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THE AGRICULTURAL SITUATION IN THE FAR EAST AND OCEANIA

Review of 1972 and Outlook for 1973

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FAR EAST & OCEANIA

 Countries included in this study



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ABSTRACT: Drought reduced agricultural output in most countries in the Far East and Oceania during 1972. India, Thailand, and Australia showed the largest decreases in agricultural production, while Japan and Taiwan made sizable gains. Per capita food production declined in all but four countries. Rice production in the Far East totaled 103 million tons, down 8 percent from the 1971 level. India's rice output dropped 13 percent to 37 million tons. Record yields enabled Japan's rice production to sharply increase. U.S. agricultural exports to the Far East and Oceania totaled \$2.96 billion in 1972, up 22 percent from the previous year, while U.S. agricultural imports from the region increased 9 percent to \$1.65 billion. World monetary realignments should enable U.S. farm exports to the Far East and Oceania to expand in 1973.

KEY WORDS: Far East, Oceania, Asia, economic situation, agricultural production, agricultural trade.

FOREWORD

This annual review provides an analytical basis for shortrun policy decisions and informs the public about current agricultural developments in the Far East and Oceania. It is one of five regional supplements to the *World Agricultural Situation*, WAS-3, December 1972. Other regional reports are published for Western Europe, Communist Area, Africa and West Asia, and the Western Hemisphere.

Additional statistical information relating to production and trade of agricultural products in the region appears in a separate publication, *The 1972 Agricultural Data Book for the Far East and Oceania*, ERS-Foreign 267, October 1972. An updated version will be released in the second half of 1973.

This report was directed and coordinated by E. Wayne Denney. Others participating in the preparation included Diane B. Ellison, Amjad H. Gill, Bruce L. Greenshields, Gene R. Hasha, and John B. Parker, Jr.



Robert E. Marx, Acting Chief
Developing Countries Branch
Foreign Demand & Competition Division

EXPLANTORY NOTES

Far East refers to noncommunist countries in Asia from Afghanistan east. *Oceania* refers only to Australia and New Zealand except for regional trade data on U.S. agricultural exports and imports.

Unless otherwise stated, *split years* mean July-June, *tons* are metric, and *dollars* are U.S. dollars. Unless specified otherwise, data on *rice* are for milled rice.

Calendar year production includes crops harvested during the spring, summer, and autumn of 1972 (for example) and includes some crops such as rice, where the bulk of the crop is harvested in 1972, but continued into the early part of 1973.

GNP refers to gross national product; GDP to gross domestic product.

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THE AGRICULTURAL SITUATION IN THE FAR EAST AND OCEANIA

Review of 1972 and Outlook for 1973

SUMMARY

Drought reduced total agricultural production in most countries of the Far East and Oceania during 1972. Sharp increases in Japan (8 percent) and Taiwan (7 percent) were not enough to offset large declines in India (9 percent), Thailand (9 percent), Australia (7 percent), and the Khmer Republic (21 percent). Total agricultural production in South Korea and Malaysia increased slightly, despite adverse weather in both countries. The Philippines showed a small increase in output, although crop production was hampered by devastating floods followed by drought conditions. New Zealand's output was up in 1972, but a severe drought may lower 1973 production. Pakistan, Indonesia, South Vietnam, and Sri Lanka also had reduced agricultural output. For the first time in 7 years, developing countries of Asia failed to show an increase in total agricultural production.

Per capita food production declined in all but four countries in the Far East and Oceania during 1972. The largest declines were recorded in the Khmer Republic (25 percent), Thailand (15 percent), India and Sri Lanka (11 percent), Australia (8 percent), and Indonesia (7 percent). Advances in per capita food output occurred only in Japan, Malaysia, Taiwan, and New Zealand.

Rice production (milled) in the Far East in 1972 totaled 103 million tons, down 8 percent from the 1971 level. India's rice output dropped 5.7 million tons to the lowest level since 1966. Thailand, Indonesia, Nepal, and the Khmer Republic also recorded large declines. Japan, with record rice yields in 1972, was the only country in the Far East with significantly increased rice output.

Demand for rice imports by Indonesia, the Philippines, and Bangladesh was strong in 1972, while exportable supplies diminished in Thailand, Pakistan, Burma, and Japan. Rice prices in Asia by early 1973 were about 50 percent higher than they were a year earlier. A decrease in prices is not expected until late 1973, when most of the Asian rice is harvested, and then only if 1973 is a good harvest.

Japan is continuing its policy of taking land out of rice and encouraging greater production of fruits,

vegetables, and livestock. Consumer preference patterns are shifting from rice to wheat and livestock products. Japan's rice production increased during 1972, but output should decline in 1973 as more land is taken out of rice.

The long summer drought in India reduced food grain output about 8 percent in 1972/73 despite a record spring wheat harvest. Through the expanded use of high-yielding varieties and multiple-cropping, crops harvested in the spring account for an increasing percentage of India's total food grain production. Nevertheless, India's food situation could be critical in 1973, and several million tons of grain imports will be required late in the year.

Drought severely hampered agricultural production in Australia during 1972. Pastures were damaged, livestock slaughter rates increased and grain production fell by 30 percent from the 1971 level, with wheat production declining 25 percent.

U.S. agricultural exports to the Far East and Oceania totaled \$2.96 billion in 1972, up 22.2 percent from 1971, when exports stagnated because of West Coast dock strikes. The major markets were Japan (\$1.4 billion), South Korea (\$363 million), Taiwan (\$196 million), and South Vietnam (\$148 million). Major U.S. agricultural exports to the Far East and Oceania in 1972 were wheat, soybeans and soybean products, corn, rice, cotton, and tobacco. Some examples of striking gains in U.S. agricultural exports to Far East markets in 1972, which are likely to continue strong, include corn shipments to Taiwan; grapefruit to Japan; wheat to South Korea and Indonesia; tobacco to Japan, Thailand, and the Philippines; and oranges to Hong Kong. Some of the marked gains in U.S. agricultural exports through Government programs during 1972 were rice shipments to South Vietnam, the Khmer Republic, and Bangladesh and wheat to Pakistan and South Korea.

U.S. agricultural imports from the Far East and Oceania during 1972 totaled \$1.65 billion, a 9-percent increase from the 1971 level. Most of the increase came from Australia, which supplied \$497 million worth of agricultural products in 1972, up 36 percent

from the 1971 level. Other major suppliers were the Philippines (\$332 million), New Zealand (\$245 million), and Indonesia (\$139 million). The main imports were meat, sugar, rubber, fruits and vegetables, and coffee.

ASIA'S RICE SHORTAGE REACHES A CRITICAL LEVEL

The rice shortage which emerged in Asia during the summer of 1972 is likely to persist through 1973. Import demand is still rising despite high world prices. Exportable supplies from the 1972/73 crop in Thailand and Burma were only about half the 1971/72 level. Practically all of the rice these countries plan to export from the recent crop has already been committed. Because of a severe shortage elsewhere of lower priced grades, Pakistan has found new markets for about half a million tons of IRRI varieties in Southeast Asia. In South Korea, Government programs to curtail strong demand for rice include the enforcement of 2 "riceless days" per week for restaurants.

Per capita rice stocks in Asia are now lower than at any time in the last 30 years. India, the world's second largest rice producer, had about 25 million tons of stocks in March 1973—down about 10 million tons from a year earlier. India's total food shortage is not so critical as it is for rice because of larger supplies of wheat. Stocks of rice in the Khmer Republic (Cambodia), Bangladesh, and Laos are at critically low levels.

In the past, importing nations were usually able to solve their rice shortfall through greater imports. But stocks are also at very low levels in traditional exporting countries. Thai stocks of rice available for new export contracts declined from about 2 million tons in January 1972 to an estimated 250,000 tons in March 1973. Prices guaranteed to Thai farmers increased about 50 percent in 1972, and those paid by merchants have been above those listed by the Government. Encouraged by higher prices, Thai farmers planted about three times more area in rice during the recent winter season. This off-season crop scheduled for harvest in April and May is expected to provide about 500,000 tons of paddy rice, or slightly less than 4 percent of Thailand's 1973 rice output.

Relief might come in November, when most of Asia's rice farmers begin to harvest their major crop. A return of normal monsoon rainfall this summer, combined with greater use of high-yielding varieties and fertilizer, would provide a larger harvest in 1973/74. Output of milled rice in the Far East (excluding Communist Asia) declined about 8 percent in 1972 to 103 million tons, following a 1-percent decline in 1971 from the peak of 113 million tons in 1970 (table 1). Rice production in India, Thailand, and the Khmer Republic declined by more than 12 percent in 1972 because of delayed and inadequate

U.S. farm exports to the Far East and Oceania should expand in 1973, although the rate of increase will probably be less than in 1972. The competitive position of U.S. products has been strengthened by world monetary realignments.

monsoon rainfall. Floods reduced output in South Korea and the Philippines. Favorable weather boosted Japan's rice production by 9 percent in 1972—the only significant increase registered in the Far East.

In the Far East region, production of milled rice per capita declined from 106 kilograms in 1964 to 89 kilograms in 1972—the lowest level in the last decade. Even when the severe drought hit South Asia in 1966, per capita rice production in the Far East was 92 kilograms. The Green Revolution helped raise it to 105 kilograms in 1970. These countries had 1.15 billion people in 1972—200 million more than in 1964. Part of the shortfall in rice supplies was met by increased wheat consumption. Dramatic success from high-yielding varieties enabled per capita wheat production in developing countries in Asia to almost double between 1964 and 1972.

Striking changes are occurring in the distribution and marketing of rice in Asia. Urban areas accounted for about half the population increase in the last decade. Many Asians increase the quantity of rice in their diet as they migrate to cities and obtain higher incomes and lower their consumption of coarse grains and cassava. Only about 10 percent of the Asian consumers have sufficient incomes, however, to be able to reduce their rice intake and switch to more expensive foods. Where incomes are relatively high (Japan, Hong Kong, and Singapore), many consumers are voluntarily reducing their rice purchases. Yet, in countries where urban incomes range between \$200 and \$600 per capita, government procurement programs can't obtain enough rice from farmers to keep up with buoyant market demand. These programs have succeeded in meeting consumer rice needs from domestic procurement in only two Asian countries—Japan and Pakistan. Rice farms are usually small in Asia, and reserves for household use take top priority regardless of how attractive the government procurement price might appear. Also, open market prices are usually higher than those offered by the government procurement centers.

Asia Boosts Commercial Rice Imports

Improvements in the foreign exchange position of major rice importers in East Asia are expected to lead to larger imports in the future. South Korea's foreign exchange position is expected to continue to improve because of increased investment by international

Table 1--Far East production of milled rice, 1964-72

Country	1964	1965	1966	1967	1968	1969	1970	1971	1972
	<u>Million metric tons</u>								
India.....	39.3	30.6	30.4	37.6	39.8	40.4	42.2	42.7	37.0
Japan.....	11.5	11.3	11.6	13.2	13.1	12.7	11.5	9.9	10.8
Indonesia.....	8.4	8.6	9.1	9.0	10.4	10.4	12.0	12.7	12.2
Bangladesh.....	10.5	10.5	9.6	11.2	11.3	12.1	11.1	10.1	9.8
Thailand.....	7.3	7.1	8.9	8.9	7.4	8.9	8.9	8.9	8.0
Burma.....	5.4	5.4	4.4	5.2	5.3	5.3	5.4	5.5	4.7
South Vietnam.....	3.5	3.2	2.9	3.1	2.9	3.4	3.8	4.0	3.9
South Korea.....	4.0	3.5	3.9	3.6	3.2	4.1	3.9	4.0	3.7
Philippines.....	2.6	2.6	2.7	2.7	2.9	3.4	3.5	3.4	3.2
Pakistan.....	1.3	1.3	1.4	1.5	2.0	2.4	2.2	2.3	2.3
Nepal.....	1.5	1.5	1.3	1.5	1.5	1.6	1.7	1.7	1.1
Khmer Republic (Cambodia).....	1.7	1.6	1.6	2.2	1.7	2.5	1.8	1.6	1.1
Sri Lanka (Ceylon).....	.7	.5	.6	.8	.9	.9	1.0	1.0	1.0
West Malaysia.....	.5	.6	.6	.7	.8	.9	.9	1.0	1.0
Taiwan.....	2.0	2.1	2.1	2.1	2.2	2.3	2.1	2.2	2.4
Laos.....	.5	.5	.5	.5	.5	.5	.5	.5	.4
Sabah and Sarawak.....	.1	.1	.2	.2	.2	.2	.2	.2	.2
Afghanistan.....	.3	.3	.2	.3	.3	.3	.3	.2	.2
Other.....	.2	.2	.2	.2	.2	.2	.3	.3	.3
Total.....	101.3	91.5	92.2	104.5	106.6	112.5	113.3	112.2	103.3

firms and rapidly rising exports. Indonesia's exports reached a record \$1.8 billion in 1972, with petroleum accounting for about half the total.

