

SOME CURRENT ISSUES IN COMMODITIES, FOOD AND AGRICULTURE

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Some Current Issues in Commodities, Food and Agriculture

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A. Commodities : Production and Trade

I. Introduction

1. Commodities are responsible for a large proportion of the exports of developing countries - about 60 per cent if oil is excluded. In terms of production, primary products loom larger since a higher proportion of locally consumed food in these countries is domestically produced. Although the exports and production of manufactured goods are increasing faster than those of commodities, the much larger primary products sector in developing countries - whether through its expansion or other improvement - clearly has a large role to play in economic development.

2. The question arises on what areas in the commodities sector should one concentrate to achieve the increased contribution to economic development? This note attempts to provide some broad guidance on this issue. In existing international discussions and related documents, the distinction is usually made between commodities and food in primary production - the former being concerned with the export of raw materials and food and the latter with the problem of domestic food production. This division is maintained here. Although it is artificial and it becomes blurred in some areas e.g. the large importance of exports of some food products by developing countries, the distinction has convenience in terms of problem orientation. This Section is concerned with commodities in the narrower sense of the export of raw materials and food products and excludes the problem of local food production which is dealt with in Section B.

3. In the past, attention has focused on price stabilisation and price enhancement in commodity export trade, and international discussions and negotiations have concentrated in the last five years - in the preparatory work for UNCTAD IV and in subsequent negotiations - on these aspects. But these are not only the important aspects of commodity development. It has been argued that in some other areas, greater contribution could be made to economic development. As a result of UNCTAD IV, machinery has been set up for detailed negotiation of price control arrangements for commodities - the establishment of new International Commodity Agreements (ICAs) and a financing mechanism (the Common Fund) for support of ICAs. This provides additional reasons for attaching great importance now to priorities for international attention in other aspects of commodity development. After describing and assessing the present situation regarding price stabilisation arrangements, consideration is given to income stabilisation measures, processing and marketing, investment and trade barriers.

II. Price Stabilisation

4. In the post-war period, the establishment of ICAs has been seen as important for the achievement of price objectives in commodity export trade. However, by the early 1970s failure to make much progress in the establishment of ICAs and to achieve satisfactory results from the few which have been established, led to the support of new approaches by developing countries to the regulation of international commodity trade. Thus at UNCTAD IV in 1976, one of the main issues for discussion was a proposal to establish an Integrated Programme for Commodities, the main elements of which were a Common Fund to finance buffer-stocks and other price stabilisation measures

and the setting up of ICAs for an open-ended list of commodities which were significant in the export trade of developing countries - 18 of which were specified.

5. The Conference adopted a Resolution to establish such an Integrated Programme and set up machinery for its negotiation with a timetable for completion by the end of 1978. This timetable has had to be revised. The situation now is that agreement was reached in March 1979 on the broad financial and administrative structure for the Common Fund but negotiations on the details have become protracted. It is hoped, however, that negotiations on the Draft Articles of Agreement will be completed at a final negotiating conference in May 1980.

6. As regards the ICAs, only one agreement has so far been established under the IPC - the International Sugar Agreement - and this was a case of the renegotiation of an agreement that was in existence. But even in this case its operation has been handicapped by the non-participation of the US and the EEC. The US is now about to obtain legislative approval to join, but no great progress has been made in obtaining EEC membership. Another agreement - for natural rubber - has been successfully negotiated and is expected to come into operation in October 1980.

The Common Fund

7. The original proposal of the developing countries was for a Fund of \$6 billion, \$3 billion in the first instance and moving up to \$6 billion as necessary. Of the amount of \$3 billion, \$1 billion would be subscribed by governments direct to the Fund and the remainder would be raised by loans. ICAs would be able to obtain from the Fund all their financial requirements. The developed market economy countries tended to be against such an arrangement in that for them it implied too strong a dependence on the Fund by the ICAs.

8. After protracted negotiations, agreement was reached in March 1979, on the main broad financial structure of the Fund. The Fund would have two windows - the First would finance buffer-stocks held by ICA. It will be provided with a capital subscription from governments of \$400 million, \$300 million of which would be made up of cash and callable capital. Capital subscriptions would also be made by the ICAs themselves, in fact they would pay in full or in stages one-third of their estimated maximum financial requirements. The remainder of the capital needed by the Fund to meet the full financial requirements of ICAs, would be borrowed from capital markets and to assist such borrowing guarantees would be provided directly to the Fund by member governments of ICAs.

9. The Second Window of the Fund will finance other measures aimed at improving the structural conditions of markets and the long-term competitiveness and prospects of particular commodities. Such measures would include research and development and assistance for vertical diversification and would be supported within the framework of international commodity arrangements. The Second Window would be provided with resources from direct government contributions of not less than \$70 million and voluntary contributions to meet a target of \$280 million.

10. Besides these broad financial provisions, agreement has been reached in principle that voting rights would be distributed so as to give the developing countries, including China, 50 per cent of the votes. This would provide the developing countries a significant voice in the management of the Fund. However, voting majorities of 75 per cent would be required for some major decisions.

11. Although the broad financial and voting structure of the Fund has been settled since March 1979, the detailed provisions are proving difficult to negotiate and completion of the negotiations is therefore being delayed. Some of the outstanding issues are :

- a) the distribution of assessed contributions and the phasing in of payments of them ;
- b) the uses of callable guaranteed capital and circumstances under which it can be called ;
- c) limits on the Fund's borrowing and the question of borrowing for the Second Window ; and
- d) financial relationship between the two windows.

Progress in the Negotiation of ICAs

12. Of the eighteen commodities listed in the Integrated Programme for Commodities, international commodity agreements exist for only six (coffee, cocoa, tin, sugar, rubber and olive oil). Of these only one, rubber, is completely new (though the agreement is not yet in force - due October 1980); sugar has been renegotiated, but its full operation delayed by the hold-up in United States ratification; olive oil, also renegotiated, has wider scope than hitherto, but still no substantive or obligatory economic provisions; cocoa is proving difficult to renegotiate; coffee has completed half of its six-year term without its stabilisation quota mechanisms being called into action; tin, the longest standing agreement, has been strengthened by wider consumer country contributions in recent years, but has been without stocks since 1977. Negotiations for a new tin agreement open next month.

13. Negotiations on other commodities remain in the preparatory stage. Discussions within the UNCTAD framework have yet to begin on bananas (where, however, preliminary consideration is being undertaken under FAO auspices) and on bauxite. For some other commodities the preparatory meetings have made little progress in determining the price stabilisation mechanism that might be appropriate (manganese, phosphates, iron ore); successive meetings in cotton and copper have failed to clarify the appropriateness of stocking measures, and in vegetable oils the limited scope for stocking policies has led to so far unproductive consideration of alternatives. A second discussion is only now scheduled in 1980 for meat, following the outcome of discussions on this subject in the context of the GATT multilateral trade negotiations. Consideration of the possibilities for tropical timber remains in the exploratory stage. Some pointers toward agreement have emerged in the case of jute, hard fibres and tea, on which discussions will continue in 1980.

