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TRENDS IN PRIMARY COMMODITY TRADE

Note by the Secretariat¹

I. Trends in 1967

1. In 1967 developing countries' export earnings grew by a mere 2.5 per cent. This represents a considerable slowing down from the rates of the preceding years - in fact the smallest gain in relative terms since 1961. Developing countries' exports to developed countries increased by 3.4 per cent in value as compared with 8.1 per cent in the preceding year. Trade among developing countries rose by roughly 1 per cent. Their exports to the Eastern Trading Area declined for the second consecutive year.

2. The slow-down in developing countries' total export earnings reflected principally developments in their trade in primary commodities, although the growth in their exports of manufactures was also much less rapid than in the preceding years. A striking feature is that the increase in the export proceeds stemmed almost exclusively from the growth of their exports of fuels and only to a limited extent of manufactures; export earnings from foodstuffs and raw materials, according to preliminary estimates, failed to show any increase.

3. The volume of developing countries' exports of primary commodities expanded only slowly. Their prices, which had declined until the last quarter of 1966, remained unchanged during 1967; as a result, the 1967 level remained 2 per cent below the average of 1966 (see Table 1). The main factors behind the slowing down in the value of commodity exports from developing countries to developed countries, their main market, were, first, the relatively low level of general economic activity in several important industrial areas, and secondly, the growth in domestic supplies of some foodstuffs and raw materials in a number of industrial countries. In 1967 manufacturing activity in Western Europe and North America increased only marginally, by 2 and 1 per cent respectively. Import demand in certain developed countries, and consequently the world market situation, was significantly affected by the substantial gains in domestic supplies of competing products, in particular oils and fats, meat, sugar, synthetic rubber and synthetic fibres.

¹This is a revision of a previous note circulated as COM.TD/54 in June 1968 for the eleventh session of the Committee, incorporating certain corrections and information relating to developments in 1968. For more detailed information, reference may be made to the current issue of the secretariat's Annual Report entitled "International Trade 1967" to be issued shortly.

4. The movement of the index for primary commodities as a whole conceals sharply divergent trends between individual commodities (see Table 2). Among foodstuffs, coffee and tea prices recorded only a slight decline. A more pronounced price fall was experienced by most oilseeds and vegetable oils. This partly resulted from ample supplies of temperate-zone oilseeds, animal fats and marine oils. Supplies in developing countries, however, continued to develop only sluggishly. Sugar prices on the world free market did not recover significantly from the extremely depressed level of the preceding year. In the case of rice, the sharp rise in prices for the second consecutive year reflected a continued shortage of supplies in developing countries.

5. In the case of industrial raw materials, important price declines were recorded for rubber and textile fibres other than cotton, reflecting the pronounced slowing down of industrial production in Western Europe and North America, as well as the continued further growth of synthetic substitutes in developed countries and in the Eastern Trading Area. In the case of cotton, the price in 1967 was higher than in 1966 mainly as a result of the sharp decline of production in the United States for the second consecutive season. The 1967 price level of non-ferrous metals was substantially below the peak reached in 1966.

6. Imports of primary commodities (including non-ferrous metals) into the European Economic Community, the United States, the United Kingdom and Japan from developing countries, which together account for almost three quarters of total imports into developed countries of these commodities, are shown in Table 3. While imports of petroleum continued to increase substantially, there was hardly any change in the value of imports of foodstuffs, raw materials and non-ferrous metals taken together. Imports of oilseeds and vegetable oils, coffee, rubber, textile fibres and ores of non-ferrous metals declined more or less markedly in value terms. These declines were offset by increases in the value of imports of tea, tobacco, sugar, coarse grain, timber and to a smaller extent iron ore and non-ferrous metals.

II. Trends during the first half of 1968

7. During the first half of 1968, as a result of the resumption of economic growth in the industrial countries, exports from developing countries expanded at a faster pace than in 1967. According to preliminary estimates, developing countries' export earnings were 7 to 8 per cent higher in the first six months of 1968 than in the corresponding period of 1967.

8. The stronger demand in industrial countries led to a recovery in the price level of both foodstuffs and agricultural raw materials exported by developing countries in the second quarter of 1968. Prices of non-ferrous metals, however, after having increased during the first quarter of 1968, fell during the second quarter.

Table 1
EXPORT PRICE INDEXES BY COMMODITY CLASSES

Base 1963 = 100

		1964	1965	1966	1967	1967				1968	
						I	II	III	IV	I	II
<u>Primary commodities</u>	X	104	105	107	103	105	104	103	101	102	102
	Y	103	102	102	100	99	100	99	99	99	101
of which:											
Food	X	105	105	108	107	109	108	107	105	105	105
	Y	107	101	102	101	100	103	102	101	100	102
Agricultural non-food ¹	X	103	103	106	98	101	99	96	95	96	97
	Y	101	102	100	94	96	94	93	93	94	96
Minerals	X	105	106	107	105	105	103	104	106	107	106
	Y	102	103	103	102	102	102	102	102	103	102
<u>Manufactured goods</u>	W	101	103	106	107	107	107	107	106	105	105
of which:											
Non-ferrous base metals	W	119	135	156	142	146	135	137	152	168	147

¹Including oilseeds, oils and fats.