Import demand for rice has increased dramatically in the last 18 months in countries where urban needs are rising rapidly and farm production is temporarily declining. Total rice imports by the Far East increased from 3.8 million tons in 1968 to 4.7 million tons in 1972 (table 2). Further gains are anticipated in 1973 because of larger Asian imports of rice; these will probably come from the United States and Pakistan. Indonesia is likely to be the unchallenged leader in rice imports in 1973, in Asia, and the world. Rice imports by South Korea, the Philippines, and Bangladesh are expected to exceed 500,000 tons each in 1973. In South Vietnam, Hong Kong, and Sri Lanka, rice imports are expected to rise in 1973—with imports by each market exceeding 400,000 tons.

Indonesia's rice production showed little progress until the late 1960's. High-yielding varieties accounted for about one-fifth of the record 12.7 million tons produced in 1971. Drought reduced total production to 12.2 million tons in 1972, and the Government procurement agency was unable to purchase sufficient quantities to stabilize prices during nonharvest periods. Market prices in urban centers rose sharply in mid-1972 and peaked in November. Indonesia not only purchased large amounts of rice from the United States, Thailand, and Japan, but also from several new sources such as Pakistan and the People's Republic of China. Indonesia's rice imports will most likely be more than 1.0 million tons in 1973, compared with 0.7 million tons in 1972 and 954,000 tons in 1970.

Philippine rice imports increased from 437,000 tons in 1971 to about 482,000 tons in 1972, when Thailand supplied 62 percent of the arrivals. Imports are scheduled to continue to rise in 1973, with large shipments coming from Pakistan, Japan, and possibly the People's Republic of China. During 1968-70, no Philippine rice imports were reported, except for small amounts of seed. In 1971, however, rising market prices and losses from typhoons led to large Philippine cash purchases of Thai rice that year, followed by additional purchases in 1972. These purchases by a country previously considered to be self-sufficient in rice contributed greatly to a change in Asia's rice outlook.

Imports of milled rice by South Korea declined from a record 1 million tons in 1971 to about 700,000 tons in 1972. Programs to curtail buoyant consumer demand and encourage shoppers to switch to less expensive cereals contributed to the decline. Summer floods and a slight decline in area planted caused South Korea's output of milled rice to fall from 4.0 million tons in 1971 to about 3.7 million tons in 1972, thus spurring rice import needs. Regulations now require restaurants to serve no rice on 2 days of the week and

promote greater use of barley and other rice substitutes.

South Korea might import more than 150,000 tons of rice from Japan in 1973. Imports from Japan declined from 514,900 tons in 1971 to about 90,000 tons in 1972. The United States supplied about 80 percent of South Korea's rice imports in 1972, compared with 47 percent in 1971. Imports of U.S. rice other than P.L. 480 shipments increased in 1972. Difficulty in locating quantities of the type of rice they wish to import caused the South Koreans to again turn to Japan for rice financed under concessional terms. Most of the 1973 imports from Japan will consist of recently harvested rice, rather than old stocks.

South Vietnam's rice imports have fluctuated widely in the last decade because of disruptions to production caused by military activities and adverse weather. Its rice imports increased from an initial 17,000 tons in 1963 to a peak of 765,000 tons in 1967. Through greater use of high-yielding varieties, output of milled rice reached a record 4.0 million tons in 1971. The abandonment of 300,000 hectares of rice land because of military activities and the growing needs of refugees near cities caused imports to reach 382,400 tons in 1972, compared with 135,000 tons in 1971. Rice imports are likely to rise in early 1973, but peace in the countryside and good weather should contribute to larger production this year and smaller imports in 1974.

The Khmer Republic exported about half a million tons of rice annually in the early 1960's, with a steady flow going to traditional customers in Hong Kong and West Africa. Adverse weather and military activities caused severe reductions in output in 1971 and 1972.

Cambodian rice imports increased from an initial 20,000 tons in 1971 to about 110,000 tons in 1972 (mostly from Thailand and the United States). Because of the rising import needs for the Phnom Penh urban area, Cambodian rice imports might double in 1973.

Singapore's rice imports have not gained much in recent years as its prosperous 2 million people reduced their per capita rice consumption and switched slowly to a more diversified diet. Yet, Singapore is growing in importance as a transit and financial center in Asia's rice trade. Its rice imports, which came mostly from Thailand and the People's Republic of China, totaled 275,000 tons in 1972. Arrangements made by firms in Singapore are expected to revitalize the flow of Pakistani rice to Bangladesh in 1973. The trade which once flourished between Pakistan and East Bengal came to an end in December 1971, when Bangladesh gained independence.

Bangladesh was the leading rice importer in South Asia in 1972, although no arrivals came from

Table 2--Rice imports by Far East countries, 1964-72

Country	1964	1965	1966	1967	1968	1969	1970	1971	Preliminary 1972
	<u>1,000 tons</u>								
Philippines.....	299	569	108	291	--	--	--	437	482
Bangladesh <u>1/</u>	214	202	401	343	181	422	471	641	650
South Korea.....	--	--	18	139	247	631	521	1,007	700
Indonesia.....	1,026	193	306	347	707	605	956	509	700
Malaysia and Singapore.....	786	687	607	660	613	564	600	478	495
Sri Lanka (Ceylon).....	658	642	693	355	370	274	545	340	355
India <u>2/</u>	645	783	787	453	446	487	206	240	230
Hong Kong.....	411	370	367	421	314	347	332	355	380
South Vietnam.....	17	130	435	765	678	326	553	135	330
Japan.....	415	967	812	509	271	56	19	11	15
Khmer Republic (Cambodia)...	--	--	--	--	--	--	--	20	110
Other <u>3/</u>	126	142	101	163	114	105	157	207	230
Total.....	4,597	4,685	4,635	4,446	3,941	3,817	4,360	4,380	4,677

1/ Includes imports from West Pakistan.

2/ Excludes imports from Nepal and supplies for Bengali relief programs.

3/ Includes Ryukyus, Macau, Afghanistan and North Vietnam.

Sources: 1971 FAO Trade Yearbook, Rice Trade Intelligence from FAO, June 16, 1972 issue, Agricultural Attache Grain and Feed Reports from Islamabad, New Delhi, South Korea (Seoul), Jakarta, and Manila.

Pakistan and the People's Republic of China—two major suppliers in 1971. Imports increased slightly in 1972 to approximately 650,000 tons. The major suppliers were: Burma, 190,000 tons; the United States, 150,000; India, 100,000; and Thailand, 94,000. Domestic rice procurement by the Food Corporation of Bangladesh in 1972 failed to reach 150,000 tons and fair-price shops had to rely upon imports to supply ration-card holders. Bangladesh increased its wheat imports from 0.9 million tons in 1971 to 1.9 million tons in 1972 as part of the effort to ease the critical rice shortage and rising prices.

Rice prices in India in December 1972 were about 14 percent above those of a year earlier. Because of a summer drought in rainfed areas, 1972 output of milled rice was only about 37 million tons, compared with a record 42.7 million tons in 1971. In addition to a smaller domestic supply in 1973, India will not receive the traditional flow of more than 250,000 tons of rice from Nepal. The severe 1972 drought in Nepal limited its supply of rice for delivery to India which was to be shipped in small lots by private dealers this year. India's rice imports received in ocean ports declined from 787,000 tons in 1966 to 230,000 tons in 1972. Except for rice provided by the United States for Bengali refugees in fiscal 1972, most of India's rice imports in the last 2 years were received from Thailand and Egypt. India's rice imports in 1973 are expected to be about 200,000 tons. Trade arrangements with these countries allowed India to pay for the rice through shipments of industrial equipment.

Sri Lanka will probably import more wheat flour in 1973 to cope with its worsening rice shortage. Drought sharply reduced rice production from the Maha crop harvested in the spring of 1973.

Asia's Rice Exports Declined in 1972

Rice exports by Asian countries declined from 4.8 million tons in 1971 to 4.3 million tons in 1972—a loss of 11 percent. Reduced exports by Japan and Burma caused most of the decline (table 3).

Asia's rice shortage led to a boom in Thai exports in 1971 and 1972. Thailand's rice exports jumped from 1.06 million tons in 1970 to 1.66 million tons in 1971 and a record 2.08 million tons in 1972. The export price for 5-percent brokens from Bangkok increased from \$137 per ton in July 1972 to \$206 in early March 1973. Thailand's rice exports to the Philippines increased from 213,000 tons in 1971 to 300,000 tons in 1972. Thai rice exports to Hong Kong, Singapore, and West Africa almost doubled in 1972 because of the slack left by the collapse of Cambodia's rice exports. Thailand's rice exports during 1973 from the poor 1972/73 harvest are expected to approximate 1 million tons. If favorable weather allows farmers to transplant rice in June, additional exports might come from the rice harvested this November and December.

Burma's rice exports, which had increased in 1971 because of rising world demand, fell to 531,000 tons in 1972, with smaller deliveries to India and Indonesia. The decline was due to supply deficiencies, rather than a lack of buyers. The country's supplies of exportable rice were sold out in early 1972 because of strong demand in neighboring Bangladesh and a 203,000-ton sale to the People's Republic of China. The rice exported to the Chinese sold for \$81 per ton, and all of it went to Sri Lanka for China's payment to Sri Lanka for rubber received through the rubber-rice trade agreement.

A successful rice surplus disposal program has enabled Japan to gradually reduce its rice stocks from over 6 million tons in 1971 to less than 2 million tons in early 1973. The success of the program is further evidenced by Japan's decreasing concessional rice exports, which fell below 400,000 tons in 1972.

Pakistan's rice exports might approach 800,000 tons in 1973 because of resumption of deliveries to Bangladesh and larger exports to Indonesia, the Philippines, and Sri Lanka. This would be about double the level of exports recorded in 1972. It would deplete Pakistan's surplus of coarse rice which accumulated in 1972, when deliveries to Bangladesh were halted for political reasons.

U.S. Rice Exports to the Far East Show Upward Trend

U.S. rice exports to markets in the Far East increased from 974,000 tons in 1971 to a record 1,453,000 tons in 1972 (table 4). Some of the factors behind the 49-percent increase include:

- (1) A sharp reduction in Japan's exports under concessional terms.
- (2) Virtual sellout of exportable supplies of rice in Burma in early 1972 and a similar situation in Thailand later in the year before the 1972/73 harvest became available.
- (3) Rising urban demand in South Korea, the Philippines, Bangladesh, South Vietnam, and Indonesia.
- (4) The worsening food situation in Asia caused by the droughts during the summer of 1972.
- (5) Increased attractiveness of Title 1, P.L. 480 (long-term credit) as world credit terms tightened.

U.S. rice exports to South Korea reached a record 566,000 tons in 1972, compared with 482,000 tons in 1971 and 242,000 tons in 1970. Indonesia, our second largest market, took 322,000 tons of U.S. rice under P.L. 480 in 1972. U.S. rice shipments to South Vietnam reached 311,000 tons in 1972—more than six

Table 3--Rice exports by Far East countries, 1964-72

Country	1964	1965	1966	1967	1968	1969	1970	1971	Preliminary 1972
	1,000 tons								
Thailand.....	1,896	1,895	1,508	1,482	1,068	1,023	1,064	1,662	2,075
People's Republic of China..	784	753	1,216	1,150	885	712	936	730	650
Burma.....	1,413	1,335	1,128	545	347	549	640	812	531
Japan.....	--	--	--	--	--	364	618	911	400
Pakistan*.....	363	291	475	334	224	528	385	501	380
North Korea.....	--	44	72	125	60	96	90	110	125
India.....	3	3	2	4	3	15	52	40	140
Khmer Republic (Cambodia)...	491	473	166	200	191	85	222	33	--
Taiwan.....	128	257	178	116	68	34	5	50	40
South Vietnam.....	49	--	--	--	--	--	--	--	--
North Vietnam.....	11	3	13	3	2	20	25	16	15
South Korea.....	13	19	40	--	--	--	--	--	--
Malaysia.....	43	51	32	10	2	6	10	10	12
Hong Kong <u>1/</u>	54	29	29	7	11	14	12	10	15
Total.....	5,248	5,153	4,859	3,976	2,861	3,446	4,059	4,885	4,383

-- = none.

* Includes shipments to Bangladesh.

1/ Reexports only.

Sources: FAO Trade Yearbook 1971; FAO Rice Intelligence, June 16, 1972; Agricultural Attache Reports; Foreign Trade Statistics of USSR, 1971 (for computing 1971 estimate for North Korea); Rice Intelligence, Commonwealth Economic Committee, London.

times the quantity sent in 1971. U.S. rice exports to Bangladesh totaled 132,000 tons in 1972, including some shipments early in the year, when the U.S. Census still recorded shipments to Chittagong as

exports to Pakistan. Because of the marked rise in Asian demand, U.S. rice exports to all countries reached a record 1.96 million tons in 1972 and should remain strong in 1973. (John B. Parker, Jr.)

REGIONAL COMPETITION IN JAPANESE MARKET

The United States shares Japan's \$5.5 billion agricultural import market with regional suppliers, which, by virtue of their proximity to Japan, have a transportation cost advantage. In fact, countries in the Far East (excluding centrally planned economies) and Oceania together supplied 32 percent of Japan's market in 1972, compared with the U.S. share of 29 percent. In 1960, when the market was only one-third as large, the U.S. share was 31 percent and the Far East and Oceania had 36 percent. The share held by developing countries in the Far East dropped sharply from 19 percent in 1960 to only 13 percent in 1972. Oceania's share, on the other hand, increased from 17 to 19 percent (fig. 1).