14. Inappropriateness of stocking measures as an instrument of stabilisation for some commodities, and the difficulty of agreement on their suitability

in other cases, have directed more attention to the possibility of concluding international commodity agreements based on institutional arrangements other than stocking, for some of which the establishment of the 'second window' of the Fund has relevance, e.g. research into production techniques, productivity and cost reduction, increased processing and new markets and market promotion. Such considerations have come to the fore in the discussion on vegetable oils, jute, hard fibres and tropical timber.

15. Although progress has been slow in negotiating the Common Fund and International Commodity Agreements, machinery has been set up for such negotiations. Questions now of special concern are : (a) how progress can be advanced and (b) which particular types of stabilisation arrangements deserve priority attention.

16. In the IPC, great emphasis has been given to buffer-stocks and their financing. For a number of commodities which are storable and depending on the degree of volatility, buffer-stocks are no doubt appropriate and in some cases may be superior to other stabilisation mechanisms. In the instance of such commodities the need for adequate financing arrangements to encourage the establishment of ICAs is emphasised.

17. So far the slow progress in the negotiation of ICAs has been due partly to the emphasis given to buffer-stocks and the fact that this stabilisation mechanism has been regarded as not being suitable for some of the commodities for which it was originally envisaged. This raises the question therefore whether greater attention should not be given to other price stabilisation arrangements, especially those which are less difficult to administer. Some which deserve consideration are :

- a) Export taxes ;
- b) Long-term multilateral contractual arrangements ;
- c) Supply management through variable export quotas ; and
- d) Price control arrangements which concentrate on the defence of a floor price rather than the fixing of price ranges.

III. Export Earnings Stabilisation

18. Two export earnings stabilisation schemes are in existence - one global and the other sub-global. The global scheme is the IMF Compensatory Financing Facility which is concerned with helping to stabilise the total export earnings of countries and not their commodity export earnings. Compensation is provided for shortfalls from trend levels but for a country to be eligible for such compensation, it must have a balance-of-payments problem. Compensation very often does not cover total shortfalls since there is a ceiling on drawings of 100 per cent of a member's IMF quota. Repayment must be made within 5 years but no repayment is expected in the first three years unless an earnings surplus is realised during that period. The main improvements of the Facility in recent years have been increases in the ceiling on drawings and widening the coverage of earnings to be stabilised. At the option of the member concerned, receipts from travel and workers' remittances could now be included in the export earnings to be stabilised.

19. The other scheme - Stabex - is a modest one under the EEC/ACP Lome Convention. Its beneficiaries are the African, Caribbean and Pacific countries which are members of the Convention. Eligibility for compensation is based on shortfalls of export earnings from the individual commodities covered in the scheme. However with the exception of iron ore only agricultural commodities are covered. The exclusion of other minerals considerably reduces the capital requirements of the Scheme and the extent of relief provided.

20. In the new EEC/ACP Convention which comes into force in March 1980, Stabex has been improved. The product coverage has been extended from 34 to 44 commodities. However the continued exclusion of minerals in spite of strong pressure for their inclusion from ACP states means that the Stabex Fund remains very modest - \$750 million being provided for the five year period 1980-1985. Unlike the IMF Facility, Stabex credits do not attract interest charges. Repayments are made only when surpluses are earned but they should be completed within seven years. A further liberal aspect of Stabex is that transfers to the least developed countries are treated as grants. However, except for a small number of specially disadvantaged countries which are allowed compensation for global exports, the exports covered are those to the EEC and optionally those to other ACP countries. In neither the IMF Facility nor Stabex is any attempt made to include in shortfalls declines in the terms of trade. There is the further problem in the case of Stabex that the trend levels on which shortfalls are determined are based on a historical period - the past four years - and would therefore not reflect adequately current export earnings especially in view of present high rates of inflation.

21. As a concession to the request by the ACP states for the inclusion of minerals, the new Convention includes a mineral assistance scheme which would provide soft loans for rehabilitation where there is a significant decline in production or export capacity. Six minerals are covered, but this scheme is also very modest in intention. This is indicated by its capital fund which is \$380 million for the five year period.

22. Stabex is, in its geographical and commodity coverage, a very limited scheme. In any case it has just been renegotiated. Attention at this stage must therefore be focused on global requirements to meet shortfalls in commodity export earnings.

23. The IMF Facility is not commodity related. Moreover it does not provide for total shortfalls. Where there is a shortfall on commodity export earnings but no total export shortfall, no compensation is provided. While in such a situation no payments deficit may be entailed, the problems posed for the commodities sector by the shortfall would receive no relief. In view of this and the quota ceiling which applies to the scheme, the Facility is clearly not intended to provide for, nor does it encourage provision of, income stabilisation within the commodities sector. To the extent therefore that earnings stabilisation is deemed to be required within the commodity sector, this scheme is not geared to meeting such a need although it addresses itself to the foreign exchange element of the problem.

24. Some developed countries feel that export earnings stabilisation should play a greater role than price stabilisation in commodity trade regulation. While developing countries do not see export earnings stabilisation as a substitute for price stabilisation, they nevertheless see it as

providing a strong complementary role - stronger than that played by present export earnings stabilisation schemes. Improvements in export earnings stabilisation provision would therefore seem to offer scope for convergence of positions and agreement in international negotiations. Conversion of the IMF Facility into a more commodity related scheme faces the problem of conflict with basic IMF objectives which are oriented towards the solution of balance-of-payments problems.

25. Because of this, proposals have been put forward for a new global scheme which would be complementary to the IMF Facility. In the past, the developing countries, while recognising the need for improved export earnings stabilisation arrangements, tended to be cautious in accepting initiatives which might provide substitute arrangements for ICAs. Now that machinery has been established however for serious negotiation of ICAs, the time might be ripe for serious consideration of the global needs for commodity export earnings stabilisation. In the past the approach has been too much in terms of possible improvements to the IMF Facility and the forums mainly concerned - the IMF or the Bank/Fund Development Committee- have encouraged this approach. A new approach, one which looks at the commodity problem globally and the present IMF Facility in the context of that problem, and one which could be discussed in a less committed forum, would seem to be required.

26. In recent years, West Germany and Sweden have put forward proposals for a new global commodity related export earnings stabilisation scheme. However serious discussion of these has taken place only in the IMF and in the Development Committee where they do not seem to be getting the depth of consideration they deserve.

IV. Processing and Marketing

27. In view of the large proportion of exports of developing countries made up of primary products, the further processing of these products domestically must offer substantial scope for the promotion of the economic development of these countries.

28. The UNCTAD Secretariat has recently estimated on the basis of 1975 trade data, that for ten selected commodities, local semi-processing could provide the developing countries with gross additional export earnings of \$ 27 billion per year, more than one-and-a-half times the existing export earnings from these commodities.

