SPECIAL CEREALS CONFERENCE
PARIS
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Eng. Fl

WORLD CEREALS POSITION FOR 1947/48
prepared by
I.E.P.C. Secretariat

Ever since the end of the World War II the world has been short of cereals -
short of cereals for food and short of cereals for feed. In view of what appeared
to be chronic surpluses before the war, these shortages have come as a surprise to
many people. There is still a tendency, every time a new harvest comes in, to
assume that the period of shortages has passed.

There are many reasons which account for the shortage of cereals - a shortage
which has reduced world stocks to exceptionally low levels; required the continu-
ation of wartime bread rations long after the war ended; and made necessary an
extensive diversion of food grains to food surpluses which, in turn, has seriously
delayed the postwar rehabilitation of livestock.

These reasons include, among others, a five to ten percent increase in the
world's population; the failure of cereal production (including rice) to recover
from the effects of the war as rapidly as had been anticipated, in part because of
the shortages of fertilizer, machinery and even manpower; the postwar dislocation
of production in a number of areas as a result of the far-reaching social and
political changes, the adverse effects of rather more unusual weather during the
last two years in many parts of the world than normally would have been expected;
and finally the increased need for cereals to make up for the shortage of other
foods in the diet, particularly fats and oils, meat and sugar.

The impact of these postwar developments has resulted in an annual cereals
crisis which has reached its most serious proportions in the months immediately
preceding the harvests of new crops in the Northern Hemisphere. Bread rations
had to be reduced in many countries as the world ran out of supplies in the spring
and summer of 1946, and again these most disturbing adjustments have had to be
made in the spring and summer of this year.

At the Fourth Meeting of the International Emergency Food Council held in
Washington, May 26 and 28, 1947, it was noted that, while it was too early
to make precise estimates, there no longer appeared any doubt that there would
again be a large deficit of cereal grains in the 1947/48 crop year. The only
question was "How large?". Substantially more information is now available upon
which to predict an answer to the question, and this information fully justifies
the concern expressed at the Fourth Council Meeting. Indeed, as of today, the
projects for the coming twelve months appear even more serious than appeared at
this time a year ago the projections for the year just ended. World cereals produc-
tion in 1947/48 now appears likely to be less than it was in 1946/47, but even
if the crops now beginning to be harvested turn out to be as large as those of
last year, it is already evident that the geographical distribution of this year's
production of cereal crops, compared to that of a year ago, has greatly increased
world import requirements without proportionately increasing available export
supplies.
The position for the 1947/48 cereals year (July 1, 1947 to June 30, 1948) now appears to be as follows:

**SUPPLIES**

While it is still too early to make any comprehensive estimates of world cereals production, it is possible to make some estimates of the export availabilities of the surplus-producing countries which can be contrasted with the import requirements which have been submitted to the Committee on Cereals of the International Emergency Food Council.

Information available from the United States, Canada and Australia and estimates for other possible sources of supply indicate that total exports of all grains between July 1, 1947 and June 30, 1948 may amount to as much as 32,000,000 tons. Such quantity, if moved, would exceed by 15 percent the movement in each of the past two years and would exceed the average seven-year movement of all grains by a corresponding amount. This total, as may be noted from the following table, is converted of around 25,500,000 tons of wheat and about 5,500,000 tons of coarse grains.

**ESTIMATED EXPORT AVAILABILITIES JULY 1, 1947 - JUNE 30, 1948**
(In 1,000 long tons)

<table>
<thead>
<tr>
<th>Source</th>
<th>All Grains Total</th>
<th>Wheat &amp; Rye</th>
<th>Coarse Grains 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>5,500</td>
<td>2,000</td>
<td>3,500</td>
</tr>
<tr>
<td>Australia</td>
<td>1,600</td>
<td>1,600</td>
<td>50</td>
</tr>
<tr>
<td>Canada</td>
<td>8,500</td>
<td>7,500</td>
<td>1,000</td>
</tr>
<tr>
<td>United States</td>
<td>14,000 2/</td>
<td>13,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Others 3/</td>
<td>2,500</td>
<td>1,400</td>
<td>900</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>35,000</td>
<td>25,500</td>
<td>6,500</td>
</tr>
</tbody>
</table>

1/ Includes maize, barley, oats, grain sorghum, millets and products.
2/ Maximum export figures-ranges indicated to be 12-14.6 million tons.
3/ Includes Soviet Union, Turkey, Middle East, etc.