Japan has taken some measures to stimulate imports from the Far East. In 1971, for example, the Government adopted a three-column tariff system which includes a preferential tariff schedule. This schedule applies to the Far East and involves reductions of 20 to 100 percent on 59 agricultural and fishery products and 833 mining and manufactured products. There are, however, ceilings on the volume which can enter under this schedule, and these ceilings mitigate to some extent the impact of the duty concessions.

Another measure was to establish the Southeast Asian Promotion Center for Trade, Investment, and Tourism. Located in Tokyo, the center promotes imports from the member countries (Burma, Khmer Republic, Laos, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and South Vietnam).

A "develop-import" scheme is being carried on by the Ministry of Agriculture and Forestry. The Ministry actively promotes the production of certain farm products (mainly corn, sorghum, and beef) in countries in the Far East and Oceania in order to increase the world supply and thereby help stabilize the supply and price. The commodities which are promoted are of course those for which Japan anticipates a long-run import dependency. Implementation of the program involves aid, technical assistance, and direct overseas investment.

By far the most important competitor in the region is Australia. Japan's total agricultural imports from Australia were valued at almost \$1 billion in 1972, up 46 percent from the 1971 level and double that of 1964 (table 5). Japan's principal agricultural imports from Australia are wool, wheat, beef, sorghum, and raw sugar (table 6). Australia was Japan's principal supplier of beef and wool and the second most

important supplier of raw sugar and sorghum.

Japan and Australia agreed in late 1972 to attempt to stabilize Japan's wheat imports from Australia at the level of 1.2 million tons per year. Also, several Japanese firms have made investments in the Australian beef industry in the form of joint ventures with Australian firms—part of the "develop-import" scheme.

Japan's agricultural imports from Thailand, the second most significant competitor in the region, were valued at \$167 million in 1972. Corn was the most important commodity imported. Thailand was Japan's third largest supplier of corn (861,000 tons) after the United States (3.4 million tons) and South Africa (1.2 million tons). Japan had planned to increase its imports of Thai corn to 1 million tons in 1973, but the quantity was reduced to 450,000 tons because of the poor Thai crop.

Japan agreed in early 1973 to increase its imports of 97 products (mostly agricultural) from Thailand. Recent Japanese investment in Thailand includes a joint venture to start chemical fertilizer production—again, part of the "develop-import" scheme.

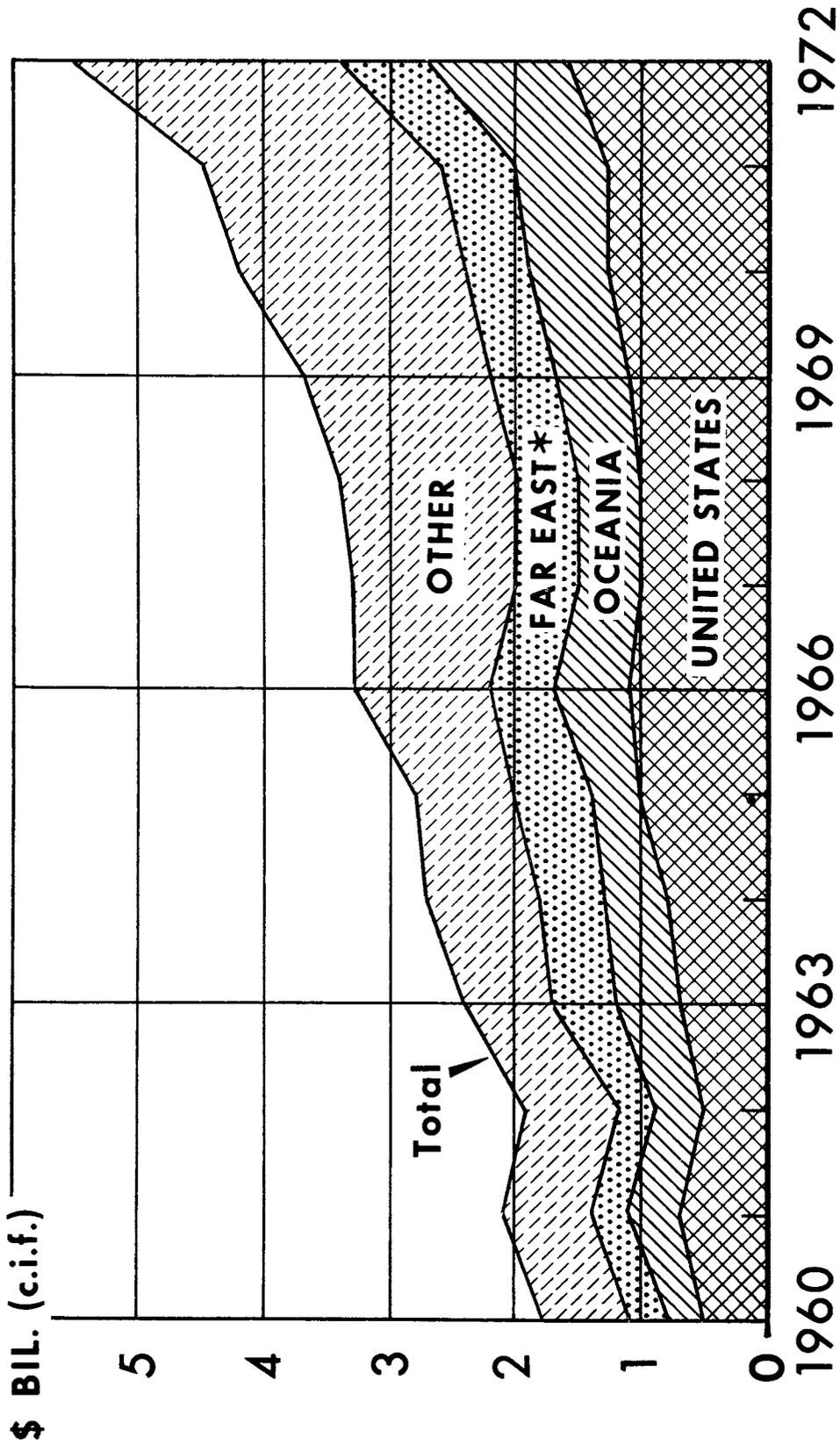
Japan's agricultural imports from Taiwan were valued at \$148 million in 1972, up 28 percent from 1971 despite Japan's formal recognition of the People's Republic of China and resulting cessation of formal diplomatic ties with Taiwan. Japan's principal agricultural imports from Taiwan were bananas, raw sugar, pork, and tea.

The remaining countries in the region are listed here in order of the value of Japan's agricultural imports from each.

Country	Principal agricultural product(s) imported by Japan
New Zealand	Lamb, wool
Korea, Rep. of	Raw silk
Philippines	Bananas, molasses
India	Cotton, peanut meal
Pakistan	Cotton
Indonesia	Rubber, palm oil, molasses
Malaysia, West	Rubber
Sri Lanka	Tea
Burma	Vegetables
Bangladesh	Jute
Singapore	Rubber
Hong Kong	Pig fat
Vietnam, Rep. of	Rubber

With the exception of cotton, Japan's imports from these countries do not compete against major U.S. agricultural exports to Japan. (Bruce L. Greenshields)

JAPAN'S AGRICULTURAL IMPORTS BY ORIGIN



*EXCLUDING CENTRALLY PLANNED ECONOMIES.

Figure 1

Table 5--Japan's agricultural imports from selected countries, 1964-72

Country of origin	1964	1965	1966	1967	1968	1969	1970	1971	1972
	1,000 dollars ^{1/}								
United States. . .	823,031	973,413	1,078,831	1,029,213	1,018,374	1,072,499	1,337,143	1,336,858	1,583,565
Korea, Rep. of . .	11,423	4,779	27,192	29,006	31,581	44,249	57,207	63,317	90,316
Taiwan	121,548	140,955	119,808	99,555	104,943	109,406	95,684	116,218	148,158
Hong Kong.	2,366	3,031	3,802	2,223	1,350	1,814	3,107	2,934	4,344
Viet Nam, Rep. of.	3,861	3,924	3,042	3,231	2,231	2,134	1,186	1,230	1,487
Thailand	120,249	112,834	127,926	133,202	113,867	122,257	143,605	172,102	166,540
Singapore.	8,050	7,518	4,364	4,474	5,299	7,885	3,695	4,372	4,886
Malaysia, West . .	34,268	23,438	28,693	29,956	39,926	56,233	47,583	34,599	27,913
Philippines. . . .	33,149	32,763	29,282	40,082	37,274	36,227	49,589	64,028	78,869
Indonesia.	30,453	52,578	72,571	60,020	48,337	48,304	53,579	57,192	39,750
Burma.	12,826	21,991	11,460	9,904	9,406	7,509	6,752	6,303	6,718
India.	48,064	32,606	29,396	34,270	33,529	38,259	49,986	55,615	61,479
Pakistan	26,018	21,252	23,156	22,071	30,832	17,910	21,454	29,321	60,769
Sri Lanka.	8,209	8,855	9,625	10,186	9,765	8,483	10,085	9,292	7,356
Bangladesh	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>4,903</u>
Australia.	445,719	387,590	453,651	452,364	454,454	543,931	527,641	628,228	918,067
New Zealand. . . .	46,236	48,852	95,705	91,268	75,980	93,255	98,401	91,295	137,562

^{1/} ₯ 360/dollar (1964-1970), ₯ 350/dollar (1971), ₯ 308/dollar (1972).

^{2/} Included in Pakistan.

Source: United Nations (1964-71), Japan Customs Bureau (1972).

Table 6--Japan's agricultural imports from selected countries, 1972

SITC code	Commodity	Total world	United States	Korea :Rep. of	Taiwan	Hong :Kong	Vietnam, :Rep. of	Thailand	Singa- :pore	Malaysia, :West
1,000 dollars, c.i.f. 1/										
00	: Live animals	25,587	8,909	68	114	3	0	0	0	0
01	: Meats and preparations	355,975	40,775	8,386	17,643	62	0	127	45	1,182
02	: Dairy products and eggs	98,866	6,627	0	3	0	0	0	6	0
04	: Cereals and preparations	1,099,703	524,435	1,075	247	6	0	53,301	10	0
	041,046 : Wheat and wheat flour	362,942	178,232	0	0	0	0	0	0	0
	043-045 : Coarse grains	679,236	343,608	23	75	0	0	52,489	0	0
	047,048 : Other grain preparations	57,152	2,594	1,052	156	6	0	667	10	0
051-053	: Fruits, nuts, and preparations	324,436	107,372	169	54,236	383	0	750	68	816
054-055	: Vegetables and preparations	104,336	7,516	8,003	27,129	62	0	6,844	0	0
06	: Sugar and preparations, and honey	517,371	1,776	240	22,042	23	0	12,396	6	45
07	: Coffee, tea, cocoa, spices, etc.	187,065	4,065	247	17,341	162	3	234	958	386
08	: Feeding-stuff for animals	121,754	41,227	172	403	617	0	909	36	0
ex-11	: Beverages, excl. distilled alcohol	5,588	149	3	49	0	0	0	0	0
121	: Unmanufactured tobacco	126,154	81,554	357	539	0	0	5,451	0	0
ex-21	: Hides, skins, and furs, undressed:	176,133	126,384	13	62	26	0	2,052	1,198	646
22	: Oilseeds, nuts, and kernels	668,336	451,957	32	172	52	0	10,042	0	0
ex-261-265	: Natural fibers	1,294,793	110,630	61,577	669	0	0	9,825	273	26
	ex-262 : Wool	443,028	503	221	260	0	0	0	211	0
	ex-263 : Cotton	616,870	110,086	0	0	0	0	16	0	0
ex-4, ex-09	: Animal and Veg. oils, and fats	84,974	41,079	49	19	1,214	0	0	218	721
	091.3, 411.3: Animal fats, incl. lard	52,681	33,451	0	19	1,214	0	0	0	3
	421,422 : Vegetable oils	24,785	5,458	0	0	0	0	0	208	718
	091.4, 431 : Processed oils and fats	7,508	2,170	49	0	0	0	0	10	0
231.1	: Natural rubber	97,216	289	0	0	0	1,260	54,840	1,545	23,714
099, ex-29, 551.1, 599.5	: Other agricultural	172,146	28,821	9,925	7,490	1,734	224	9,769	523	377
	: Total agricultural	5,460,433	1,583,565	90,316	148,158	4,344	1,487	166,540	4,886	27,913

