>1</sup>Includes French North Africa, French West Africa, French Equatorial Africa, Spanish Morocco and Tangier.

ments of breadgrain into the area during 1947-48 totaled 0.23 million tons indicating a gross supply of 1.99 million tons. Because of increased population (more than 20 percent), it is possible that customary turnover supplies on 30 June 1948 were low.

In 1948, production of breadgrain increased to 2.19 million tons. There is no record of any allocation to the area, but during the six months 1 July through 31 December 1948 shipments of 0.22 million tons to northwest Africa were reported. If no further shipments were made during the last six months of the export year, a gross supply of 2.41 million tons of breadgrains was available for utilization during 1948-49, or 0.42 million tons more than was available during 1947-48 and 0.74 million tons greater than the prewar supply. Unless consumption has been materially increased some building up of turnover supplies is indicated.

The 1949 harvest of breadgrain may not be less than that in 1948. Regardless of production and previous increases in supplies, shipments of at least 0.15 to 0.20 million tons to the area may be made during 1949-50.

*g. Position of Other African Areas.*

During the five years 1933-34 through 1937-38, the specified other African areas<sup>2</sup> produced an average of 494,000 metric tons of breadgrains. Net imports averaged 90,000 tons indicating an average gross supply of 584,000 metric tons. In 1947, production was estimated at 629,000 metric tons. Combined net shipments into the area totaled 178,000 tons indicating a gross supply for 1947-48 of 807,000 tons.

The 1948 production was estimated at 644,000 metric tons. Allocations for 1948-49 were placed at 475,000 metric tons indicating a gross supply of 1,119,000 tons. Although largely because of increased employment, a larger population, and lowering extracting rates, consumption of breadgrain has been higher in South Africa and some other areas,

<sup>2</sup>Includes South Africa, Basutoland, North and South Rhodesia, Nyasaland, Tanganyika, Kenya and Uganda, Zanzibar, Mozambique, Madagascar, Reunion, Mauritius, Southwest Africa, Angola, Belgian Congo, Liberia, and British dependent overseas territories in northwest Africa.

~~CONFIDENTIAL~~

it is probable that taking the area as a whole stocks of wheat in excess of customary turn-over supplies carried over on 30 June 1949 were approximately 300,000 metric tons.

It is probable that the crop to be harvested in 1949-50 will be about the same as that harvested in 1948-49 and imports into the area during 1949-50 may be around 300,000 to 400,000 metric tons.

#### *h. Position of Australia.*

During the war and postwar period, Australia increased its production of wheat to 6.0 million metric tons in 1947-48 from which 2.83 million tons were exported and 1.84 million tons were carried over into the 1948-49 trade year on 30 June 1948. The 1948 crop was only 5.45 million tons giving a total supply for the trade year 1948-49 of 7.29 million tons. Domestic disappearance was estimated at 2.21 million tons leaving 5.08 million tons for export or carry-over. The International Emergency Food Committee allotted to Australia an export quota of 3.45 million tons, leaving an excess of 1.63 million tons to be carried over into the trade year 1949-50.

The crop for harvest in 1949-50 is planted during June-July, and no prediction can be made (as of 1 July 1949) regarding the production expectancy.

Under the terms of the International Wheat Agreement, Australia's export quota has been placed at 2.2 million metric tons presumably for the year 1949-50.

It is expected that, although wheat used for feed during the calendar year 1949 will increase 5 percent, exports may reach 3.0 million metric tons attended by a reduction of 9 percent in stocks. It is presumable that these calendar-year estimates may possibly hold for the crop-year 1 July 1949 through 30 June 1950.

#### *i. Position of Far East-Pacific and Indian Subcontinent.*

During the five years 1933-37, the Far East-Pacific and Indian Subcontinent area produced on the average 34.2 million metric tons of wheat. Net imports during 1933-34 through 1937-38 averaged 1.2 million tons indicating a gross supply of 35.4 million tons. In 1947, production increased to 35.2 million tons and

shipments of breadgrain into the area totaled 3.6 million tons indicating a gross supply of 38.8 million tons. The increase in the 1947-48 wheat supply is accounted for by increased population and extended use of wheat as a substitute for rice.

In 1948, production further increased to 37.9 million metric tons. Allocations of wheat to the area increased to 5.5 million tons indicating a 1948-49 gross supply of 42.4 million tons—an increase of 3.6 million tons over the indicated supply for 1947-48. Japan and Korea absorbed 0.64 million tons of the increase in potential supply and, in the Philippines, 0.14 million tons additional supply indicates some increase in stocks. China's indigenous supply was increased somewhat by larger production. It is doubtful if this increase was wholly available to non-farmers in certain areas because of military activities. Military activities have also cut off a large proportion of the proposed import supply of 0.31 million tons. New Zealand carried a small reserve into 1949-50. Part of the wheat shipped by Australia to New Zealand during 1948-49 was low grade, unfit for human consumption.