29. Some progress is already being made in transferring processing activities to developing countries. However several factors point to the need for increased attention to further processing to advance economic development. First of all, while comparative advantage in developing countries is limited by such factors as high capital-labour ratios, scale economies, and the technological demands of processing activities, there are also favourable factors such as large weight reduction in processing in some commodities, security of supply of raw materials and the benefits that accrue from less volatile prices and incomes. The availability of energy in some developing countries surplus to domestic requirements, and the energy intensive nature of some forms of processing provide further scope for the expansion of processing in these countries based on multi-country ventures using complementary resources.

30. However, whatever the scope based on existing or changing comparative advantage, the fact remains that substantial artificial constraints to processing expansion in developing countries continue to exist in the form of high effective protection through tariff and freight rate escalation.

31. The importance of domestic processing as a means of promoting economic development is enhanced by the present difficulties being faced by the more labour-intensive types of export manufacturing through increased protectionism in the industrialised countries. Although some of these industries e.g. clothing and shoe making, are sometimes based on imported materials, low capital-labour ratios tend to give developing countries a comparative advantage in their production. However growth rates in exports of these industries have been reduced in recent years by the related factors of recession and protectionism and while priority must continue to be given in international development policies to the reduction of protectionism, account must be taken of the scope for processing industries based on the possession of raw materials and the bargaining power with transnational corporations and developed countries that might go with the availability and production of these raw materials.

32. Besides expanded processing, developing countries have also been demanding an increased role in the marketing of their raw materials. Additional down-stream processing increases the scope for greater participation in marketing also but further progress in this area depends on increased resource transfers from the multilateral development institutions which would enable developing countries to reduce the dominant role of transnational corporations in the exploration of minerals and in the establishment of raw material and processing production ventures. But progress in greater participation and control in the marketing of raw materials and processed products also depends on joint action by the producing countries to increase their bargaining power against large and what are often oligopsonistic transnational corporations.

33. The removal of artificial barriers to the expansion of processing in developing countries such as tariff escalation deserves serious consideration in international trade policy. For a number of commodities - copper, wood products, vegetable oils - effective protection remains very high and has not been significantly reduced by the Generalised System of Preferences or the various rounds of the MTNs.

34. The high capital requirements of some processing ventures and the tendency to maintain excess capacity are other factors which provide scope for international action to facilitate the feasible relocation of processing activities in developing countries. Consideration might be given to long-term adjustment and investment planning policies which might be appropriate for facilitating processing and also to the possibility of improvements in the lending policies of multilateral development institutions to facilitate financing, and participation of developing countries in the financing of processing and marketing ventures in developing countries.

V. Investment in Mineral Exploration and Development

35. Developing countries are now receiving a small proportion of total world investment in non-fuel mining exploration and development, particularly equity investment. According to World Bank estimates, 80 per cent of total

expenditure on exploration in market economy countries between 1970 to 1973 was concentrated in four developed countries. This is in spite of the fact that comparatively large areas of developing countries remain unmapped and there is a higher probability therefore of successful exploration in them.

36. The present situation has generated concern since it means that the full potential for cost reduction in securing mineral supplies is not being realised and that for the future, there is a threat of artificially induced scarcities for some minerals. In the non-fuel mining industry the view is fairly widely held that unless expenditure on new mining capacity begins to accelerate soon, supplies of some essential minerals will fall short of demand in the late 1980s since it takes about ten years or more to develop a new mine.

37. The main cause of the present position is the perception of high political risks in investment in mineral exploration and development in developing countries arising from nationalisation, unilateral renouncement of contracts and frequent demands for the renegotiation of terms.

38. Although the situation has been portrayed and is widely seen as one of great irresponsibility on the part of the governments of developing countries, the problem is not that simple. In many cases the contracts negotiated have proved very inequitable because of the circumstances in which they have been negotiated. Besides the general problem of unequal bargaining power, skill and access to information, a further issue has been that conditions of exploitation tend to be negotiated before exploration takes place, and they are usually geared to take into account the world-wide risks of exploration of the transnational concerned and to provide adequate returns to exploration and development on a global basis.

39. Although it seems reasonable that a mining company should want returns from successful exploration ventures to cover for the failed ventures, because of the high risks of exploration, this tends to require high profits from successful ventures. This means that often poor countries are put in a position where they see their known reserves being exploited at considerably reduced benefit to them. The pressure in such countries for revenue for other development projects puts a strain on such contracts which are seen as inequitable in the local context - if not in relation to the ex ante risk then in relation to poverty and urgency for development. In such a situation, demands for renegotiation become understandable.

40. The issue is seen as wholly one of 'political' risks. However the matter is more complex and very often has to do with the commercial consideration that the information available at the stage of the negotiation of the contract to the host country or to both parties has been inadequate for the negotiation of a stable long-term contract.

41. The situation has been aggravated by the steep increases in recent years of the investment requirements of individual mining projects. What is clearly required are improved contractual arrangements that would take into account the special circumstances and risks involved and would incorporate the required degree of flexibility. Some recent developments have been the increased use of joint ventures involving more than one mining company and the host country in order to spread the risks, and of management and marketing contracts on the part of the mining companies instead of equity participation.

42. This process of reform and improvement in the contractual arrangements must continue. An important recommendation of the Brandt Commission is for separation for contractual purposes of the exploration and development stages, and the avoidance therefore of host countries entering into long-term contractual arrangements at a stage when the extent of reserves and their quality are not known. The Brandt Commission puts forward the novel idea that the exploration for minerals in developing countries should be seen as a responsibility of consuming and producing countries and that financing of exploration should be a responsibility of the international community. They recommended that a financing facility should be set up for this purpose. According to the Report "until mineral development and exploitation agreements can be negotiated on the basis of assured and equally shared knowledge about the extent and potential value of deposits, concession agreements are bound to be unstable. It is a necessary feature of the traditional-style agreement that whenever a really rich deposit is discovered, a country's non-renewable resources will appear in retrospect to have been signed away too cheaply and the popular demand for renegotiation will be irresistible. The need is therefore for a multilateral financing facility to provide resources which can be converted into a loan and part of the initial financing of the project if a commercial deposit is discovered, developed and exploited. The existence of this multilateral facility would reflect international responsibility for and a common interest in mineral exploration".

43. The international financial institutions have in recent years been giving greater support to mineral development schemes. This is a welcome development since the World Bank, IDA, IFC and regional development banks can help bridge the differences between host countries and foreign mining concerns by providing an international 'presence' in mining ventures. Financing from these institutions could help to reduce dependence on the transnational corporations and can help to provide a more secure environment for foreign private investment. However, as yet the level of lending from the World Bank, at about \$ 500 million per year, is small in relation to needs and very little financing has so far been given for exploration.

44. Financial assistance is also being provided by the UN Revolving Fund for Natural Resources Exploration but only a meagre amount of resources have been made available to this institution, and even this amount it has found difficult to dispose of because of the unattractive conditions attached to its support.