Table 6--Japan's agricultural imports from selected countries, 1972--Continued

SITC code	Commodity	Philip- pines	Indonesia	Burma	India	Pakistan	Sri Lanka	Bangla- desh	Australia	New Zealand
		- - - - - 1,000 dollars, c.i.f. 1/ - - - - -								
00	: Live animals.	0	6	0	0	0	0	0	240	614
01	: Meats and preparations.	0	403	0	0	0	0	0	139,449	43,165
02	: Dairy products and eggs	32	0	0	0	0	0	0	31,941	26,691
04	: Cereals and preparations.	0	1,286	3	0	0	0	0	186,374	6
041,046	: Wheat and wheat flour	0	0	0	0	0	0	0	91,408	0
043-045	: Coarse grains	0	1,286	3	0	0	0	0	78,648	0
047,048	: Other grain preparations.	0	0	0	0	0	0	0	16,302	6
051-053	: Fruits, nuts, and preparations.	45,395	26	0	3,211	0	26	0	4,890	110
054-055	: Vegetables and preparations	29	305	4,854	23	0	0	0	1,523	1,919
06	: Sugar and preparations, & honey	16,208	7,123	0	0	0	0	0	104,138	1,601
07	: Coffee, tea, cocoa, spices, etc.	23	2,445	0	3,328	331	4,724	0	9,464	7,532
08	: Feeding stuff for animals	2,029	1,438	0	16,818	575	32	0	11,636	3,909
ex-11	: Beverages, excl. distilled alcohol	3	0	0	0	0	0	0	36	3
121	: Unmanufactured tobacco.	873	58	0	6,308	0	0	0	0	0
ex-21	: Hides, skins, and furs, undressed:	130	1,315	140	666	49	0	133	19,662	4,422
22	: Oilseeds, nuts, and kernels	8,204	6,954	0	2,282	782	110	0	5,688	0
ex-261-265	: Natural fibers.	3,614	6	75	21,970	57,561	1,659	4,760	377,251	32,782
ex-262	: Wool.	0	0	0	0	6	0	0	372,293	32,782
ex-263	: Cotton.	0	0	0	20,626	57,538	0	6	4,958	0
ex-4, ex-09	: Animal & vegetable oils & fats.	1,890	7,733	0	821	0	0	0	11,847	1,990
091.3, 411.3	: Animal fats, incl. lard	0	3	0	0	0	0	0	11,717	1,445
421,422	: Vegetable oils.	1,854	7,730	0	821	0	0	0	0	0
091.4, 431	: Processed oils & fats.	36	0	0	0	0	0	0	130	545
231.1	: Natural rubber.	247	7,808	1,620	0	0	682	0	0	0
099, ex-29, 551.1, 599.5	: Other agricultural.	192	2,844	26	6,052	1,471	123	10	13,928	12,818
	: Total agricultural.	78,869	39,750	6,718	61,479	60,769	7,356	4,903	918,067	137,562

1/ ¥ 308/dollar.

Source: Japan Customs Bureau.

AUSTRALIA

Population of 13 million with an annual growth rate of 1.9 percent, 8 percent rural—agriculture accounts for 6 percent of GNP—major agricultural products are wool, wheat, milk, and beef and veal—major agricultural exports are wool, wheat, beef and veal, and sugar—major agricultural imports are tobacco, fruits and vegetables, rubber, coffee, and tea.

Economic Situation

Australia's GNP in current prices was \$43.4 billion in 1971/72—up 10 percent from the previous year. In real terms, however, the growth rate was only 3 percent. Per capita GNP was \$3,364. Because of higher prices in the agricultural sector, the value of rural production increased even though actual production decreased sharply as a result of drought.

Foreign exchange reserves nearly doubled to over \$5 billion in 1972. The balance-of-payments surplus in 1971/72 was \$1.9 billion, including a \$1 billion trade surplus. This caused the new Labor Government to revalue the currency by 7.05 percent in January 1973 from US \$1.19 to US \$1.28 per Australian dollar. When the United States devalued in February 1973, Australia set new values for its currency which reflected the full 10-percent devaluation of the U.S. dollar. The new rate is US \$1.42 per Australian dollar. Thus, there has been an effective appreciation of approximately 17 percent against the U.S. dollar since January 1973.

Australia's preferential trade arrangements with the United Kingdom ceased with U.K. entry into the European Community (EC) in January 1973. In anticipation of this, Australia had been diversifying its trade away from the United Kingdom for some time. The United Kingdom had traditionally been Australia's major trade partner, but there has been a striking shift in Australia's trade pattern over the past three decades. The United Kingdom took only 9 percent of Australia's exports in 1971/72, compared with 39 percent in 1949/50 (26 percent in 1959/60). Exports to Japan increased from only 4 percent in 1949/50 (14 percent in 1959/60) to nearly 28 percent in 1971/72, and exports to the United States went up from 8 percent to nearly 13 percent during the same period. In 1971/72, only 21 percent of Australia's imports originated in the United Kingdom, compared with 52 percent in 1949/50 (36 percent in 1959/60). Imports from both Japan and the United States increased sharply during the same period.

The effective diversification of export markets has considerably reduced the economic impact to Australia of the U.K. accession to the EC.

Agricultural Production and Trade

Australia's 1972 agricultural output was approximately 7 percent below the 1971 level. A widespread drought curtailed crop output and damaged pasture, leading to high livestock slaughter rates. Grain production declined by 30 percent and area harvested by approximately 10 percent. The 1972 wheat crop was only 6.5 million tons—the smallest since 1959 and 25 percent less than the 1971 crop. Feed grain production in 1972 was down 37 percent, with oats and barley accounting for most of the decline. Rice production decreased 17 percent. Thus, grain export availabilities were severely limited and Australia could not take full advantage of the high world grain prices.

Exports of agricultural products nevertheless earned \$2.8 billion, accounting for just over 50 percent of the total value of exports in 1971/72, compared with 48 percent in 1970/71 and 60 percent in 1969/70. High world prices for Australia's major exports, including grains and meat, and a sharp recovery in wool prices, accounted for the increase in export earnings.

Wheat exports decreased 12 percent to 7.9 million tons in the 1971/72 marketing year (December–November). Carryover stock levels have been drawn down quite low in the face of high world demand and comparatively low production in the last few years. Major wheat markets in 1971/72 were Egypt, the United Kingdom, Chile, the U.S.S.R., East Germany, and Malaysia. Because of the small 1972 crop, exports are expected to decrease about 40 percent in the 1972/73 marketing year. With large commitments to the People's Republic of China, Egypt, and the U.S.S.R., only negligible amounts will be available to go to other markets.

The 1972/73 season is the last in the current Wheat Stabilization Plan, but a sixth scheme is expected to be developed in 1973. The guaranteed price for export wheat (Fair Average Quality wheat, not to exceed 200 million bushels—5.4 million tons) increased 3.5 percent to \$68.55 per ton for the 1972/73 season.

Feed grain exports during 1971/72 (July–June) totaled 3.2 million tons—44 percent above the 1970/71 level. Barley exports increased 64 percent to 1.8 million tons, with the value of such exports increasing 48 percent to \$75 million. Continuing their sharp upward trend, sorghum exports nearly doubled in 1971/72, but are expected to decrease in 1972/73. The export market for oats is rapidly disappearing. Because of the reduced feed grain supplies and increased retention for use as feed, feed grain exports in 1972/73 may decrease as much as 60 percent.

In 1972, Australia's livestock industry took advantage of the buoyant world meat market and

became the world's largest exporter of red meat. Total meat production, continuing the strong upward trend of recent years, increased 9 percent in 1972, reaching nearly 2.4 million tons (carcass-weight). Beef and veal production increased 19 percent, while mutton and lamb decreased 5 percent from the high 1971 level. World demand and prices for meat were very high in 1972 and will continue strong in 1973. Beef livestock numbers for the year ending March 1972 were 13 percent above the 1971 level. The large expansion in cattle numbers in recent years should enable the growth in beef output to continue in the near future in response to the expected continuation of high world demand.

To increase the flow of meat imports, several major importers took action in 1972. The U.S. Government removed its import restraints for the second half of the year (and did so again for 1973), the United Kingdom and the EC temporarily removed beef import tariffs, and the Japanese raised beef import quotas for 1972/73 by 70 percent. The United States continued to be Australia's largest market for meat and Japan retained its position as the second largest.

Australia took advantage of the removal of U.S. restraints to ship 60,000 tons above the original 1972 quota of 272,000 tons. U.S. imports of meat from Australia in 1972 increased 37 percent to nearly 330,000 tons worth nearly \$400 million. Australia supplied 54 percent of total U.S. meat imports included under the Meat Import Law in 1972, compared with 47 percent in 1971. Australia's total exports of frozen and chilled meat (including beef and veal, mutton and lamb, pigmeat, and fancy meats) increased 27 percent in 1972 to 790,000 tons (shipped weight). Nearly 79 percent of this went to the United Kingdom, the United States, and Japan. Australia's exports to Japan increased 39 percent to 148,000 tons. Australia's exports to the United Kingdom totaled 134,000 tons, an increase of 64 percent.

Australia's 1972 wool production was 10 percent below the 1971 level. Fewer sheep were shorn, primarily because of the continued high slaughter rate and a reduced clip per head resulting from dry weather. Wool prices plunged to their lowest level since 1948/49 but, beginning January 1972, recovered at a remarkable rate. Prices for clean wool (64's) reached \$2.56 per pound by January 1973, nearly triple the \$.94 per pound received the previous January. The sharp upturn in prices resulted from reduced world supplies, a significant expansion in Japanese demand, and a renewed interest in natural fibers. With the upswing in wool prices, some wool growers who have switched to other products, especially cattle, may return to sheep farming.

A new Australian Wool Corporation is to absorb the functions of the Australian Wool Commission and the Australian Wool Board. The Corporation has

been given authority to recommend changes necessary to control the marketing of the whole clip, although this is quite controversial. The Wool Deficiency Payments Scheme, introduced in 1971 to supplement returns to wool growers, was extended to cover the 1972/73 season. Prices have remained above the support level since January 1972, however, and no payments have been made since then.

The volume of wool exports in 1971/72 was 847,500 tons—nearly 8 percent above the 1970/71 level—but the value increased only 7 percent because of low prices. In 1972/73, the wool export volume is expected to decrease 9 percent, but, because of the sharp price rise, the value of wool exports may nearly double the \$756 million received in 1971/72.

Milk production in 1972 was hurt by the dry weather which caused poor pasture conditions. Although the number of dairy cows increased, milk yield per cow decreased, and milk production was about the same as in 1971. Cheese output decreased for the first time since 1965, and butter production declined slightly.

Exports of dairy products decreased in volume in 1971/72. Butter exports continued decreasing, while cheese and casein exports remained at about the 1970/71 levels. However, prices strengthened considerably during 1971/72, and the value of all dairy exports reached a new record, increasing 15 percent to \$145 million. Japan has replaced the United Kingdom as Australia's major cheese market, and Southeast Asian countries have emerged as important butteroil markets.

Dry weather hurt the 1972 deciduous fruit output—apple production declined 13 percent from the record 1971 crop of 387,000 tons. The sultana (grape) crop was severely damaged by floods in some areas just before harvesting; production is now expected at less than half the original estimate of 85,000 tons. This will cause a sharp upward movement in world sultana prices, already at record levels. Citrus production increased 9 percent in 1972.

The market for Australian fruit exports has not been good. Australian apple exports in 1972 were 107,000 tons, down nearly 30 percent from 1971. Strong competition from South Africa and New Zealand led to sharply reduced prices. Low-quality fruit and transportation problems, including increased costs and limited carrying capacity, further hurt exports. In addition, the Canadian market was closed because of quarantine restrictions for light brown apple moth. Pear shipments in 1972 remained steady at nearly 40,000 tons, but prices were below the guaranteed minimum under the Pear Stabilization Scheme. Canned fruits—mainly peaches, pears, and apricots—also face serious marketing problems. However, reduced world availabilities in 1973 could lead to a short-term increase in prices for canned fruit.

Returns from future fruit sales to the United Kingdom will be hurt by the higher EC import duties. Britain has taken an average of 52 percent of Australia's apple exports over the last decade, while U.K. imports of Australian pears have decreased from 54 to 25 percent over the same period.

Australia's Fruit Growing Reconstruction Scheme will compensate growers for the removal of specified fruit trees. This is an attempt to limit future fruit production as supplies are expected to exceed demand by a wide margin. A total of \$7.5 million has been allocated for this program.

The oilseed industry, relatively new in Australia, has shown rapid growth from the 70,000 tons produced in 1967/68. However, output in 1971/72 decreased 15 percent from the previous year to 244,000 tons because of the severe drought in southern Australia. Production of all oilseeds were down except peanuts and soybeans. Imposition of wheat delivery quotas and poor wheat weather conditions in Australia has led to some shift to oilseed production. As a result, Australia has become self-sufficient in some types of oilseeds, notably sunflowerseed, and a net exporter of others, especially rapeseed.

In 1971/72, Australia exported 118,000 tons of oilseeds, most of which was sunflowerseed, worth \$14 million. The value of U.S. exports of oil and oilseeds to Australia in 1972 decreased 7 percent to \$3.1 million. Because of the short crop in 1972, imports of about 20,000 tons of rapeseed, 18,000 tons of safflower seed, and 2,000 tons of safflower oil will be needed in 1973. As production recovers, however, U.S. exporters will undoubtedly lose most of the Australian oilseed market.