Note: X = Exports of developed areas.
Y = Exports of developing areas.
W = World exports.

Source: "Monthly Bulletin of Statistics", United Nations.

Table 2
PRICE OF SELECTED PRIMARY COMMODITIES AND NON-FERROUS METALS

	1963	1964	1965	1966	1967	1967				1968	
						I	II	III	IV	I	II ^{1/}
Wheat - Canada: No. 1 Northern, basis in store. Port William - Port Arthur, export price (Class II) Can\$/60 lb.	2.03	1.98	2.00	2.00	2.04	2.12	2.12	2.01	1.92	1.95	1.94
Maize - United Kingdom nearest forward shipment - United States No. 3, yellow - L/2240 lb.	22.0	22.3	23.4	23.7	23.0	24.0	23.4	22.0	22.5	24.7	23.9
Rice - Thailand: White, 5-7% broken, government standard, f.o.b. Bangkok - L/1000 kgs.	51.5	48.8	49.1	59.2	81.0	69.2	78.8	86.7	89.3	97.8	90.0
Sugar - Cuba: Raw f.a.s. world sugar price calculated for implementation of International Sugar Agreement - United States cents/lb.	8.32	5.72	2.03	1.76	1.87	1.47	2.31	1.67	2.03	1.98	1.77
Soyabeans - United Kingdom: United States No. 2, bulk, nearest forward shipments, c.i.f. - L/2,240 lbs.	40.0	40.1	42.2	46.0	42.3	42.2	42.4	40.9	43.5	48.5	48.3
Groundnuts - European ports: Nigerian, shelled, nearest forward shipment, c.i.f. - L/2,240 lbs.	62.5	67.8	74.9	67.8	65.6	60.5	66.5	66.5	61.0	66.9	70.6
Groundnut oil - European ports: Nigerian 3-5%, bulk, nearest forward shipment, c.i.f. - L/2,240 lbs.	97.4	114.4	118.0	107.6	104.0	109.2	105.9	104.4	96.6	107.5	112.0
Copra - European ports: Philippines, bulk, nearest forward shipment, c.i.f. US\$/2,240 lbs.	187	196	230	188	205	187	189	200	245	269	281
Coconut oil - European ports: Ceylon, 1%, bulk, nearest forward shipment, c.i.f. - L/2,240 lbs.	102.9	107.6	125.8	113.2	118.3	109.3	108.4	112.0	143.3	170.5	180.2
Palm oil - European ports: Nigerian, 5%, bulk, nearest forward shipment, c.i.f. - L/2,240 lbs.	79.0	84.8	97.9	84.7	-	-	-	-	-	-	-
Groundnut cake - United Kingdom: Nigerian, 56% protein, nearest forward shipment, c.i.f. - L/2,240 lbs.	38.6	39.8	43.4	40.2	40.5	41.1	39.4	40.7	41.5	49.6	42.9
Coffee - United States: Spot, New York: Brazilian Santos No. 4 - United States cents/lb.	34.1	46.7	44.7	40.8	37.8	38.2	38.9	37.7	36.6	37.3	37.6
- Colombian Manizales - United States cents/lb.	39.6	48.8	48.5	47.4	42.0	42.6	42.0	40.7	42.6	42.1	42.6
- Uganda Native Standard - United States cents/lb.	27.9	35.6	31.1	33.6	33.5	32.6	34.6	32.8	33.9	34.6	34.1
Cocoa beans - European ports: Good fermented Ghana, nearest forward shipment, c.i.f. - Sh./50 kgs.	199	182	135	188	232	225	223	223	255	271	266
Tea - Ceylon: For exports, high grown, auction price, Colombo - rupees/lb.	2.08	2.14	2.10	2.01	1.85	1.89	1.68	1.85	1.97	1.94	2.13 ^{2/}
Cotton - United Kingdom - c.i.f. Liverpool: American Middling, Orleans/Texas M.1 inch - pence/lb.	-	-	23.0	21.8	27.0	24.9	25.2	26.1	32.0	35.1	33.3
Jute - United Kingdom: Pakistan, export first, c. and f. Dundee - L/2,240 lbs.	-	-	130.2	144.4	120.1	131.2	121.9	109.9	117.2	124.3	124.0 ^{2/}
Sisal - United Kingdom: Tanganyika/Kenya No. 3 L, c.i.f. London - L/2,240 lbs.	143.7	129.5	87.5	80.1	68.2	74.0	70.1	62.3	66.3	68.9	67.0 ^{2/}
Rubber - Singapore: f.o.b., in bales. No. 1 RSS - Straits cents/lb.	72.4	68.1	70.1	65.4	54.2	57.6	56.8	52.7	49.7	47.7	50.6
Beef - United Kingdom: Argentina, hindquarters, chilled, Smithfield Market, London - pence/lb.	25.9	32.7	55.1	33.0	31.9	31.9	33.1	30.4	32.1	-	-
Wool - United Kingdom: Dominion, clean: 64's - pence/lb.	107	105	92	101	94.2	94.3	97.3	90.0	95.3	106.7	106.6
50's - pence/lb.	80	83	71	71	59.0	64.7	64.3	58.3	48.7	50.3	53.5
Copper - Canada, electrolytic, Montreal or Toronto - US\$/100 lbs.	29.21	30.96	34.92	41.77	43.94	43.03	43.68	44.05	45.02	46.98	47.26
- United Kingdom Wire bars on the London Metal Exchange - US\$/100 lbs.	29.26	43.84	58.72	69.22	51.10	53.81	46.00	46.86	57.72	72.93	52.68
Lead - Canada, cast, delivered Montreal or Toronto - US\$/100 lbs.	10.22	12.44	14.38	13.85	12.98	12.96	12.94	13.00	13.00	12.90	12.36
- United Kingdom 99% pure on London Metal Exchange - US\$/100 lbs.	8.00	12.69	14.39	11.69	10.28	10.14	10.32	10.45	10.22	10.29	10.74
Tin - Malaysia, Singapore, ex work - US\$/100 lbs.	111.6	151.8	172.2	158.4	147.1	147.9	148.3	147.3	144.8	137.7	137.2
Zinc - Canada, electrolytic, Grade A - US\$/100 lbs.	11.87	13.11	14.01	14.02	13.42	13.97	13.50	13.10	13.09	12.99	13.07
- United Kingdom 98% monthly average daily cash price on London Metal Exchange	9.72	14.88	14.12	12.75	12.34	12.72	12.42	12.10	12.10	12.11	11.79