45. The problem of inadequate investment in raw material production has not been confined to non-fuel minerals. Energy generally is a special case and its problems have been dealt with in separate papers.⁽¹⁾ The problem also involves agricultural raw materials and food.

46. According to the estimates prepared by the FAO for the World Food Conference in 1974, it was found necessary to double the existing flow of investment in agriculture to \$16 - \$18 billion per year (in 1972 prices) over 1975-1980 in order to raise the growth rate of agricultural production in developing countries to 4 per cent annually. The requirement for external capital assistance to agriculture was put at \$5 - \$6 billion annually (in 1972 prices). This target was however never reached. At 1975 prices, it was

1. See pages 107 - 161.

recalculated at \$8.3 billion. However, in 1977, the amount reached at 1975 prices was \$4.3 billion, just over one-half the target. It is not surprising therefore that the 4 per cent growth rate for food production has not been reached and the food security situation in developing countries, although improved since 1974, is still precarious.

47. A large part of the external capital requirements for agriculture is in the form of concessional assistance. However, aid levels as a percentage of GNP remain fairly stagnant and although the international financial institutions have been paying greater attention to the needs of the agricultural sector, the investment target for agriculture remains unrealised.

48. Urgent consideration is needed to ways in which investment in mineral exploration and development could be accelerated. Special attention should be given to improving contractual arrangements to take into account the special circumstances and risks involved, and the need for flexibility and for the wider spreading of risks, and for separation of exploration and development in contractual arrangements. Many developed countries provide official facilities for political risk insurance. The further development of these facilities, and the need to establish them at international and regional levels, may also be worth considering.

VI. Trade Barriers

49. Protectionism by developed countries against the products of developing countries tends to be discussed mainly in relation to manufactured products. However it is significant in relation to the commodities sector. A study carried out by the World Bank in 1975 which attempted to assess the possible gains for developing countries by the removal of trade barriers in OECD countries for nine agricultural commodities - beef, bananas, cocoa, coffee, tea, sugar, cotton, hardwood products and citrus fruits - showed that the growth rate of export earnings for these commodities up to 1980 would rise to 15 per cent compared to projections of 12 per cent without the removal of the trade barriers. In f.o.b. value terms, this would have meant additional earnings of \$7.1 billion per year (in 1974 dollars). Two-thirds of these gains were accounted for by three commodities - sugar, citrus fruit and wood products.

50. The domestic agricultural policies of many developed countries - e.g. the CAP of the EEC - remain very protective and because of these policies not much progress has been made in the several rounds of the MTNs in reducing trade barriers in this sector.

51. Some of the agricultural products which face high trade barriers and which are of significant export interest to developing countries are sugar, beef, vegetable oils, cotton and tobacco. In the case of sugar, increasing consumption is concentrated in the developing countries. Yet in recent years under arrangements which provide for high internal prices and internal markets insulated from outside competition, the EEC has build up surplus production which, with high subsidies, it has been dumping on the world market. And in the last two years, it has been benefiting in the world market at the expense of other exporters, mainly the developing countries, who have been restricting their supply to the world market under obligations which arise from membership of the International Sugar Agreement which the

EEC has so far not joined. Besides high tariff barriers, developing country exporters face health and sanitary regulations which are also sometimes protective in intent.

52. But barriers do not exist only against these competitive products, they affect also non-competing tropical products such as tea and coffee. In some cases protection takes the form of tariff escalation to shield processing industries but in other cases it stems from internal taxes which traditionally arose from fiscal considerations.

53. Tariff escalation arises not only in the case of agricultural products - it affects also minerals. And in many cases the GSP or the several rounds of the MTNs have made little impact in reducing high effective protection on processed products. This is because under the GSP, the unilateral determination of the concessions and the various restrictions under which they are circumscribed have resulted in severe limitations on the concessions in areas of great interest to the developing countries. In the case of the Tokyo Round of the MTN, which was supposed to give special attention to the developing countries, the bilateral offer and request system used in the negotiating process prevented the negotiations from giving the intended attention to the products of interest to the developing countries.

54. Some trade liberalisation of benefit to developing countries has resulted from the MTNs. In the area of tropical products, most of the concessions obtained have already been implemented. Detailed assessments of the results are now taking place. However, the indications so far are that the Tokyo Round of the MTNs has far from lived up to its stated objective of providing special and differential treatment for developing countries.

55. Tariff escalation constitutes an artificial constraint to the expansion of processing in developing countries. It is a problem which would seem to deserve special attention in trade negotiations. Developing countries claim that freight rate escalation is also a problem. This needs investigation with a view to providing information which could help in the negotiation of more rational freight rates.

56. Greater attention must be given to the liberalisation of agricultural trade. Progress would be slow because of conflicts with domestic agricultural policy objectives. In the meantime consideration might be given to developing special arrangements for preferential treatment to developing countries. Since free access might in some cases disturb internal price objectives, quota allocations might be used to assist developing countries.

57. Tropical products do not compete with local products in developed countries and fiscal considerations could not provide an adequate justification for internal taxes on these products. Consideration should therefore be given to the immediate abolition of all trade barriers on non-competing tropical products.

B. Issues in Food and Agriculture

I. The Food Problem

58. According to the Report of the Brandt Commission, about 800 million people in the Third World are destitute and barely surviving - most of these are chronically malnourished. Seventy per cent of the poor in developing countries live in rural areas. Agriculture provides 44 per cent of the GDP of the poorest countries and 83 per cent of their employment. The food gap in developing countries is increasing. By 1990 it is estimated that the developing countries could be importing as much as 145 million tonnes of food of which 80 million tonnes will be required by the poorest countries of Africa and Asia. These will add severe strains on the balance-of-payments of many of these countries. While the world food situation has improved since the serious crisis of 1974, the food security situation in developing countries remains precarious.

59. These statistics confirm the prevailing view among development economists that agriculture has a crucial role to play in economic development especially at the early stages and therefore for the poorest countries. Even at more advanced stages, the right balance between agriculture and manufacturing could be very important in securing even and sustained economic development.

60. The Statistical Annex to this paper gives some more detailed indications of the evolution of the food problem in the last decade. Food production in developing countries only increased by 3 per cent per annum in 1970-1978, as against a targeted increase for the Second Development Decade of 4 per cent. The rate of increase has been lowest in Africa and not very encouraging in the Far East. On a per caput basis (as set out in Table 2) the period 1970-1978 saw an annual average increase in food production of only 0.6 per cent in all developing countries. In Africa per caput food output fell by 1.2 per cent per annum, while the increase in the Far East was only 0.4 per cent. In the Most Seriously Affected (MSA) countries there was an annual fall in per caput food output of 0.2 per cent. The situation was worst in the African MSA countries, but also serious in the Near East and scarcely encouraging in the Far East or in Latin America. Some recently published statistics of per caput food production in the Least Developed Countries (LLDCs), insufficiently detailed for inclusion in the Statistical Annex, show an even worse situation than in the MSA countries as a group. In these countries per caput food output fell by no less than 0.5 per cent per annum in 1970-1978; in the LLDCs of Africa West and Central the annual reduction was 0.8 per cent.