Since 1969/70, tobacco production has remained steady at approximately 17,000 tons per year. The production quota for 1972 was set at 15,400 tons, but output exceeded this by 10 percent.

Imports usually account for 40 to 50 percent of total tobacco usage in Australia, although manufacturers are required to use at least 50 percent domestic tobacco to qualify for a concessional duty rate on imports. In 1972, unmanufactured tobacco from the United States increased 37 percent to 6,700 tons, worth \$15.8 million. Imports from South Africa and the Philippines decreased sharply from the 1971 level. Total imports for 1972 are estimated at approximately 12,000 tons.

Cotton production in 1972, at 43,000 tons, was about 2 percent below the 1971 level, temporarily reversing the overall upward expansion which began in 1964. With the 1972 crop, the Cotton Subsidy was eliminated; nevertheless, prices remained high.

Australia has long been an importer of cotton and still imports small amounts. However, in recent years production has exceeded domestic requirements. Australia first exported cotton in 1968/69. In 1971/72, exports fell, but are expected to be up

sharply in 1972/73 to as much as 30,000 tons. Australia sold cotton to the People's Republic of China for the first time in December 1972 for delivery from the 1973 crop. The sales were reportedly worth about \$3 million. Australia may soon compete with the United States in the world cotton market.

Sugarcane area was a record for the 1972/73 season, and an output of sugar slightly larger than that produced in 1971 is expected. As world supplies were down, prices increased in 1972. Thus, the value of sugar exports increased nearly 50 percent in 1971/72 to \$251 million. Of this, approximately \$40 million worth went to the United States. The volume of sugar exports is estimated in 1972/73 at a record 2 million tons.

In 1972, total U.S. agricultural exports to Australia amounted to \$35 million—2 percent below the 1971 level. The main commodity exported was tobacco leaf, worth nearly \$16 million. Total U.S. agricultural imports from Australia increased 36 percent to nearly \$500 million in 1972. By far the largest commodity imported was meat, worth \$410 million, followed by sugar (\$38 million), wool (\$14 million), and casein (\$10 million).

Outlook

The 1973 outlook for agricultural production and trade in Australia is quite promising, assuming no severe drought. Grain production is expected to recover from the low level of 1972, leaving considerably larger export supplies of both wheat and feed grains. An attempt will be made to replenish stock levels. Rice production is expected to increase sharply.

Beef production will continue to increase, enabling exporters to take advantage of the high world demand situation and buoyant prices. Wool production and exports are expected to increase in response to the current high prices. The outlook for the dairy industry is not good, primarily because the U.K. market was virtually lost as a result of accession to the EC. In addition, world dairy production seems to be increasing in response to favorable prices.

Tobacco production is expected to drop slightly in 1973 because of surplus stocks of over-quota production—the production quota has again been set at 15,400 tons. It is expected that Australia will soon be self-sufficient in the production of quality burley. Thus, the long-term outlook for U.S. exports of tobacco to Australia is not promising.

Continued increases in the production of both cotton and oilseeds will also diminish U.S. exports of these commodities to Australia.

U.S. imports from Australia are expected to remain at the current high level, but will be dependent on the import requirements for meat in the United States. U.S. agricultural exports to Australia are not expected to increase greatly from the current level. (Diane B. Ellison)

BANGLADESH

Population of 75 million with an annual growth rate of 2.8 percent, 85 percent rural—agriculture accounts for 67 percent of GDP—major agricultural products are rice, jute, and sugarcane—major agricultural exports is jute—major agricultural imports are wheat, rice, tobacco, and cotton.

Economic Situation

The new nation of Bangladesh began independent existence in December 1971. In 1970, the area that later became Bangladesh suffered a devastating cyclone. In 1971, bitter civil unrest during the agricultural growing season and a destructive war of independence during the major harvesting season caused a great agricultural shortfall, displacement of millions of refugees, the death of hundreds of thousands, and the destruction of extensive resources. In 1972, unusually bad weather contributed to the third successive year of reduced agricultural production.

Bangladesh is endowed with much rich alluvial soil. However, it is the world's most densely populated country, with almost 2,200 persons per arable square mile. Annual income per capita commonly is estimated at \$50 to \$70, hence, most Bengalis live at barest subsistence.

Following the end of hostilities, massive assistance came initially from India and subsequently from a number of other countries, mostly under the auspices of the United Nations. Food grains were imported and distributed, and mass famine was prevented.

With Indian and Russian assistance, the crucial port of Chittagong was restored to 90 percent of capacity by June 1972. Industrial production, virtually at a standstill in late 1971, was restored to 60 percent of prewar production levels by August 1972. The jute processing industry, which normally constitutes 25 percent of industrial output, was operating at 85 percent of its prewar level by October 1972. The industrial revival slowed in late 1972. Shortages of raw materials, spares and components, transport facilities, power, and skilled labor and management emerged as serious constraints.

In contrast to the relative price stability of the 1960's, inflation has been rapid since 1971. Smaller agricultural production resulted in rising food prices in open markets. Reduced industrial production and suppression of most imports other than food grains resulted in scarcity of most commodities. Inadequate domestic transportation facilities further compounded scarcity. From January to mid-October 1972, retail prices in Dacca probably increased 50 to 60 percent. Since September 1972, price increases have moderated following acceleration of

Government distribution of imported food grains and more liberal imports of consumer goods.

Prior to March 1972, a restrictive credit and import policy was implemented to combat inflation while husbanding available resources to meet the food crisis. Thereafter, policy was liberalized to quicken economic recovery. The Taka, the new currency of Bangladesh, was devalued by 35 percent in January 1972 to approximately the value of the Indian rupee; it is now floating with the British Pound.

Foreign aid has played an important part in the recovery of Bangladesh and will continue to do so. Total aid commitments amounted to about \$1 billion at the end of October 1972, more than one-third being food relief. About half of the committed aid is on a grant basis, and much of the remainder consists of long-term loans. During 1972, the United States provided more than half of the international aid to Bangladesh.

Agricultural Production

Because of a long drought, agricultural output in Bangladesh for 1972 remained at the depressed level of the war-torn 1971 crop. Rainfall was very much below normal for the entire monsoon season. The *Aman* crop harvested at year's end was directly affected, but reduced surface water also will lessen the *Boro* crop, harvested in early spring.

Rice, grown on 90 percent of the cropped area, dominates agriculture in Bangladesh. The 1972 crop was only 9.8 million tons, 3 percent below the 1971 level and 18 percent below the record 1969 crop. Rice production was severely curtailed by late deliveries of fertilizer, much of which arrived in October, too late for the *Aman* crop, which yields 60 percent of the total. Without fertilizer, the 688,000 hectares planted to high-yielding varieties yielded less than expected. The leading suppliers of fertilizer in 1972 were India, Japan, and the United States.

Wheat production in 1972 is estimated at 112,000 tons—approximately the same as in 1971.

Sugarcane production was also affected by the weather; only 6.4 million tons were harvested in 1972, a 17-percent decline from the 1971 crop.

Potato production in 1972 was a record 1.0 million tons, a 25-percent increase over 1971 production. This year's production represents a return to the rapidly rising trend in potato production.

The 1972 sweetpotato crop which also set a record was 950,000 tons, an increase of 40 percent over the 1971 crop. The rising trend in sweetpotato production has paralleled that of potatoes in recent years.

Production of jute, Bangladesh's leading export, recovered from a disastrous 1971 crop to reach 617 million tons in 1972, approximately equal to the

prewar level. However, last year's good crop was still 10 percent below the record achieved in 1969.

Agricultural Trade

Exports of raw jute for 1972 set a new record at 635,000 tons—10 percent higher than in 1971. Exports of jute products were probably up 50 percent. Postwar export earnings recovered quickly because of the speedy revival of jute exports combined with high prices for jute and jute products. Much raw jute was exported to India for the first time since trade was suspended in 1965. Belgium and the United Kingdom were the other main customers.

Other export crops fared less well in 1972. Export earnings from fish, leather and leather products, and paper products were less than 20 percent of prewar levels. India became the chief market for these items in 1972; previously they went predominantly to Pakistan.

U.S. agricultural imports from Bangladesh totaled \$2.5 million during May-December 1972. Raw jute, the major agricultural import, was valued at \$2.6 million for the entire year, a 9-percent increase over the 1971 level. Other U.S. imports from Bangladesh included, for all of 1972, \$236,000 worth of tea and \$200,000 worth of froglegs.¹ U.S. imports of jute products from Bangladesh were about \$45 million during 1972. As trade returns to normal, U.S. imports of Bangladesh's jute products likely will amount to \$80 million to \$100 million, providing the major source of foreign exchange which enables Bangladesh to purchase U.S. agricultural products commercially.

U.S. agricultural exports to Bangladesh during May-December 1972 were valued at \$116 million. Wheat was the major item at \$53.4 million; soybean oils amounted to \$20.4 million. Rice exports were recorded as \$16.4 million, but \$9.9 million worth of U.S. rice actually went to Bangladesh before May 1972 and was recorded statistically as exports to Pakistan. U.S. cotton exports were valued at \$13.5 million, a considerable increase since total cotton exports to both East and West Pakistan in 1971 were less than \$2 million.

The bulk of Bangladesh's agricultural imports in 1972 consisted of 2.53 million tons of food grains (1.9 million tons of wheat and 650,000 tons of rice), an increase of two-thirds over 1971 food grain imports.

¹U.S. agricultural trade with Bangladesh for January-April 1972 was officially recorded as trade with Pakistan. Twelve-month figures for jute, tea, and froglegs were derived by combining figures for both countries because these products originate only in Bangladesh.

The United States provided 834,000 tons; India provided 905,000 tons.

Outlook

Bangladesh's agriculture must meet severe demands in the future if the country is to survive and prosper. For many years, food production has increased less rapidly than population; consequently, food import needs have steadily increased. In 1969, the last normal year with good weather, 1.5 million tons of food grains or 11 percent of total availability were imported. Domestic production of food grains for consumption in 1973 will be about 10.2 million tons—only 500,000 tons above the 1972 level. Hence, the increase in per capita availability will be only marginal, and it is probable that massive food grain imports will again be necessary. Most estimates place Bangladesh's need for the coming year at about 2.5 million tons. Bangladesh has already purchased 1.0 million tons of wheat commercially and is attempting to commercially purchase 300,000 tons of rice. The United States has committed 200,000 tons of wheat for the first half of 1973. In 1973, nearly 50 percent of Bangladesh's food grain purchases are planned to be commercial, 25 percent by loans, and 25 percent by grants. By contrast, in 1972, only 8 percent of purchases were commercial.

Bangladesh authorities are seriously striving to increase agricultural production in 1973 and beyond to close the food deficit. The emphasis is on irrigation, fertilizers, and high-yielding varieties of which perhaps 1.5 million hectares will be planted in 1973. Tax exemptions, loans, and grants to farmers are provided, and some inputs are subsidized or provided free.

Foreign exchange earnings for Bangladesh depend principally upon exports of jute and jute products. In 1973, jute exports will continue at a high level and with high prices, but the long run future of jute is less certain.

The war left many problems which will retard growth in 1973 and for several additional years. Nearly one-third of the population now depends on government distribution of food grains, compared with only one-tenth before the war. Recovery in 1973 will be hindered by unrepaired factories and electrical power stations, and particularly transport facilities which are now unable to handle the flow of manufacturing inputs, the distribution and export of products, and the procurement and distribution of foods. The transportation infrastructure is unlikely to be fully restored before the end of 1973. Despite the unquestionable severity of the problems facing Bangladesh, the progress of 1972 suggests that with adequate time and external assistance, the challenges can be met and progress can be made. (Gene R. Hasha)

BURMA

Population of 28.8 million with an annual growth rate of 2.2 percent, 69 percent rural—agriculture accounts for 37 percent of GDP—major agricultural products are rice and vegetables—major agricultural exports are rice and teak—major agricultural imports are nonfat dried milk, wheat flour, and vegetable oils.

Economic Situation

For the year ending September 1972, Burma's GDP was \$2.03 billion—3.1 percent above the 1971 level. However, growth was lower than the 1970-71 increase of 6 percent and the previous 10-year average of 4.0 percent. Per capita income in Burma is approximately \$70 annually.

In 1972, food shortages in Burmese cities led to sharply increased prices and some public unrest. During the first three quarters of 1972, rice prices rose 140 percent, cooking oil prices rose 325 percent, and wheat prices rose 100 percent.

Agricultural Production

Rice production for 1972 is estimated to be only 4.7 million tons—an 8 percent decline from 1971—because of poor monsoon rainfall.

Among other crops, only output of pulses showed sizable growth in 1972, increasing 19 percent to 345,000 tons. Production of peanuts (460,000 tons), bananas (200,000 tons), and other fruit (473,000 tons) was slightly above 1971 levels. Cotton production in 1972 was down 15 percent to 140,000 tons.

Population of 4.2 million with an annual growth rate of 2.5 percent—agriculture accounts for 1 percent of GDP—major agricultural exports are vegetables, sugar, and bakery products—major agricultural imports are cotton, livestock, and fruits and vegetables.