Furthermore, there appears to be no prospect for any significant increase in the world total. Exports from some countries may eventually turn out to be higher than the estimates now being made, but any such increases are likely to be more than offset by decreases below estimates in exports from other sources of supply. Until new information indicates to the contrary, 32,000,000 tons must be considered the maximum export availability of cereals in 1947/48.

The following paragraphs discuss briefly the supply prospects so far as they are known, country by country.

Argentina - The outlook for cereal exports from Argentina in 1947/48 is for only a very moderate increase, if any, over the volume exported in 1946/47, although production last season would appear to permit an appreciably larger volume of exports in 1947/48 than actual shipments in 1946/47.
The estimate of 5 to 5 1/2 million tons is dictated by the experience of the first six months of 1947, during which shipments from a substantially larger crop were noticeably reduced. The shipments of the first six months of 1946, even though a direct appeal by the President of Argentina was made by the International Emergency Food Council to increase Argentina’s exports to the maximum possible extent during May, June and July of this year. These three months, just prior to their new harvests, constituted the period of greatest difficulty for most importing countries.

Cereal exports of 5,500,000 tons by Argentina would represent only about one half of the prorated shipments from that country. This reduced rate of movement has been attributed significantly to the world shortage of cereals. It results, in part, from somewhat smaller production, particularly of wheat and corn, as compared to previous, and in part, from internal transport and port loading difficulties.

Indications are that the next Argentinian harvest which will affect shipments in the last half of 1947/48 may be no larger than that of 1946/47, unless growing conditions are unusually favorable because of the tendency for the cereal planting to be discouraged by the wide margin between prices received by the farmer for his grain and the prices paid for it by importing countries. Neither does there appear to be a prospect such improvement in internal transport or port loadings.

Australia: Australian export availabilities are being carried at 1,600,000 tons, which is slightly in excess of 1,400,000 tons exported from Australia during the year just ended. Exports for the first six months of the new crop year will be from old crop supplies since Australian wheat is harvested in December. The 1946/47 Australian wheat crop was far below average amounting to only 137,000,000 bushels. At the present time, Australian new crop prospects are favorable. If these prospects materialize, shipments from Australia during the first six months of 1947/48 will be larger than those during the first six months of 1946/47, and this is accounted for in the increase in the Australian estimate for the entire 1947/48 crop year. It will be noted, however, that a considerable number of importing countries have a domestic wheat harvest in excess of the output in Australia.

Canada: Carryover stocks of Canadian wheat on July 1 of this year were at minimum working levels. The new Canadian crop will be harvested in August and September. Growing conditions in Canada have been satisfactory in the major wheat producing areas although the crop is two to three weeks late. The present estimate of 9,000,000 tons to be exported in 1947/48 is based on the assumption of a continuation of favorable growing conditions throughout the balance of the season. Only extremely unfavorable growing conditions would increase exports above those now estimated, while unfavorable developments might result in an appreciable reduction in the Canadian crop. Last year’s July indications were reduced by nearly 2,500,000 tons as a result of unfavorable July weather.

Eastern Canada has experienced an unusually bad growing season for coarse grains and this will tend to limit the total quantity of coarse grains that may be exported from Canada in the 1947/48 crop year.

Transportation in Canada last winter was most adversely affected by an extremely severe winter and record snowfall, but even with average weather conditions there could be difficulty in moving all of a very large wheat crop from Canadian prairie provinces to port during the 1947/48 year.
United States - The export estimate for the United States of 14,500,000 tons is equal to the record exports during the crop year just ended and represents the upper limit of the range of probable exports which now seems likely based on current crop prospects. The United States is now harvesting another all-time record wheat crop but it would be a serious mistake at this stage to conclude that a corresponding increase in exports is in prospect. In the first place, a portion of the record 1946/47 U.S. exports came out of stocks, so carryover stocks of wheat on July 1, 1947, were less than unusually low stocks on July 1, 1946. Such a process cannot be repeated in 1947/48. More important, current prospects are that there will be a very substantial reduction in the production of both corn, and oats, which are very important in the U.S. grain economy. Exports of corn particularly, contributed very substantially to the record volume of grain exports from the United States last year. Based on present unfavorable prospects for corn and oats it must be assumed that the production of all grains in the United States from 1947 harvests will be less, perhaps appreciably less, than the production for 1946 harvest, although the United States wheat crop may be 5 or 6 million tons larger than in 1946, the production of other grains could easily be 12 to 15 million tons less.