61. The Brandt Commission laid special emphasis on the food problem and included it as one element of its Emergency Programme for 1980-1985. While attaching importance to food security measures such as food aid and the need for reserves, the Report paid particular attention to the need to accelerate food production in the developing countries. Briefly the food programme would aim at :

- i) increased food production, especially in the Third World, with the necessary international assistance ;
- ii) regular supplies of food, including increased emergency food aid ; and
- iii) a system for long-term international food security.

II. Food Security

The current world cereal supply situation

62. There has been some slight deterioration in the current (1979-1980) season, world production of 1,408 million tonnes being 4 per cent below last season's record, while world exports are seen as increasing by 10 per cent to 184 million tonnes. Nevertheless the decline in total world end-season stocks will be modest, despite a 10 per cent fall in wheat stocks and a moderate reduction in those of rice.

63. Current world cereal stocks meet the minimum FAO food security requirement of 17-18 per cent of total consumption but there is growing concern about their accessibility, since a large proportion is in exporting countries while the share held by importing countries has fallen. Since transport facilities in North America are already working to capacity, sudden crop failures in the developing world could not necessarily be overcome in time by drawing upon North American stocks. United States measures to maintain cereal prices following the suspension of grain sales to the Soviet Union have generally been effective, so developing countries, notably the MSA countries, whose current import requirements for 1979-1980 are up by some 10 per cent at 18.6 million tonnes, will gain little price benefit from the export ban. First reports of the prospects for autumn-sown Northern Hemisphere cereal crops are good; the United States is not to introduce a paid acreage diversion programme for 1980.

The new International Grains Arrangement

64. Negotiations for a new International Grains Arrangement with substantive economic provisions were finally adjourned sine die in February 1979. The International Wheat Council concluded in November 1979 that there was little chance of negotiating a new Wheat Trade Convention on the basis of the preceding negotiations. Although the negotiations had finally broken down on three issues, the Negotiating Conference should not be seen as a complete failure, since understanding was reached on the broad principles of the new Arrangement, and indeed on a Consultative Coarse Grains Convention and on a new Food Aid Convention (q.v). There only remained three areas of broad disagreement. First was the question of the trigger prices; these would almost certainly have to be higher in any discussions on a new Wheat Convention owing to the subsequent rise in energy and other costs. Secondly, there was a disagreement on the size of the reserve, with the United States wanting it to be about 30 million tonnes, but most other countries seeing a much smaller one as more desirable. Lastly, the developed countries were unwilling to agree to a special fund within the Arrangement to help developing countries acquire and hold reserves and build storage facilities. Developed countries only favoured a body to evaluate storage needs in individual countries and to recommend appropriate action to donor countries and international organisations. The acquisition and storage costs for developing countries to hold 5-7 million tonnes of a 20-30 million tonnes world reserve were roughly estimated at about \$1.75 billion. The gap between developed and developing countries in this area was wide.

65. Since discussions last November indicated that there was little likelihood of a new Convention being negotiated on the basis evolved in the 1978-1979 Conference, a Special Committee was requested to consider alternative arrangements and to report to the session of the IWC in June 1980.

The United States suggested in November 1979 that negotiations might be resumed in 1980 on the basis of a smaller reserve than 30 million tonnes, but other nations do not seem publicly to have responded to this idea.

The International Emergency Food Reserve

66. The International Emergency Food Reserve which the international community agreed to establish was to consist of a permanent reserve of 500,000 tonnes of cereals, replenished as required each year. Although formally established in 1976 it had only received 306,000 tonnes in 1979. An adequate mechanism for replenishment of the Reserve is still urgently required. Many believe that an emergency reserve of 0.5 million tonnes is too small, and that a minimum of 750,000 tonnes will be needed early in the eighties.

Food Aid and the Food Aid Convention

67. Table 5 of the Statistical Annex shows that the 10 million tonnes a year of cereal food aid recommended by the World Food Conference in 1974 has yet to be achieved. Indeed in 1979-1980 the volume of food aid declined.

68. Much of the food aid is channelled through the Food Aid Convention (FAC) which is attached to the present International Wheat Agreement. In spite of slow progress in negotiating a new Grains Arrangement, a new FAC on much the same lines as its predecessor, was signed in March 1980. This followed undertakings last year by existing donors and two new ones to higher commitments of some 7.6 million tonnes of cereals to food aid as against the 4.2 million of the 1971 Convention. This temporary abandonment of the parallelism between the Food Aid and Wheat Trade Conventions of the International Wheat Agreement should make it possible for food aid in 1980-1981 to increase although preliminary estimates suggest that it will still fall short of the 10 million tonnes target set by the World Food Conference. The immediate objective should be the attainment of the 1974 target. In the longer-term serious consideration should be given to increasing the Food Aid target, which was determined arbitrarily in the past and bears no relationship to the gap in developing countries between consumption and minimum nutritional requirements.

69. Other areas where progress is still required in food aid relate to the adoption of forward planning, an increase in the element of concessionality, greater provision of food aid on a multilateral basis and the development of an improved policy framework for food aid. As yet only a small part of total world food aid has been earmarked for the creation of food reserves and storage facilities in developing countries.

A Food Import Financing Facility

70. No institutional arrangements exist to meet unexpected steep rises in the food import bills of the poorer developing countries caused by local harvest failures or world food shortages. Food aid is not provided on a flexible enough basis to meet this problem which could be very serious, and in the past has resulted in reduced consumption where malnutrition is already severe. The FAO Conference of November 1979 invited the IMF to consider the feasibility of providing assistance to poor countries facing higher food

import bills. Other suggestions include a separate financing facility for food imports, a variable food aid programme and an international food insurance scheme. The absence of international arrangements to meet this problem would seem to constitute a serious gap in international development cooperation.

III. Aid to Investment in Food and Agriculture

71. Performance in recent years continues to be seriously behind requirements. The problem has two aspects. First, there is an urgent need for developing countries, especially the poorer ones, to increase their own investment in agriculture. Current investment rates in food and agriculture in developing countries are estimated to be only half the overall investment rates for their economies as a whole. The World Bank estimates that developing countries' investment for food and agriculture should be increased from the current 7-8 per cent of total domestic product to 11-12 per cent by 1985; for food production alone internal investment needs to be doubled in the next five years. The need is most pressing in the poorer countries, which normally invest less in agriculture in relation to agricultural GDP than better-off countries.

72. The second aspect relates to the need for substantial external assistance to food and agricultural production in developing countries. At a rough approximation about a quarter of developing countries' needs in this sphere require to be met by external assistance. In 1977, when in real terms aid to agriculture in the 'narrow' OECD 'food' definition increased by some 30 per cent, total official assistance, at some \$4.3 billion (in 1975 prices) was only about half the \$8.3 billion recommended by the World Food Conference. In 1978, according to preliminary data, ODA increased very little in constant 1975 prices so that the shortfall remained at about half of estimated requirements. Thus, aside from the long-term recommendations of the Brandt Commission, there is also the minimal need in the next two or three years to raise the flow of external resources to the real level recommended in 1974.