Economic Situation

Rapidly expanding trade with the People's Republic of China and the United States contributed to a prosperous year for Hong Kong. Hong Kong is the center for originating, negotiating, and planning

Agricultural Trade

Rice accounts for almost half of all Burmese exports. Rice exports for 1972 were 531,000 tons, a 35-percent decrease from the 1971 level. Sri Lanka, Bangladesh, and Mauritius were the principal importers of Burmese rice.

U.S. agricultural imports from Burma amounted to only \$51,000 in 1972. Our 1972 exports to Burma were valued at \$484,000—47 percent higher than in 1971. Nonfat dried milk made up 95 percent of these exports.

Outlook

The prospects for Burmese agricultural production and trade are unclear. A relatively poor rice harvest in 1972 and reduced Government procurement of rice suggests that Burma will have limited supplies of rice for export in 1973. However, the procurement price for paddy was raised nearly 20 percent in mid-December 1972, but procurement prices remain below black market prices. Late announcement of the price change and the relative shortage of rice supplies have resulted in little change in the success of procurement. Nevertheless, with good weather and a better rice harvest in 1973, procurement and export potential could improve considerably.

The change in Government rice procurement prices is consistent with several changes in Government policy which place greater emphasis on economic incentives to stimulate production. Important examples are the decontrolling of oilseed processing and marketing which resulted in higher farm prices. Further changes in Government policy toward farmers could have considerable effect upon Burmese agriculture in the next several years. (Gene R. Hasha)

HONG KONG

shipments for much of the Sino-American trade. During 1972, per capita incomes advanced 6 percent to \$850, the unemployment level was substantially reduced, and real GDP increased 8 percent to \$5.3 billion.

Hong Kong is the second largest importer in Asia, following Japan. The People's Republic of China earned almost \$1 billion in convertible currency from its trade and financial transactions with Hong Kong in 1972. At the same time, Hong Kong exported about \$1 billion worth of products to the United States. It is our leading source for imported toys and certain types of textiles and plastic articles. Over 90 percent of Hong Kong's industrial output is exported.

Total exports approximated \$2.5 billion in 1972, and imports reached \$3.6 billion. Reexports, tourism, and a strong inflow of capital provided enough foreign exchange to more than fill the trade gap.

Industries and services requiring skilled labor are expanding more rapidly than some traditional industries because of rising wages and rents. About 39 percent of the labor force is employed in manufacturing, 25 percent in services, 18 percent in commerce, and 5 percent in agriculture and fishing.

Agricultural Production

Shortages of fresh produce in late 1972 led to a marked rise in fruit and vegetable prices. Gardens located in the New Territories provided about 65,000 of the 85,000 tons of vegetables marketed in Hong Kong in 1972. Most of the remainder came from nearby areas of China.

Rice production declined to 16,000 tons as farmers switched to more profitable vegetable crops. Vegetables accounted for over 80 percent of 1972 crop production. The 30,000 acres of cropland in the New Territories has one of the highest indices for multiple-cropping in the world—about 210, which indicates that more than two crops are grown per year in some fields.

Hong Kong's agricultural imports approximated \$840 million in 1972—12 percent above the 1971 level and double the level of a decade ago. Imports of fruits and vegetables were valued at \$150 million in 1972, compared with \$125 million in 1971. Imports of live hogs and cattle from China continued to rise, pushing the value for imports of live animals beyond \$120 million. Imports of rice from Thailand almost doubled, although total 1972 rice imports remained at about the 1971 level of 365,000 tons. Smaller supplies of rice arrived from the People's Republic of China and no rice came from the Khmer Republic, an important supplier before 1971.

Total 1972 agricultural imports from the People's Republic of China approximated a record \$300 million, compared with \$228 million in 1969. Live hogs, fresh fruits and vegetables, rice, and silk were among the major imports from this source.

Hong Kong played a crucial role in sending 170,000 tons of rice from the People's Republic of China to Indonesia and the Philippines in 1972. Merchants paid cash for the rice and then traded it to Indonesia and the Philippines for raw materials.

Hong Kong's imports of cotton and cotton yarn from Pakistan increased markedly in 1972, causing imports of raw cotton from the United States and

several other suppliers to fall drastically. Next to Pakistan, the People's Republic of China is Hong Kong's major supplier of cotton yarn and fabrics. One reason for the recent purchase of U.S. cotton by the People's Republic of China is apparently the need to continue supplying cotton yarn and fabrics to Hong Kong, thus preventing a takeover in that market by Pakistan.

Hong Kong is a growing market for agricultural exporters in Southeast Asia. It is importing more animal feed, bananas, livestock, coconut oil, and processed food from them. Hong Kong's imports of corn and oilseeds from Southeast Asia declined in late 1972 because of shortfalls in supplies.

In 1972, U.S. agricultural exports to Hong Kong were only \$800,000 below the \$68.3 million recorded in 1971. This was a good record, considering the \$15-million drop in the value of our cotton exports to Hong Kong. Marked gains in exports of oranges, grapes, and ginseng almost offset the fall in cotton exports.

U.S. agricultural imports from Hong Kong reached a record \$6.5 million in 1972, over 50 percent above the 1971 level. Renewed U.S. interest in imports of Chinese foods and products apparently contributed to the rise. U.S. imports of frozen ducks, bakery products, and canned vegetables from Hong Kong are rising. Many U.S. imports from Hong Kong actually originated in the People's Republic of China. Prunes valued at \$1 million in 1972 provide an example of a product grown in nearby China and packed in Hong Kong.

Outlook

Hong Kong's agricultural imports are expected to approach \$1 billion in 1973 because of higher import prices and rapidly rising incomes. U.S. agricultural exports to Hong Kong should increase considerably. A revival of our cotton exports to Hong Kong is expected, as well as continued gains in sales of fresh produce and specialties such as ginseng.

Reexports of Chinese agricultural items through Hong Kong should also rise. Hong Kong's agricultural exports might reach \$140 million in 1973, compared with \$125 million in 1972.

Traders in Hong Kong are likely to serve as intermediaries for American sales of various items in small volumes to the People's Republic of China this year. These sales will probably include seed for field crops, vegetables, breeding animals, and processed foods for sale to tourists visiting Canton and other major Chinese cities. (John B. Parker, Jr.)

INDIA

Population of 564 million with an annual growth rate of 2.4 percent, 69 percent rural—agriculture accounts for 43 percent of GDP—major agricultural products are rice, wheat, sugarcane, millets, peanuts, and sorghum—major agricultural exports are tea, tobacco, and cashew kernels—major agricultural imports are wheat, cotton, and rice.

Economic Situation

In 1972, India's real GDP grew about 2 percent despite a severe summer drought and limitations on imports. Food shortages caused the wholesale price index to rise 13.7 percent, and rising consumer prices resulted in heavy savings withdrawals.

Industrial output increased about 7 percent in 1972 as production of textiles, steel, and fertilizer showed strong gains. Plentiful cotton supplies enabled textile output to expand about 10 percent. Output of many consumer items—including bicycles, electric fans, soap, and radios—increased by more than 20 percent.

Urban unemployment increased from 5.1 million at the end of 1971 to 5.7 million by mid-1972 (large migrations from drought-stricken rural areas are not included in these figures). Although Government programs have been implemented to provide jobs in rural areas, the flow of migrants to camps outside major cities continues to rise.

Pressure on the Government food distribution system increased sharply as a result of the drought and cessation of grain imports. Because of drought, the number of fair-price shops where ration-card holders could purchase food at fixed prices increased from 125,000 in July 1972 to about 170,000 in March 1973. In many of these shops, rations have been reduced sharply in recent months, forcing many people to purchase a larger proportion of their food supply in the open market.

Open market prices continued to rise in late 1972 and early 1973, a harvest period during which they normally decline. The Government has announced plans to take over the private trade in wheat in the spring of 1973 and in rice in late 1973. Farmers receive higher prices from private merchants than from Government procurement centers, especially during times of shortage. This factor caused Government procurement of rice during 1972/73 to fall about one-third below the 1971/72 level. Private traders usually pay farmers more for wheat than the minimum procurement price of \$100 per ton guaranteed by the Government. Because of rising open market prices, planners doubted that the Government would be able to procure 8 million tons of

wheat in the spring of 1973 as planned. Under new Government regulations, farmers are allowed to sell wheat only to the Government at fixed prices. Planners now hope to have a new tool in their efforts to control inflation and grain distribution.

Government involvement in grain marketing in India has increased dramatically in the last 7 years. In 1967, the Government procured only a small fraction of the 3 million tons of wheat marketed. By 1972, Government wheat procurement had risen to 5.0 million tons of the 13 million tons marketed. Because of the growing needs of fair-price shops and efforts to stem rising prices, a complete Government takeover of the private wholesale trade in wheat and rice is scheduled for 1973.

In 1972, retail food prices in India increased 19.5 percent, compared with 3.7 percent in 1970 and 2.3 percent in 1971. Rice prices increased 14.5 percent and wheat prices rose 9.8 percent. Prices for some other foods increased more sharply—for example, sugar prices rose 38.4 percent; vegetable oils, 26.3 percent; pulses, 25 percent; and fruits and vegetables, 18 percent.

India's total exports increased from \$2.06 billion in 1971 to about \$2.4 billion in 1972. Exports to the United States in 1972 approximated \$426 million, about one-fourth above the 1971 level. Exports to the U.S.S.R. also increased considerably, amounting to more than \$300 million.

Total imports increased from \$2.42 billion in 1971 to about \$2.5 billion in 1972. Constraint on imports of food and industrial raw materials caused stocks to decline, and India entered 1973 with an unusually high pent-up demand for certain imported food items. Larger imports of machinery and industrial equipment from Eastern Europe through trade agreements should leave more foreign exchange available for financing imports of grain and vegetable oils.

Official announcements indicating that land reform laws would be enforced apparently caused larger farmers to reduce their investment in inputs. They feared that their efficient farms—which range from 12 to 60 hectares—would be divided and sales at low prices forced upon them. The number of farmers on waiting lists for purchases of irrigation pumps and tractors declined. Imports of tractors reached a record 16,465 in 1971/72, compared with about 9,000 in 1970/71. They were predominantly small and medium size four-wheel tractors from the U.S.S.R. and Eastern Europe. Against a licensed capacity of 36,000 tractors, only about 16,750 were assembled in India in 1971/72. One major factory with an annual capacity of 7,000 units closed because of difficulty in receiving components, including some which would

have been imported. In January 1973, Indian farmers were operating about 170,000 four-wheel tractors and about 25,000 small two-wheel tractors.

A fertilizer shortage developed in early 1972 and intensified later in the year. Large fertilizer imports scheduled to be shipped from the U.S.S.R. and Eastern Europe did not arrive. In early 1972, suspension of \$87 million in commodity loans by the U.S. Agency for International Development limited India's imports of fertilizer and fertilizer ingredients. U.S. exports of fertilizer to India began to rise in late 1972, and the upward trend is expected to continue in 1973. Domestic output of nitrogenous fertilizer increased from 833,00 nutrient tons in 1970/71 to 1.05 million tons in 1972/73. Imports of nitrogenous fertilizers have declined from 970,000 nutrient tons in 1971/72 to about half that level in 1972/73. Bulgaria, Poland, and Rumania replaced the United States and Kuwait as the major sources of imported nitrogenous fertilizer between 1969 and 1972. Output of phosphate fertilizer increased 13 percent in 1971/72 to 290,000 nutrient tons.

Fertilizer use increased 18 percent between 1970/71 and 1971/72—from 2.2 million to 2.6 million nutrient tons—but consumption in 1972/73 was less than 8 percent above the 1971/72 level. Large fertilizer stocks which accumulated prior to 1971 have now been depleted. In addition to a 10-percent excise tax enacted in March 1969, a new 5-percent excise tax was added in early 1972. The shift from lower priced imported fertilizers to a higher proportion of costly domestic supplies led to higher prices paid by farmers.

Agricultural Production

Because of insufficient and erratic rainfall, India's total agricultural production in 1972 was about 9 percent below the record 1971 level. However, record wheat and tobacco harvests in the spring of 1972 helped to lessen the total loss. Recent estimates indicate that total food grain production (including pulses) in 1972/73 might approximate 96 million tons, compared with 104.7 million tons in 1971/72.

The Green Revolution continued to advance in 1972/73, despite the setback caused by the summer drought. The share of total grain production provided by high-yielding varieties (HYV's) increased from about 36 percent in 1971/72 to over 42 percent in 1972/73 (table 7).

Rainfall during June-September 1972 in all major farming areas combined was about 22 percent below normal, with excess rainfall reported only in Haryana and the Himalayas. The tragic toll from the drought in rainfed areas—the loss of about 11 million tons of grain—was partially offset by a 3 million-ton increase in rabi cereal crops harvested earlier in the spring of 1972. Recent estimates indicate that the drought substantially reduced yields of rice, grain

sorghum, and millets, especially in western India and Bihar.