A further unknown factor which will affect U.S. exports during 1947/48 will be the 1948 wheat crop prospects. If those prospects, about which nothing can be said at the present time, are unfavorable, it will not be possible for the United States to export as large a proportion of its 1947 crop as will be possible if the 1948 crop prospects next spring are average or better. It is not always remembered that there have been six years in the last two decades in which U.S. wheat production has been less than current domestic requirements.

Other Countries - Exports from other countries for 1947/48 are now put at just under 2,500,000 tons, or about twice actual exports from those sources during 1946/47. If they materialize, they will come from the U.S.S.R., Turkey, Brazil and the Middle East.

Various and other reports of the U.S.S.R. indicate a considerably improved crop outlook in that country compared to a year ago. This is especially true in the eastern part of the Union which experienced severe drought in many sections last year. The planted acreages, especially of wheat, are, however, indicated to be below normal so that a very substantial increase in yields would be necessary to result in a bumper wheat harvest. An indication of improved crop prospects is a recent announcement that bread rationing in the U.S.S.R. is to be discontinued, although the exact date has not yet been specified. While the removal of bread rationing in the U.S.S.R. would appear to be evidence of improved production, such action also would be expected to reduce the supplies that would otherwise be available for export from the U.S.S.R. to meet urgent needs of importing countries. The point to be remembered, however, is that the present estimate of world export supplies made in this report includes allowances for the largest exports since 1937/38 from the U.S.S.R. Only if exports from the U.S.S.R. actually exceed the current estimate, will the supply position be correspondingly improved.

During the year just ended, Turkey, as a result of very favorable harvest in 1946, was able to export several hundred thousand tons of cereals. The current prospects are for a substantially smaller 1947 harvest in Turkey. Some exports may be possible but the volume is likely to be very much reduced as compared to the last crop year. Other Middle Eastern countries are reported to have somewhat smaller harvests than a year ago and thus are unlikely to have any significant quantity for export this season. Brazilian exports, if any, will consist entirely of corn.
IMPORT REQUIREMENTS

Based on reports to the International Emergency Food Council from countries representing 75 percent of the world's import requirements, and on estimates for the countries from which reports have not yet been received, stated import requirements for 1947/48 will total 59,000,000 tons - 44,000,000 tons for food and 15,000,000 tons for feed. For 1946/47 estimated import requirements amounted to about 34,000,000 tons. Fifty million tons of grain represent approximately 6,000 full cargoes and would require the loading of 500 cargoes every month. Such a quantity of grain would cost about $4,000,000,000, an amount greatly in excess of any previous annual expenditure for cereals. Moreover, it is obvious from the preceding analysis of probable export availabilities that no such quantity of grain will be available for importation in 1947/48.

Actual imports, in the last analysis, are determined by the volume of exports and not by the requirements of importing countries. It is essential, therefore, to understand clearly the nature of the import requirements that have been submitted to the Committee on Cereals of the International Emergency Food Council.

In anticipation of the possibility that there would be, in 1947/48 a wide gap between the demands for cereals on the one hand and export supplies on the other, a comprehensive questionnaire was forwarded to all importing countries by the BIPS about the middle of April with the request that the completed form be returned by June 1. It was recognized that the June 1 date would make difficult accurate estimates of indigenous production of cereals, but the importance of developing at the earliest practicable moment an evaluation of a possible shortage of cereals required this early submission of the requested information even though it was recognized that the actual progress of the 1947 crops might require later modification therein. It was hoped that these questionnaires would be returned in time for a tabulation and analysis prior to this conference. In fact, however, some of the replies have not yet been received and almost all of them were received so late that it was possible only to tabulate the information contained in them and to make practically no analysis.

As a consequence, the 50,000,000 ton requirement estimate merely represents a statistical summation of the requirements submitted by individual countries (together with staff estimates for those countries whose questionnaires have not yet been received).

The requirements submitted by each country have been developed upon the basis of that country's desires, preferences and hopes. Some countries have been more conservative than others in developing their requirements because of fuller appreciation of the overall world shortage. A few countries probably have submitted requirements larger than they would actually take up presumably on the theory that by asking for a good deal more than their real needs the actual quantity available would approximate such needs. Furthermore, the import requirements are affected by the plans of each country for rehabilitating livestock production, because these plans affect the quantity of indigenous production it is proposed to collect. Similarly, the import requirement is affected by proposed changes in stock levels in extraction ratios, and in levels of bread consumption.