73. Two aspects of external assistance to food and agriculture require special mention. During the first two years of its operation (1978 and 1979) the International Fund for Agricultural Development (IFAD), whose objective is to help the most needy countries to increase their food production, loaned \$500 million of its \$1 billion capital. Recent approval of loans for further projects worth \$400 million during 1980 means its funds will be practically exhausted by 1981. Discussion in January on the replenishment of its resources made little progress and as the issue was put back for consideration until late this year it seems only too likely that replenishment for operations in 1981-1983 will be seriously delayed. This would be a major set-back since the achievements of IFAD to date have been significant.

74. The World Bank and the International Development Association (IDA) have been increasing their loans and credits for food production in recent years. However, the gap between estimated needs to meet modest growth targets in agriculture and food production and external capital flows remains wide, especially for the poorest countries which have been adversely affected by the stagnation in ODA on which they have a great dependence.

IV. The Rising Food Imports of Developing Countries

75. The Brandt Commission's Report reinforces the almost unanimous agreement among the various agencies and authorities that the food requirements of developing countries will rise sharply in the next decade; it is only in their estimates of requirements for 1990 that there is disagreement. FAO, for example, forecasts the total cereal requirements of 83 cereal net-importing developing countries in 1990 at 77 million tonnes. The International Food Policy Research Institute (IFPRI) puts the shortfall in food supplies in developing market economies in 1990 at between 120-145 million tonnes; the low-income countries, accounting for almost two-thirds of the population of developing market economies, would have a projected food gap of 70-85 million tonnes. Alternative IFPRI scenarios, postulating higher rates of growth in food output than in 1960-1975, still indicate the likelihood of a food deficit of 78-97 million tonnes. The foreign exchange costs of importing even half the projected deficit would be enormous, while the traditional wheat exporting nations might be hard put to meet the enhanced demand, except at inflated prices.

76. The likely food deficits of developing countries by 1990 must be faced. It is only a decade until 1990. The cereal imports of the developing countries have risen sharply in the post-war period, growing between 1972 and 1978 from 44 million tonnes to nearly 79 million tonnes. Developing country requirements for imports are likely to rise further, even if their agricultural productivity also improves. Increases in the purchasing power of the poor and/or some re-distribution of income may be expected to intensify developing countries' demand for food; this may stimulate domestic production, but is also likely to raise the demand for imported food.

V. Water Resources

77. An increase in the water resources at the disposal of developing countries is an essential pre-requisite for increasing their food production. Drainage and irrigation are the two key elements in the development of water resources, but many projects in this sphere are large-scale developments with long gestation periods.

78. The development of water resources should be viewed as the priority area for agricultural development since without adequate water supplies improvements in other areas of agricultural practice will be ineffectual. The cultivation of new high-yielding varieties (HYVs) of rice and wheat is critically dependent upon the availability of water and fertilisers. HYVs cannot be introduced in the absence of adequate water resources, and it is no coincidence that the greatest achievements with HYVs have taken place in Asia, with the largest proportion of the world's irrigated land area.

79. In the short-term the major requirements envisaged for water resources are improvements in and renovations of existing irrigation systems, many of which have been allowed to slip into neglect. The improvement of these facilities will cost considerably less and can be undertaken in a much shorter period of time than can new works. Renovation usually requires relatively small capital expenditures but offers an opportunity to make intensive use of the labour available in developing countries. To conserve energy the use of gravity fed rather than pumped systems should be encouraged. New tube wells often afford relatively low-cost opportunities for additional water resources. Land drainage also figures in water resource control, and

offers scope both for the improvement of existing facilities and for the execution of small-scale, labour-intensive schemes. Lastly, water resource control requires the development of suitable institutions and the training of personnel. The greatest scope for improving water resources is in Asia; the development potential of the Near East is considerable but may require more capital-intensive projects.

80. In Africa and South America the development of water resources lies more with improved methods of rainfed agriculture than with irrigation schemes; this means the extension of cultivation to land already rainfed but for varieties of reasons not being exploited. Africa appears to offer the greatest potential for improving rainfed agriculture.

VI. Agricultural Research

81. Agricultural research has an important role in agricultural development. The "Green Revolution" has increased food production in a number of developing countries, especially in Asia. Research by the eleven international research institutes supported by the Consultative Group on International Agricultural Research (CGIAR) is funded by the international community, the CGIAR making \$86 million available to the various institutions in 1978. The international research institutes have considerable achievements to their credit, notably semi-dwarf rice and high-yielding dwarf wheat, and currently thought is being given to ways to promote the transformation or adaptation of the results of their research in national research centres. A major part of research on developing countries' needs must be carried out at the national or regional levels, since agriculture is largely location-specific and in general plant varieties cannot be transferred from one climatic region to another. Therefore, support is required for regional and national research centres. Recently the CGIAR has created the International Service for National Agricultural Research (ISNAR) to strengthen the capacity of national agricultural research institutes.

82. Aside from the practical application of the results of research much more needs to be done in the way of improving seed varieties. The success with HYVs for rice and wheat in Asia shows what can be done, but many developing countries elsewhere in the world need to evolve new varieties of seed, a task that essentially needs to be undertaken at the national or regional rather than the international level. In many countries this may require more substantial finance and new policy frameworks.

VII. Fertiliser Use

83. Fertiliser consumption needs to be raised very substantially in developing countries, so as to achieve the optimum results from the new seed varieties being evolved and the water resources being developed. It is likely that the application of additional supplies of fertiliser in developing countries, which have low fertiliser consumption, leads to much greater increments in food output than the application of similar amounts in developed countries. Fertiliser consumption is growing more rapidly in developing than in developed countries. The need to increase fertiliser production in developing countries has been recognised by the World Bank, which has been giving increased investment support for fertiliser plant construction in developing countries. About one-tenth of developing country fertiliser

requirements in 1977-1978 were met by bilateral or multilateral assistance. Nevertheless, many developing countries are unable to meet their fertiliser requirements owing to balance-of-payments difficulties.

84. The International Fertiliser Supply Scheme (IFS), established in 1974 to assist developing countries overcome fertiliser supply shortages, has in recent years been supplying a diminishing proportion of total fertiliser aid - only 6 per cent in 1977-1978 as against a peak of 18 per cent in 1975-1976. Although the IFS has been re-oriented with a technical assistance component, there remains an urgent need for greater resources to be channelled through it to assure fertiliser supplies to the poorest countries.