Rice production in 1972/73 is estimated to have declined 5.7 million tons from the record 42.7 million tons produced in 1971/72. The reduction of the kharif rice crop was about 16 percent, and for traditional varieties planted in nonirrigated areas, the decline exceeded 25 percent. Through the use of HYV's and multiple-cropping, the rice crop grown during the winter and harvested in the spring is gaining importance. The output of about 4.1 million tons of milled rice expected in the spring of 1973 will be 21 percent above the 3.4 million tons obtained during the spring of 1972. Because of the severe setback in rainfed areas, where traditional varieties predominate, the share of total rice output provided by HYV's reached 36 percent. This compares with only 6.2 percent during 1966/67, when drought also reduced total production. About 60 percent of the output from high-yielding grain varieties in 1972/73 came from crops grown under irrigation during the winter.

Coarse grain production during 1972/73 approximated 20.3 million tons, compared with 24.4 million tons in 1971/72. The drought reduced grain sorghum output in western India by about one-third, leaving total production at about 6.3 million tons, compared with 7.8 million tons in 1971/72. Corn production declined from a record 7.5 million tons in 1970 to 5.0 million tons in 1971 because of drastic reductions in Bihar and Rajasthan. A further reduction of about 10 percent occurred in 1972 because of reduced yields in Uttar Pradesh and West Bengal. Output of millets fell from a record 12.2 million tons in 1970 to 9.1 million tons in 1971, mostly because of smaller bajra production in Rajasthan. Further reductions in western India pushed the production of millets down to only 7.7 million tons in 1972.

A crash program to boost grain production during the rabi season of 1972/73 (crops grown during the winter and harvested in the spring) was handicapped by shortages of fertilizer and problems in distributing irrigation water. Yet, it appears that cereal production in the spring of 1973 might exceed the 43.8 million tons in 1972.

Wheat production in 1973 is expected to approximate 27 or 28 million tons, compared with 26.5 million tons in 1972 and 10.4 million tons in 1966. Good rains in the Gangetic Plain in late January and February improved prospects for wheat. New high-yielding varieties of wheat have adapted well into the multiple-cropping schemes of eastern India. The center of India's wheat production continues to move eastward from Delhi because of marked production gains in Uttar Pradesh, West Bengal, and Bihar.

The shift of choice irrigated land from pulses to high-yielding wheat varieties has limited prospects

Table 7--India: Food grain area and production, total and for high-yielding varieties, 1971/72 and 1972/73

Crop	1971/72 Crop year			1972/73 Crop year		
	Rabi (Spring harvest)	Kharif (fall & winter harvest)	Total	Rabi (Spring harvest)	Kharif (fall & winter harvest)	Total
	<u>Million hectares</u>					
Total area:						
Rice.....	1.8	35.8	37.6	2.0	33.0	35.0
Wheat.....	19.2	--	19.2	20.2	--	20.2
Coarse grains.....	9.0	34.5	43.5	9.0	32.0	41.0
Total.....	30.0	70.3	100.3	31.2	65.0	96.2
Pulses.....	15.5	6.7	22.2	15.3	6.5	21.8
Total food grains...	45.5	77.0	122.5	46.5	71.5	118.0
	<u>Million hectares</u>					
Area planted in high-yielding varieties:						
Rice.....	1.5	5.5	7.0	1.7	5.6	7.3
Wheat.....	7.5	--	7.5	8.5	--	8.5
Coarse grains.....	0.8	2.4	3.2	1.1	2.2	3.3
Total.....	9.8	7.9	17.7	11.3	7.8	19.1
	<u>Million tons</u>					
Total production:						
Rice.....	3.4	39.3	42.7	4.1	32.9	37.0
Wheat.....	26.5	--	26.5	27.7	--	27.7
Coarse grains.....	4.8	19.6	24.4	5.2	15.1	20.3
Total.....	34.7	58.9	93.6	37.0	48.0	85.0
Pulses.....	9.1	2.0	11.1	9.3	1.7	11.0
Total food grains...	43.8	60.9	104.7	46.3	49.7	96.0
	<u>Million tons</u>					
Estimated production from high-yielding varieties:						
Rice.....	2.8	9.7	12.5	3.7	9.6	13.3
Wheat.....	18.0	--	18.0	19.8	--	19.8
Coarse grains.....	1.5	1.6	3.1	1.6	1.4	3.0
Total.....	22.3	11.3	33.6	25.1	11.0	36.1
	<u>Percent</u>					
High-yielding vari- eties' share of total production:						
Rice.....	82.4	24.7	29.3	90.2	29.2	35.9
Wheat.....	67.9	--	67.9	71.5	--	71.5
Coarse grains.....	31.2	8.2	12.7	30.8	9.3	14.8
Total.....	64.3	19.2	35.9	67.8	22.9	42.5

Source: Ministry of Agriculture, New Delhi, India and Agricultural Attache reports.

for increasing yields of pulses. Recent rains were very beneficial to pulse crops in the nonirrigated areas of northern India. Improved varieties of pulses and their increased use in multiple-cropping schemes should prevent a decline in pulse production in 1972/73 from the 11.1 million tons recorded in 1971/72.

Sugarcane production declined from a peak of 135.0 million tons in 1970 to 126.4 million tons in 1971 and to 115.4 million tons in 1972. Increased competition from wheat and vegetables for choice irrigated land, inadequate rainfall, and the shortage of fertilizer contributed to the decline.

In 1972, tea production increased to a record 453,000 tons—4.7 percent above the 1971 level—primarily because of new plantings in Assam. Coffee production declined sharply, but a strong recovery is forecast for 1973.

Cotton production increased 27 percent to a record 1.21 million tons in 1971, partly because of increased plantings of high-yielding varieties (such as Hybrid 4) and greater fertilizer use. Despite the severe drought in western India in 1972 where most of the cotton is grown, cotton production declined only 7 percent. Output from HYV's on the 17 percent of the cotton area under irrigation rose, while production in some rainfed areas fell sharply.

The late monsoon arrival caused jute production to decline about 14 percent in 1972 to 864,000 tons. The smaller output plus strong demand from mills caused jute prices to rise.

Peanut production decreased 25 percent, from 5.7 million tons in 1971 to 4.3 million tons in 1972. Production of potatoes, predominantly a winter crop, remained about the same in 1972. Output of winter vegetables increased, especially onions. An upward trend in fruit production continued, with larger output from the Himalayan foothills.

Agricultural Trade

During 1966-72, India's agricultural trade changed dramatically. The country has diversified its exports and imports in terms of trading partners and commodities. Agricultural imports declined from a peak \$1,063 million in 1966 to \$515 million in 1971 and fell \$440 million in 1972. The United States supplied about half of India's agricultural imports in 1966, with 95 percent of the shipments financed under P.L. 480. About one-fourth of India's 1972 food and fiber imports came from the United States, and over half these purchases were made outside P.L. 480.

From the low point in 1972, India's agricultural imports are expected to rise markedly in 1973. Severe limitations on imports in 1972 and generous exports of wheat, rice, cotton, and vegetable oils to Bangladesh have resulted in a sharp decline in stocks. Government stocks of grain declined from 8.9 million tons July 1, 1972, to less than 3.0 million tons on March 1, 1973.

Grain purchases in recent months—at approximately 2 million tons—were greater than total 1972 grain imports. Wheat imports declined from 1.8 million tons in 1971 to less than 400,000 tons in 1972. India recently purchased commercially about 1.16 million tons of wheat, including 500,000 tons from the United States, 467,000 tons from Canada, and 195,000 tons from Argentina. The Food Corporation recently purchased commercially about 610,000 tons of grain sorghum—400,000 tons from the United States and 210,000 tons from Argentina.

India received about 200,000 tons of rice in 1972, most of which came from Thailand and Egypt.² Through trade agreements, India expects to receive about the same quantity of rice from these sources in 1973. Imports of rice from Nepal in 1973 will be down sharply because production there was reduced by the same drought which hit India last summer. India usually receives 250,000 to 400,000 tons of milled rice annually from Nepal in small lots from the private trade which has thrived along the border for decades.

India's imports of vegetable oils declined sharply in 1972. However, the large 1971 harvest of peanuts and cottonseed provided crushers with enough supplies to keep cooking oil shortages from reaching the crisis stage. Soybean oil imports from the United States in 1972 were about one-eighth the 1971 level of 160,000 tons. Dwindling stocks of soybean oil and dim prospects for 1973 output of peanut oil (which usually accounts for 60 percent of the cooking oil supply) will place increased pressure upon India to import vegetable oils in coming months. India purchased about 25,000 tons of soybean oil commercially in the United States and Europe in late 1972, and a 50,000 ton purchase from the United States for delivery in early 1973 is underway. About 24,000 of the 100,000 tons of rapeseed provided by Canada through an assistance program arrived in 1972, and the remainder arrived early in 1973.

Imports of tallow from the United States, Australia, and Europe are expected to rise sharply in 1973. Tallow imports fell to a low level in 1972, partly because commodity loans scheduled by the U.S. Agency for International Development were cancelled. The use of imported tallow increased in 1972, and stocks held by factories fell to low levels.

India imported about 68,400 tons of long-staple cotton from Egypt and the Sudan in 1972. Similar quantities are scheduled to be imported from these countries in 1973. India officially recorded imports of almost 300,000 bales of raw jute from Bangladesh in 1972. However, unofficial sources put the imports at substantially higher levels.

Imports of cashew nuts from Africa increased from 171,000 tons in 1971 to 192,000 tons in 1972, despite

²Excludes rice imported from Nepal.

efforts by Mozambique and Tanzania to perform more of the shelling operations at home. Laborers in Kerala specialize in the tedious task of prying cashew kernels from their shells. India remains the world's leading exporter of cashew kernels despite growing competition.

India's agricultural exports climbed about 30 percent in 1972 to a record \$880 million. Exports of wheat, rice, cotton, and tobacco to the new market in Bangladesh approximated \$120 million. Exports of 805,000 tons of wheat and 100,000 tons of rice to Bangladesh in 1972 placed India in a net export position from grain for the first time since its independence in 1947. Total exports of tea, tobacco, and cashew kernels reached record levels, partly because of marked gains in deliveries to the Russians. The U.S.S.R. received almost \$200 million worth of agricultural commodities from India in 1972—about double the 1968 value. India's agricultural exports to the United Kingdom declined considerably to about \$160 million in 1972.

Tobacco exports increased from 55,405 tons in 1971 to 79,069 tons in 1972. Tobacco exports to the U.S.S.R. in 1972 approximated 34,000 tons—double the 1971 level. Japan and Czechoslovakia also increased sharply, although deliveries to the United Kingdom fell from 18,000 tons in 1971 to 13,000 tons in 1972. The new Bangladesh tobacco market took almost as much tobacco last year as did the United Kingdom. India was able to deplete old stocks of low-quality tobacco by shipping it to Bangladesh. India hopes to revive exports of high-quality tobacco to the British in 1973.

Exports of cashew kernels reached a record 63,500 tons in 1972, compared with 59,984 tons in 1971. India sent about 25,000 tons to each of its major markets for cashew kernels in 1972—the United States and USSR. Exports of walnuts to the USSR and Canada also rose.

Exports of coffee to the U.S.S.R. and Eastern Europe continued to rise in 1972. The U.S.S.R. and United States are India's leading export markets for coffee. Tea exports increased slightly to 210,000 tons in 1972, as larger exports to the U.S.S.R., Poland, Yugoslavia, Egypt, and the Sudan more than offset declines in exports to the United Kingdom and Afghanistan.

Peanut meal exports approximated 844,000 tons in 1972, compared with 851,000 tons in 1971 (unofficial

estimates), but shipments to the U.S.S.R. and Eastern Europe rose from about 130,000 to 487,000 tons. Deliveries to the United Kingdom fell sharply.

U.S. agricultural exports to India declined from \$272 million in 1971 to \$87 million in 1972. Wheat exports to India declined from 6.0 million tons in 1966 to 1.3 million tons in 1971 and to only 165,000 tons in 1972 (including 118,320 tons provided under Title II, P.L. 480 for relief agencies). The value of U.S. wheat exports to India declined from \$80.5 million in 1971 to \$11.0 million in 1972. The value of our cotton exports to India plummeted from \$48.6 million in 1971 to \$2.1 million in 1972. Exports of soybean oil declined from a peak of 157,000 tons in 1971 to 22,000 tons in 1972.

U.S. agricultural imports from India in 1972 were valued at \$91.8 million, compared with \$89.8 million in 1971. Imports of cashew kernels declined from \$37.3 million to \$35.7 million because American firms increased purchases from suppliers in Mozambique and Brazil. Our imports of Indian tea declined from \$17.1 million to \$13.5 million, also because of increased competition from other suppliers, including the People's Republic of China. U.S. imports of sugar from India increased from \$13.6 million in 1971 to \$18.8 million in 1972.

Outlook

India's food situation is likely to become more critical during July-October 1973. Efforts will be made to reduce the impact of another drought if rainfall in 1973 is again inadequate. Government programs will encourage the use of HYV's in areas with assured irrigation. Domestic output of fertilizer and irrigation equipment will be promoted, including more liberal allocations of foreign exchange to import necessary raw materials. Exports of manufacturers to the United States will be promoted by policies more favorable to U.S. firms.