Food shortages in India and Pakistan developed early in the trade year 1948-49. Wheat was required as a substitute for rice and other grain. Taken as a whole, end of the year stocks were low.

The 1949-50 production of breadgrain in the region of the Far East-Pacific and Indian Subcontinent, taken as a whole, is expected to be below that of 1948-49. Large shipments of breadgrain will again be required to maintain the 1949-50 subsistence at the relatively low level of 1948-49.

#### *j. Position of Canada.*

Canada greatly expanded its wheat and rye production during the war and postwar period. The 1948 harvest was 65 percent larger than the average production during 1933-37.

On 30 June 1948, Canada entered the export year 1948-49 with farm and off-farm stocks of wheat and rye estimated at 2.55 million metric tons. Estimated production in 1948 was 11.34 million tons giving a total supply of 13.89 million tons. Deducting estimated dis-

~~CONFIDENTIAL~~

appearance of 4.20 million tons leaves 9.69 million tons for export and stocks. The International Emergency Food Committee allotted to Canada a 1948-49 export potential of 7.28 million metric tons indicating 2.41 million metric tons as the statistical balance to be carried over as stocks on 30 June 1949.

The 1949 Canadian wheat and rye crop is estimated at 8.1 million metric tons. Adding 2.1 million tons<sup>1</sup> (estimated carry-over on 30 June 1949) gives a total supply of 10.2 million tons. Deducting domestic disappearance, estimated at 4.2 million tons, leaves 6.0 million tons for export and stocks. Under the terms of the International Wheat Agreement, certain importing countries, chiefly the United Kingdom, have guaranteed to take 5.5 million metric tons of Canadian wheat. Even if the 1949 harvest is not further reduced, Canada can fulfill its export quota, placed at 5.5 million tons, only by a reduction in stocks.

*k. Position of Argentina.*

The 1947-48 wheat and rye harvest in Argentina was 16 percent larger than the average production during 1933-37.

On 30 June 1948, Argentina entered the export year 1948-49 with carry-over stocks of wheat and rye estimated at 1.8 million metric tons. Estimated production was 4.9 million tons giving a total supply of 6.7 million tons. Deducting estimated domestic disappearance of 3.9 million tons leaves 2.8 million tons for export and stocks. During the 12 months 1 July 1948 through 30 June 1949 Argentina shipped abroad 1.7 million metric tons of wheat and rye indicating carry-over stocks on 30 June 1949 of 1.1 million metric tons.

The 1949-50 Argentine wheat crop is being seeded on an acreage about the same as for

<sup>1</sup> As of 1 June 1949, the Food and Agriculture Organization of the United Nations estimated Canadian carry-over stocks on 30 June 1949 at 2.1 million metric tons.

the harvest of 1948-49. Average yields would indicate a production not less than that harvested last year.

Argentina did not subscribe to the International Wheat Agreement so that any supplies of Argentine wheat and rye that enter international trade channels during 1949-50 will be marketed, as has been the case in the past, on the basis of price and convenience.

*l. Position of Other Latin American Countries.*

During the five years 1933-34 through 1937-38, other Latin American countries (excluding Argentina) produced an average of 1.9 million tons of breadgrain. Average net imports during the period totaled 1.5 million tons indicating a combined gross supply averaging 3.4 million tons. In 1947-48, production had increased to 2.4 million tons. Shipments into the region of wheat and wheat flour were equivalent to 2.1 million tons of wheat indicating a 1947-48 gross supply of 4.5 million tons, an increase of 1.1 million tons over the prewar average. Increased population and extended use of wheat in the diet accounted for part of this increase in supply. There was some accumulation of stocks in Venezuela and in some of the Caribbean islands.

In 1948-49, production further increased to 2.6 million tons of wheat and rye. The International Emergency Food Committee allocated 2.4 million metric tons of wheat in the form of grain and flour to be shipped into the region indicating a gross supply for all utilization during 1948-49 totaling 5.0 million metric tons. The increase of 0.5 million tons in gross supply over 1947-48 is accounted for largely by the increased allocation to Brazil.

The 1949 combined production in Latin America (excluding Argentina) is expected to be not greater and possibly less than that of 1948. Shipments of wheat and flour into the region during 1949-50 may be expected to be equivalent to 2.0 million tons more or less.