^{1/} Average April-May for agricultural products.

^{2/} April only.

Sources: FAO, Monthly Bulletin of Agricultural Economics and Statistics
IMF, International Financial Statistics.

Table 3

IMPORTS OF SELECTED COMMODITIES INTO THE EEC, THE UNITED STATES,
THE UNITED KINGDOM AND JAPAN IN 1965, 1966 AND 1967

(\$ million)

SITC	Description	From developing countries			From other countries		
		1965	1966	1967	1965	1966	1967
071	Coffee	1,779	1,838	1,766	52	49	26
072	Cocoa	357	388	434	61	63	66
074	Tea and maté	377	358	383	18	16	22
121	Tobacco, unmanufactured	238	172	320	490	605	604
061	Sugar and honey	871	919	1,003	247	252	277
221	Oilseeds, oil nuts and oil kernels	523	552	490	716	871	854
421	Fixed vegetable oils, soft	80	156)		108	128)	
422	Other fixed vegetable oils	304	264)	310	56	58)	284
042	Rice	97	91	49	112	122	108
041	Wheat and meslin, unmilled	122	68	68	807	885	888
044	Maize, unmilled	281	345	384	894	882	775
045	Other cereals, excluding barley, unmilled	46	48	69	262	316	266
051	Fruit, fresh, and nuts, fresh or dried	914	935	934	912	963	972
011	Meat, fresh, chilled or frozen	369	393	407	1,336	1,467	1,563
263	Cotton	766	828	763	427	421	492
264	Jute	133	142	143	8	8	10
265	Vegetable fibres (excluding cotton and jute)	130	110	90	78	69	82
231	Crude rubber (including synthetic and reclaimed)	605	597	565	225	246	284
242	Wood in the rough or roughly squared	509	619	671	412	463	602
243	Wood shaped or simply worked	177	190	198	1,467	1,417	1,361
331	Petroleum crude and partly refined	6,645	6,922	7,292	487	575	1,385
332	Petroleum products	1,418	1,374	1,422	989	1,167	1,303
281	Iron ore and concentrates	1,044	1,038	1,062	826	839	923

Table 3 (cont'd)

(\$ million)

SITC	Description	From developing countries			From other countries		
		1965	1966	1967	1965	1966	1967
283	Ores and concentrates of non-ferrous base metals	843	891	831	543	701	826
682	Copper	1,165	1,532	1,593	1,110	1,607	1,486
684	Aluminium	26	41	74	770	901	891
685	Lead	66	65	57	173	152	158
686	Zinc	33	35	33	174	179	170
687	Tin	281	302	312	107	84	78
	Total	20,199	21,213	21,723	13,867	15,506	16,756
	Index: 1965 = 100	100	105	108	100	112	121
	Total minus petroleum (331 and 332)	12,136	12,917	13,009	12,391	13,764	14,068
	Index: 1965 = 100	100	106	107	100	111	114