VIII. Post Harvest Losses

85. The importance of reducing these is widely recognised, and FAO has established a special Fund for the prevention of food losses. Contributors have been slow in supporting the Fund, and more assistance is needed. The importance of reducing pre- and post-harvest losses is often overlooked in international discussion; since post-harvest losses in the case of cereals may be 20-40 per cent of total output, it can be argued that greater priority should be given to this aspect of increasing food supplies in developing countries rather than placing so much emphasis on raising output. Indeed a given expenditure on reducing post-harvest losses may result in a greater net addition to food supplies than that generated by a similar sum spent on increasing food output, since a high proportion of the increased output may well be lost at the post-harvest stage.

IX. Agrarian Reform

86. The need for land reform is widely recognised in international discussions but progress in implementation depends on domestic policies. Thus it was that the World Conference on Agrarian Reform and Rural Development held in July 1979 had to content itself with endorsing some fundamental principles and agreeing on a form of monitoring by FAO, and some possible follow-up action.

87. Experience suggests that if land reform is undertaken, and is competently and equitably enforced, it could have highly beneficial implications for food and agriculture. To the extent that land reform gives to each family a small area which it owns, the less likely that family would starve in a food crisis. Land reform encourages more intensive use of land both in terms of productivity and cropping patterns, and such intensive use is particularly necessary where labour is abundant relative to land. Widespread unemployment makes the need for land reform urgent; in the absence of land reform, both labour and land are often under-utilised. Provided that adequate credit, technical and social services are also available, land reform could be an important means of encouraging agricultural development, and a better distribution of agricultural incomes and the available supply of food. It also helps to check the drift of the rural population to the urban centres, where so often their plight is little better or even worse than in the rural areas they have come from.

X. Energy Costs

88. The implications for food and agriculture of the recent and prospective rises in energy prices are difficult to quantify. In developing countries it seems that the costs of direct inputs of energy (e.g. oil for tractors, electricity for crop drying and the energy inputs of fertilisers) may be of relatively less importance than those of indirect energy inputs (e.g. the energy components in machinery, buildings and feed processing). In developed countries the effects of rises in oil prices may have proportionately greater direct effects on agricultural costs but their effects on the economies of the countries concerned will be far less serious. For both types of country, however, the overall effects on food and agriculture of continuing increases in the real price of oil are sufficiently serious to require a much more intensive programme of research and development into new methods of producing energy-intensive inputs (e.g. nitrogenous fertiliser) and new forms of renewable energy, such as alcohol from maize or sugar, from the agricultural sector. The effect of oil price rises on fertilisers may not be as serious as would appear at first sight, if only because nitrogen may be capable of being obtained from energy sources other than oil or gas.

XI. Principal Issues

89. The food sector in developing countries has an important role to play in economic development and particularly in relieving absolute poverty. It therefore deserves priority attention. Two aspects need serious consideration - international measures to establish a dependable system of world food security and accelerated food production in the developing countries.

90. In the first it is extremely important that agreement is reached early on an International Grains Arrangement with price stability achieved through internationally coordinated national stocking policies. This would ensure not only stable prices but the availability of international reserves to meet production shortfalls.

91. A new target is needed for food aid which would take into account the wide gap between food consumption and minimum nutritional requirements. Bilateral food aid is open to the possibility of political factors rather than needs being used as criteria for distribution. Consideration should therefore be given to more food aid being provided through multilateral schemes such as the World Food Programme.

92. Serious consideration should be given to the establishment at the IMF or in another appropriate institution of a food financing facility to enable poorer countries to maintain consumption during periods of local harvest failures or international shortages.

93. On the longer-term problem of accelerating food production in developing countries, serious attention should be given to ensuring increased external capital flows. Here ODA levels are important since many Food Priority Countries are the poorer developing countries which have substantial dependence on concessional capital inflows. Consideration might also be given to the improvement of market access for agricultural exports from developing countries and priorities in domestic agricultural policy such as the role of increased investment in agriculture, land reform, agriculture research, irrigation and harvest and post-harvest losses.

Table 1 - Index numbers of world and regional food and agricultural production^a

	1972	1973	1974	1975	1976	1977	1978	1979 ^b	Annual rate of change ^c 1961-70 1970-78 ^d (per cent)
<u>Food production</u>									
Developing market economies ^d									
Africa	102	106	108	115	117	121	126	126	3.0 2.9
Far East	103	100	107	107	111	108	112	114	2.9 1.5
Latin America	99	107	105	115	115	122	126	124	2.7 3.0
Near East	103	106	112	116	122	126	135	135	3.5 3.4
Asian centrally planned economies	110	105	114	121	128	125	131	131	3.2 3.6
	104	110	114	118	122	121	128	133	2.9 3.0
TOTAL DEVELOPING COUNTRIES	103	107	110	116	119	121	126	128	2.9 3.0
Developed market economies ^d									
North America	103	105	109	111	112	116	120	121	2.4 2.3
Oceania	104	105	106	114	118	122	124	128	2.3 3.0
Western Europe	104	116	109	119	127	124	140	133	3.4 4.0
Eastern Europe and the USSR	101	106	111	109	109	111	116	117	2.3 1.7
	103	116	113	112	115	118	126	124	3.1 2.4
TOTAL DEVELOPED COUNTRIES	103	109	110	112	113	117	122	122	2.6 2.3
WORLD	103	108	110	113	116	119	124	125	2.8 2.6
<u>Agricultural production</u>									
Developing market economies ^d									
Africa	102	106	109	114	116	120	124	125	2.8 2.8
Far East	103	100	106	107	110	108	111	113	2.7 1.4
Latin America	100	108	106	115	114	121	125	123	2.7 2.9
Near East	103	106	113	115	118	124	128	133	2.9 3.1
Asian centrally planned economies	110	104	114	119	125	123	128	128	3.3 3.3
	104	110	114	118	122	121	128	132	3.0 2.9
TOTAL DEVELOPING COUNTRIES	103	107	110	115	118	120	125	127	3.0 2.8
Developed market economies ^d									
North America	103	105	108	111	112	115	119	120	2.1 2.2
Oceania	104	105	106	113	117	122	123	127	1.7 2.9
Western Europe	102	109	103	112	118	115	128	123	3.1 2.8
Eastern Europe and the USSR	101	106	111	110	109	111	116	117	2.2 1.7
	103	115	113	112	115	118	125	124	3.1 2.4
TOTAL DEVELOPED COUNTRIES	103	109	110	111	113	116	121	121	2.4 2.3
WORLD	103	108	110	113	115	118	123	124	2.6 2.5

Source: FAO.

^a Crops and livestock only. ^b Exponential trend. ^c Preliminary. ^d Including countries in other regions not specified.