~~CONFIDENTIAL~~

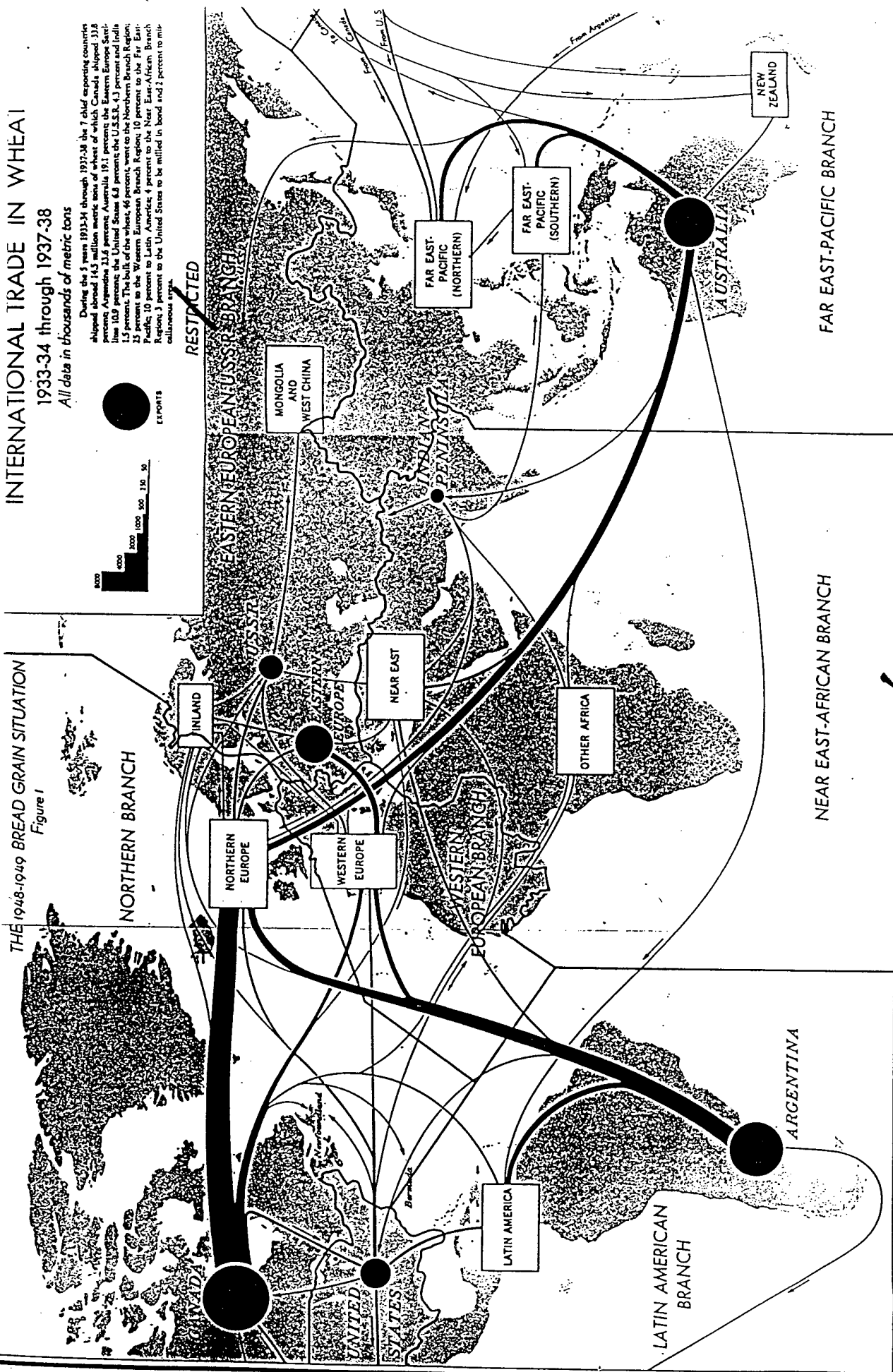
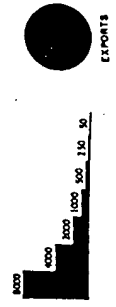
THE 1948-1949 BREAD GRAIN SITUATION

Figure 1

INTERNATIONAL TRADE IN WHEAT  
1933-34 through 1937-38

All data in thousands of metric tons

During the 5 years 1933-34 through 1937-38 the 7 chief exporting countries shipped about 14.3 million metric tons of wheat of which Canada shipped 3.28 million, Argentina 2.5 million, Australia 1.91 million, the Eastern European States 1.02 million, the United States 840,000, and the Near East 430,000 metric tons. This is the Western European Branch, 46 percent of the total, the Far East, 35 percent to the Western European Branch, 10 percent to the Near East, African Branch, 10 percent to Latin America, 4 percent to the Near East, African Branch, 3 percent to the United States to be milled in bond and 2 percent to miscellaneous areas.