For a number of countries the estimates of indigenous production reported in cereals questionnaire spreaded to have been made when crop prospects were most unfavorable. To the extent that actual outcomes exceed the estimates made at the time the questionnaire was completed, the utilization plans will need to be modified later if such an improvement had not taken place.
However, even after making appropriate allowances for the probable net improvement in indigenous crop production, and for those instances in which submitted requirements are actually larger than the country would under any circumstances import, it is apparent that a wide gap still exists between the supplies available from exporting countries and the aggregate of the imports each country considers necessary.

In summary, the increase in stated import requirements grows out of a combination of the following factors:

1. Reduced production of cereals, especially of feed grains. Many European countries, as well as some countries in other parts of the world, report on the basis of June 1 prospects a substantial reduction below last year in cereal production including rice. The net reduction in wheat and rye production as covered in 1946/47 in the 16 European countries which had returned their questionnaires by July 1, is reported in those questionnaires to be 7,000,000 tons. These same countries report a net increase of slightly over 1,000,000 tons in the production of cereals other than wheat and rye making a net reported decrease in all cereals as of June 1 of 6,000,000 tons as compared to last year. For some countries indigenous food production will not be correspondingly reduced because of increased production of other foods, particularly potatoes. Moreover, there seems to have been more improvement than deterioration in crop prospects in importing countries as a group since June 1.

2. Increased livestock feeding. For those countries whose completed questionnaires were on file July 1, aggregate utilization of indigenous produced crops for livestock feeding in 1947/48 contemplate an increase over actual food utilization in 1946/47 of 2,500,000 tons. The desire of all countries to rehabilitate livestock production is very strong and very vital to permanent rehabilitation of the agricultural plant. No problem is more difficult than the limitation of livestock feeding, but in the two years just passed it is unfortunately true that in many instances, livestock have been fed at the expense of bread for urban populations.

3. Improvement in the quality or quantity of the bread rations. Many countries would like to be able to increase the bread ration or to reduce extraction ratios or admixtures in order to improve bread quality. In the aggregate the requirements of countries whose questionnaires were on file July 1 included 1,200,000 tons for the achievement of this objective, as well as for population increases.

4. Improvement in year-end stocks. Requirements on file July 1, include in the aggregate about 3,000,000 tons for improvement in stocks during the year 1947/48. In many instances it must be recognized that some improvement in stocks is almost essential if the authorized rations is to be maintained. During the last cereal year, stocks in a number of countries were reduced to the point where authorized rations could not be fully met at all times. However, to the extent that stocks are increased during the current cereal year it is obvious that some other part of the utilization plan will have to be further adjusted.

Of the factors which singly or in combination, have contributed to the increase in stated import requirements for 1947/48 as compared to 1946/47, one, the first, namely actual production, whatever that may be, is not possible of modification. The others namely utilization of cereals for livestock feeding, improvement in the quantity and quality of the bread rations, and improvement
in the stock position, are subject to adjustment. Even if as much as 5 million tons are allowed for overstatement of requirements, and understatement of indigenous crop production, there still remains a deficit of 13 million tons — a deficit in excess of that for the year just ended. It is apparent therefore that very extensive adjustment will have to be made in the internal utilisation plans of many countries.

The requirements for year-end stocks and for improvements in the quantity and quality of the bread ration will need to be reexamined. Some adjustments in plans for stock and ration improvement will be found possible. Likewise, some savings might be made in the use of grain for industrial purposes. Again, the retentions by, or allowances for, self-suppliers may need to be reconsidered in order to determine whether they are reasonable in relation to the rations of urban consumers.

But the real adjustments must be made in the plans for livestock feeding, not only of imported feeds but also of indigenously produced supplies. The stated import requirements include about 6,000,000 tons for feed, while in 16 European countries for which the necessary data were available on returned questionnaires, over 25,000,000 tons of indigenously produced grain are scheduled for livestock feed, of which over 1,500,000 tons are wheat and rye and 4,000,000 tons are barley.

Any reduction in the use of indigenously produced grain for livestock feeding, of course, raises many extremely difficult administrative problems of reconciling and of price relationships between grains on the one hand and livestock on the other. Moreover, it delays the rehabilitation of livestock production which is a most serious matter in many countries. Nevertheless, the issue must be faced and resolved if bread rations, particularly for urban populations are to be maintained during the next 12 months even at the relatively inadequate levels of the year just ended.