Table 2 - Index numbers of food production per caput ^a in developing regions and MSA countries

	1972	1973	1974	1975	1976	1977	1978	1979 ^b	Annual rate of change ξ		
									1961-70	1970-78 ^b	
Developing market economies ^d	(1969-71 = 100)									(Per cent)	
Africa	97	98	98	101	101	101	102	100	0.4	0.3	
Far East	97	92	96	94	94	89	90	89	-	-1.2	
Latin America	95	100	96	102	99	103	104	100	0.2	0.4	
Near East	97	98	101	102	104	105	106	106	0.7	0.7	
	104	97	103	106	109	104	105	102	0.5	0.8	
Asian centrally planned economies	100	104	106	108	111	108	113	116	1.1	1.2	
TOTAL DEVELOPING COUNTRIES	98	100	101	103	104	104	106	105	0.6	0.5	
MSA in Africa	95	94	96	94	93	90	90 ^b	..	0.4	-1.2	
MSA in Far East	93	99	92	100	96	100	100 ^b	..	-0.1	-	
MSA in Latin America	102	102	98	96	99	100	107 ^b	..	1.0	0.3	
MSA in Near East	100	101	101	102	101	95	95 ^b	..	-0.2	-0.3	
TOTAL MSA COUNTRIES	94	98	94	99	96	98	98 ^b	..	0.1	-0.2	

Source: FAO.

^a Crops and livestock only.

^b Preliminary.

ξ Exponential trend.

^d Including countries in other regions not specified.

Table 3 - World cereal supplies
(million tonnes)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 ^d
ALL CEREALS^a								
Production	1,181	1,266	1,223	1,243	1,353	1,353	1,464	1,408
Exports	134	138	131	148	149	164	168	184
Imports by develop- ing countries	53	65	64	57	58	72	81	84
Ending stocks	165	180	175	180	236	229	268	262
<u>Stocks as per cent of world consumption</u>	<u>13</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>16</u>	<u>19</u>	<u>18</u>
WHEAT								
Production	347	377	359	356	418	391	449	417
Exports	68	63	63	66	61	72	72	78
Imports by develop- ing countries	34	40	43	38	39	47	49	50
Ending stocks	67	78	73	73	110	93	117	106
RICE (MILLED)								
Production	198	222	222	240	233	247	255	250
Exports ^b	9	9	9	9	10	11	10	11
Imports by develop- ing countries ^b	7	7	6	5	6	8	8	9
Ending stocks	24	29	30	37	37	40	44	42
COARSE GRAINS								
Production	636	667	642	647	702	715	760	741
Exports	57	66	59	73	79	81	87	94
Imports by develop- ing countries	12	18	15	14	13	17	24	25
Ending stocks ^c	74	73	72	70	89	96	107	114

Source: FAO.

^a Wheat, rice (milled equivalent) and coarse grains.

^b Calendar years, first of season shown.

^c Approximate figures.

^d Forecast.

Table 4 - Imports of grain into developing countries

	1972	1973	1974	1975	1976	1977	1978
	(thousand tonnes)						
Total developing countries	44,379	57,697	61,140	61,000	58,056	63,382	78,724
Of which:							
Total MSA countries	8,678	14,166	15,681	19,229	17,076	12,204	15,544
MSA countries in Africa	3,784	4,237	5,467	6,069	6,488	7,718	9,375
India	661	3,693	5,261	7,514	7,130	969	235
Other MSA countries in Asia	3,904	5,787	4,547	5,167	3,029	2,809	5,203
Other MSA countries	329	449	406	479	429	707	730
Total MSA excluding India	8,017	10,473	10,420	11,715	9,946	11,235	15,309
	(\$ millions)						
Total developing countries	3,809	7,386	12,921	12,220	10,730	10,820	13,868
Of which :							
Total MSA countries	762	1,777	3,183	3,754	3,108	1,997	2,422
MSA countries in Africa	310	533	1,284	1,212	1,112	1,237	1,592
India	83	502	834	1,303	1,358	208	60
Other MSA countries in Asia	342	687	984	1,141	553	444	654
Other MSA countries	27	55	81	97	84	109	116
Total MSA excluding India	679	1,275	2,348	2,451	1,749	1,789	2,362

Source: FAO Trade Year Books.

Table 5 - Food aid in cereals ^a

(thousand tonnes)

Donor	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Argentina	2	10	20	-	22	34	30	23	35
Australia	259	222	340	268	230	257	312	325	400
Austria	-	-	-	-	-	-	-	20	20
Canada	887	486	594	1,034	1,176	884	735	550	600
EEC	986	1,208	1,413	928	1,131	1,451	1,352	1,287	1,650
Finland	25	17	24	25	33	47	9	14	20
Japan	528	350	182	33	46	141	352	680	300
Norway	-	-	-	10	10	10	10	30	30
Sweden	56	65	316	47	122	105	104	99	80
Switzerland	21	33	29	35	33	22	32	32	27
United States	7,025	3,198	4,712	4,284	6,147	5,896	6,188	5,436 ^b	5,732
Others ^c	320	62	753	199	137	495	620	500 ^e	500
Total	10,109	5,651	8,383	6,863	9,087	9,342 ^d	9,744 ^d	8,996	9,394

Source: FAO.

^a For the period 1972/1973 to 1978/1979 figures relate to shipments during July/June. For 1979/1980 figures relate to allocations for the budgetary period of each country concerned, except when otherwise indicated. The figures for 1980/1981 are projected minimum commitments under the Food Aid Convention of 1980 on allocations.

^b Cereal component of total planned food aid allocations of 5.7 million tonnes for the fiscal year 1979/1980 announced by the US Department of Agriculture.

^c Includes occasional food aid from various donors on a calendar year basis.

^d In addition, the USSR is reported to have provided 200,000 tons of wheat as emergency aid to Vietnam in 1977/1978 and 300,000 tones in 1978/1979.

^e In addition, an estimated 300,000 tons is reportedly being given as emergency aid to Kampuchea by the USSR, Vietnam, other countries, and OXFAM.

Table 6 - Food and fuel imports

	Shares of value of merchandise imports				Energy imports as a percentage of merchandise export earnings	
	Food		Fuel		1960	1976
	1975	1976	1960	1975	1960	1976
			(per cent)			(per cent)
Low Income countries ^a of which:						
Ethiopia	17	21	7	10	9	19
Bangladesh	2	5	10	17	11	27
Mali	20c	42	5c	8	13	29
Upper Volta	21c	19	4c	..	19	25
India	21	21	6	23	11	26
Pakistan	22c	26	10c	18
Sri Lanka	39	24	7	17	8	24
Tanzania	12	50	9	11	..	22
Kenya	12	20	11	28	18	54
Sudan	17	6	8	4	8	26
Middle Income countries ^b of which:						
Liberia	16	14	8	14	10	22
Ghana	16	14	4	15	3	12
Thailand	10	4	11	23	7	18
Philippines	15	11	10	22	12	28
Papua New Guinea	30	10	5
Ivory Coast	18	15	6	14	5	10
Turkey	7	7	11	18	16	58
Jamaica	22	20	8	19	11	34
Brazil	14	6	19	26	21	43
Argentina	3	5	13	13	14	14

Source: World Bank, World Development Reports, 1978 and 1979.

^a Countries with a per capita income of US \$ 300 or less. ^b Countries with a per capita income of over US \$ 300.

^c The data refer to 1961.