RESTRICTED

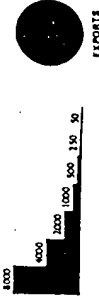
RESTRICTED

# INTERNATIONAL TRADE IN WHEAT

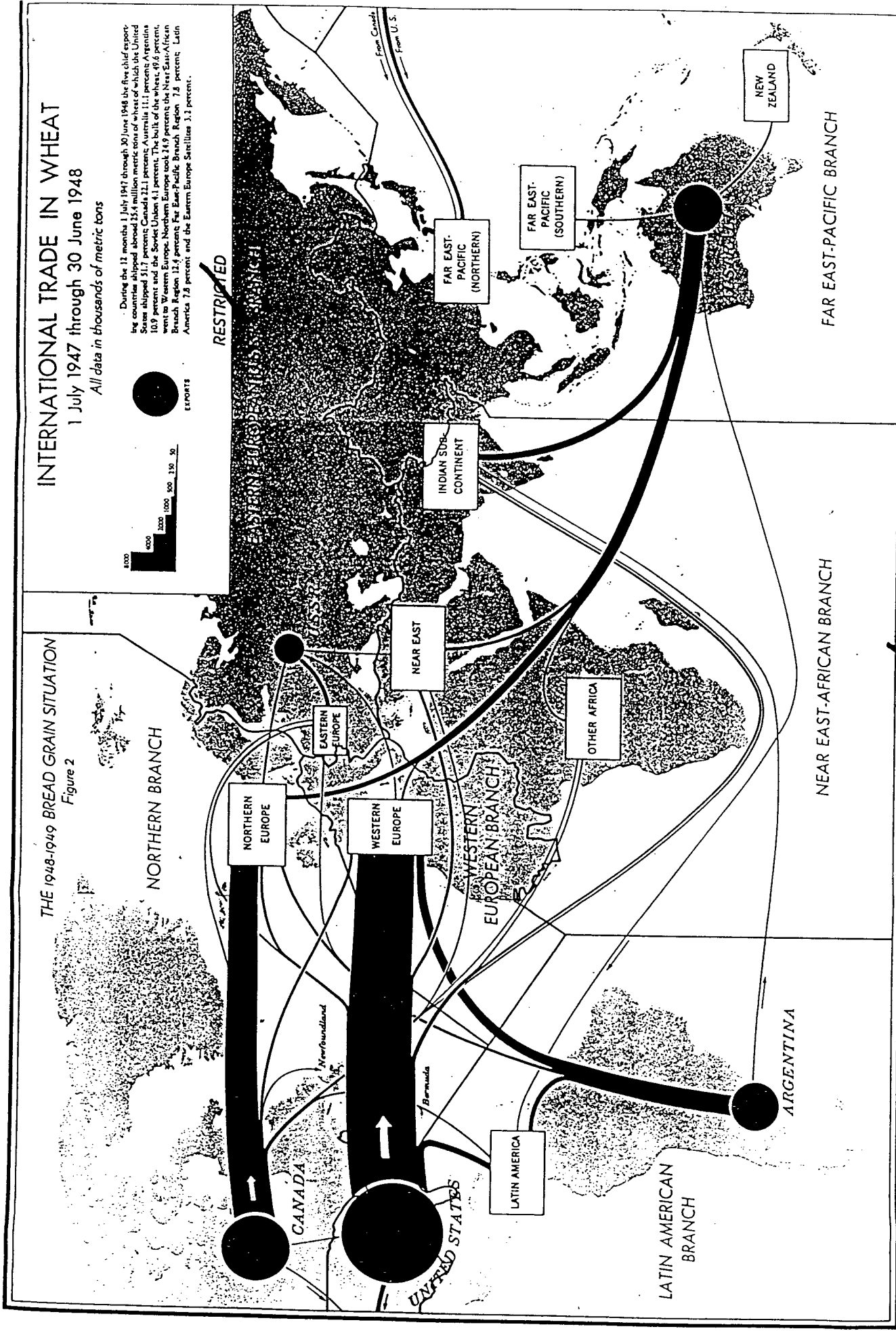
## 1 July 1947 through 30 June 1948

All data in thousands of metric tons

During the 12 months 1 July 1947 through 30 June 1948 the five chief export- ing countries shipped about 25.4 million metric tons of wheat of which the United States shipped 11.7 million metric tons, or 46.1 percent. The bulk of the wheat, 10.9 percent, and the Soviet Union 4.1 percent. The bulk of the wheat, 9 percent, went to Western Europe. Northern Europe took 14.9 percent, Near East-Mediterranean Branch Region 13.4 percent, Far East-Pacific Branch Region 7.8 percent, Latin America 7.8 percent and the Eastern Europe Subregion 3.3 percent.



THE 1948-1949 BREAD GRAIN SITUATION  
Figure 2



RESTRICTED

~~CONFIDENTIAL~~