Even if monsoon rainfall is favorable and prospects for 1973/74 food grain production fall in the 100-to 115-million-ton range, India may import several million tons of grain in late 1973. India now has 40 million more people depending upon the Government distribution system for most of their food supply than it did in 1967. The number of calories received by the average Indian increased from 1,960 during 1964-66 to about 2,190 in 1971 and fell to about 2,125 in 1972. It now appears that it will likely fall even further in 1973. (John B. Parker, Jr.)

INDONESIA

Population of 122.4 million with an annual growth rate of 2.6 percent, 66 percent rural—agriculture accounts for 48 percent of GDP—major agricultural products are rice, rubber, cassava, corn, and tobacco—major agricultural exports are rubber, coffee, palm oil, tobacco, and copra—major agricultural imports are rice, cotton, and wheat.

Economic Situation

Indonesia's real GDP grew an estimated 7 percent in 1972, despite a 2-percent decline in the agricultural sector. The petroleum-based export sector continues to lead the way in economic growth in Indonesia.

Reduced agricultural production caused prices to rise sharply during the last quarter of 1972. The consumer price index rose by 25 percent in 1972, with 90 percent of the increase occurring in the last quarter.

Agricultural Production

Adverse weather was the principal factor causing reduced agricultural production during 1972. Excessive rainfall caused some flooding in the beginning of the year, but more devastating was the long summer drought, which affected all major agricultural areas.

Rice production declined by 4 percent in 1972 to 12.2 million tons, 1.6 million tons less than the targeted output. The rice agency, Bulog, did not have adequate rice stocks to inject into the market; consequently, rice prices rose 60 percent from August to November. Although most of the reduced rice output is attributed to the drought, some rice land was diverted to corn and sugarcane.

Corn production declined for the third consecutive year, despite a 41-percent increase in area planted. Yields are reported to be down considerably in the major corn-producing areas of Lampung and East Java, and in some areas it was too dry to do any planting. The short corn supply is evidenced by unusually high corn prices, which rose from \$41 per ton in 1971 to \$72 per ton by the end of 1972, an increase of 75 percent.

Production of peanuts was up slightly in 1972, while soybean output showed a slight decline. Growing demand for peanut oil has attracted interest in a crushing factory, although plant construction has not yet been approved by the Government. Soybeans are becoming more important in the Indonesian diet, but efforts to increase production have been rather sluggish because of low prices.

Cassava and sweetpotato production were virtually unchanged from the previous year. Cassava has been in increasing demand for use as livestock

feed. There are currently 14 cassava pelleting factories in Central and East Java, Lampung, and South Sulawesi, mostly joint ventures with German and Japanese companies. Cassava consumption in Indonesia is declining, and more cassava pellets are being sent to European countries.

Palm oil production advanced nearly 5 percent in 1972 to 260,000 tons. The oil palm schemes which have been financed largely by the World Bank and the Asian Development Bank are primarily responsible for the upturn in palm oil output in recent years.

Agricultural Trade

Indonesia's agricultural exports are declining in importance. While total 1972 exports—valued at \$1.78 billion—were 31.5 percent above the 1971 level, agricultural exports declined from \$417 million to \$414 million. Agricultural exports in 1972 accounted for only 23.3 percent of total exports, compared with 30.8 percent in 1971.

Rubber maintained its position as the leading agricultural export commodity during 1972, accounting for nearly half of Indonesia's agricultural exports. This occurred despite a 9.5-percent decline in the value of rubber exports to \$201 million. Coffee exports advanced 29 percent during the year to reach \$71 million. Combined exports of palm oil and copra declined nearly 22 percent to \$52 million. The sharpest advance in exports was recorded by tobacco, which rose 87 percent to \$37 million.

Total 1972 imports were estimated at \$1.29 billion—16 percent above the 1971 level. Imports of raw materials and capital goods advanced in 1972, while imports of consumption goods showed a slight decline.

Despite the delayed recognition of the rice shortage, the Government of Indonesia finally reacted strongly and arranged for the importation of 1.5 million tons during the 1972/73 rice marketing year (April-March). Rice was commercially purchased from Pakistan, Burma, Thailand, Taiwan, and the People's Republic of China, and on concessional terms from the United States and Japan. Grants of rice were arranged from Japan, the Netherlands, France, Italy, and Australia. Malaysia sent 20,000 tons on a loan basis.

About 700,000 tons of wheat and wheat flour were imported in 1972—20 percent more than in 1971—but flour accounted for only 11.3 percent of these imports.

Early in 1972, corn exports were suspended, and at the year's end, efforts were being made to obtain corn from the United States. Over 100,000 tons of corn from the United States was scheduled to be shipped in early 1973.

U.S. agricultural exports to Indonesia reached a record \$134 million in 1972, an increase of 36 percent from the previous year. Rice exports exceeded 322,000 tons and were valued at \$60.5 million. U.S. cotton exports rose to nearly \$39 million, while exports of wheat and wheat flour were valued at \$23 million.

U.S. agricultural imports from Indonesia climbed 8.5 percent during 1972 to \$139 million. Rubber imports rose to \$60 million despite the decline in rubber prices. Coffee imports declined over 18 percent to \$33.7 million. U.S. imports of palm oil and pepper were each \$13 million, about the same level as in 1971.

Outlook

Although Indonesia is experiencing a temporary reversal in its attempt to attain self-sufficiency in food grains, its economy remains fairly strong. The

1973 GDP growth rate should equal or exceed the 7 percent recorded in 1972. Food prices will undoubtedly remain high until after the main-season rice harvest in May and June.

The rice harvest will start somewhat later than normal because of delayed planting. The current target of 14.8 million tons of rice for 1973 seems very unlikely since the main-season planting was delayed 4 to 6 weeks. A level of about 13.5 million tons can be expected, which would be closer to the target than the 1972 output was to that year's target. Rice imports of at least 1 million tons will be required for 1973. Most shipments will come early in the year.

Because of the food shortage, corn and cassava exports will likely be prohibited for several more months. Peanut and soybean exports will probably continue to decline. (E. Wayne Denney)

JAPAN

Population of 106.3 million with an annual growth rate of 1.2 percent, 17 percent rural—agriculture accounts for 6 percent of GDP—major agricultural products are rice, vegetables, meats, eggs, and citrus fruits—major agricultural exports are rice and fruits and vegetables—major agricultural imports are cotton, soybeans, sugar, wool, corn, and wheat.

Economic Situation

Real economic growth in terms of gross national product is estimated to be about 10 percent in the 1972/73 Japanese fiscal year which ended March 31, 1973. This represents a return to the high growth rate that Japan's economy experienced between the mid-1950's and 1970. The recovery from a recession in 1971/72, which brought the growth rate down to 5.9 percent, comes despite the 36-percent appreciation of the yen vis-a-vis the dollar between August 1971 and March 1973. The 1971 recession has been associated with the revaluation of the yen and a downswing of the medium-term investment cycle, mainly in manufacturing. The recovery in 1972 was considered to be well balanced between industrial output, inventories, consumer spending, and housing and building construction.

The wholesale price level increased 7.7 percent in 1972. This sharp rise is attributed to increased Government spending, production curbs by means of cartels, and higher prices of imports. Four categories of goods accounted for most of the increase: lumber and wood products (increasing 57 percent during December alone), textiles (15 percent during December), steel products (8 percent during December), and foodstuffs (8 percent during

December). Consumer prices increased 4.5 percent in 1972.

Disposable income per urban household was about \$5,000 in 1972.³ This compares with about \$4,000 per farm household, which includes income from nonagricultural sources. Farm households numbered slightly more than 5 million, with less than 15 percent of these depending solely on agricultural income. Farm households had an average of 4.7 persons, compared with 3.9 persons in urban households.

Japan's holdings of gold and foreign exchange totaled \$18.4 billion on January 1, 1973. The overall U.S. trade deficit with Japan was \$4.1 billion in 1972.

Agricultural Production and Trade⁴

Japan is largely dependent on imports to supply its needs for wheat and coarse grains, oilseeds, sugar, wool, and vegetable fibers (table 8). Most other food and agricultural raw materials are supplied largely by domestic production. Consumer preference patterns in recent years have been shifting from an emphasis on rice to an increased demand for wheat and livestock products.

Rice.—Japan became a net exporter of rice in 1968 as a result of record production levels generated by high support prices and changing consumer preferences. Rice marketing year end stocks on October 31, 1970, reached their highest level in

³308 Japanese yen = \$1.

⁴For a detailed description of Japan's agricultural trade with countries in the Far East and Oceania, see "Regional Competition in Japanese Market" on pp. 9 of this publication. For a more detailed description of U.S. agricultural trade with Japan, see "U.S.-Japanese Trade Paradox," *Foreign Agricultural Trade of the United States*, U.S. Dept. of Agr., Mar. 1973.

Table 8--Japan: Production and imports of selected agricultural commodities

Commodity	1972			1973 1/		1972	1973 1/
	Production	Imports		Production	Imports		Production as a percent of the sum of imports and production
		Total	From U.S.		Total	Total	
	1,000 metric tons					Percent	
Rice 2/ 3/.....:	10,826	3	4/	10,700	30	100	100
Wheat 3/.....:	284	5,148	2,545	230	5,300	5	4
Coarse grains 5/..:	410	11,013	5,455	348	11,800	4	3
Soybeans.....:	127	3,396	3,126	110	3,500	4	3
Alfalfa meal.....:	4/	437	330	4/	460	0	0
Pulses 6/.....:	269	183	37	260	200	60	57
Grapefruit.....:	4/	91	89	4/	125	0	0
Oranges 6/.....:	3,718	13	12	3,800	17	100	100
Lemons.....:	4/	79	79	4/	90	0	0
Sugar.....:	643	2,246	4/	650	2,750	22	19
Beef 6/.....:	295	58	1	320	90	84	78
Pork.....:	770	68	22	810	80	92	91
Poultry meat.....:	621	29	8	683	40	96	94
Tallow.....:	11	255	155	12	250	4	5
Cotton.....:	4/	802	149	4/	802	0	0
Tobacco 3/.....:	142	58	29	147	55	71	73

1/ Forecast.

2/ Milled basis.

3/ State traded.

4/ Less than 500 metric tons.

5/ Includes corn, grain sorghum and millets, barley, oats, rye, and buckwheat.

6/ Imports restricted by quotas.

Sources: Japan Customs Bureau, Japanese Ministry of Agriculture and Forestry, and the U.S. Agricultural Attache in Tokyo.

history—over 6 million tons. Two steps to deal with the imbalance of production and usage were adopted: one to dispose of the surplus, and the other to prevent the production of further surpluses.

The disposal program, which began in 1968/69, involves selling rice to domestic feed manufacturers and to domestic industries (principally for industrial alcohol), and also shipping rice as food aid to developing countries—mainly Indonesia, South Korea, and, more recently, Bangladesh. Government agreements to export Japanese rice in 1972/73 amounted to 457,000 tons, compared with 465,000 in 1971/72; 790,000 in 1970/71; 443,000 in 1969/70; and 303,000 in 1968/69. These exports have been largely on a grant or soft-loan basis. The soft-loan terms generally specify a 30-year repayment period, with only interest payments—at 2 percent—required for the first 10 years, and principal plus interest—at 3 percent—for the next 20 years. Sales of surplus rice to domestic feed manufacturers totaled about 1.1 million tons in 1972/73; to domestic industries, 180,000; and to millers, ultimately for low-grade food use, 135,000. Surplus stocks on April 1, 1973, stood at about 1.5 million tons (about half 1968 and half 1969 crops). The 1973/74 disposal program calls for 455,000 tons to go to the feed industry, 275,000 tons to be exported, and 180,000 tons to be used for industrial purposes. On this schedule, the surplus will be reduced to 590,000 tons by April 1, 1974, assuming no new surplus are generated.

To prevent further rice surpluses, the Ministry of Agriculture and Forestry initiated a 5-year plan in 1970 to reduce rice area from the 1969 level of 3.3 million hectares to 2.7 million hectares. A projection by the Ministry, not directly related to the plan, puts the 1982 area at 2.3 million hectares. The acreage diversion program is on a voluntary basis and participating farmers receive about \$1,000 per hectare to grow nothing, \$1,160 to divert to annual crops, and \$1,330 to divert to permanent plantings such as fruit trees. In 1972, rice production reached 10.8 million tons—an increase of 9 percent over the previous year. Area planted, however, had fallen to 2.6 million hectares, indicating the success of the program even in view of high support price for rice (\$500 per ton—average of grades I-IV, brown basis). Yields in 1972 averaged a record 4.1 tons per hectare. Subsidy payments were made for the diversion of 563,000 hectares, of which over half was left fallow. Japan's Food Agency (FA), part of the Ministry of Agriculture and Forestry, has estimated (as a target) rice production in 1973 to be 10.7 million tons from an area of 2.6 million hectares.

Wheat.—The Japanese consumed about 5.4 million tons of wheat in 1972, of which 95 percent was imported. FA controls wheat imports and sets the price at which imported wheat is sold to millers—about \$100 per ton since July 1972, which

compares with the average 1972 import price of \$70 per ton. FA has a policy of maintaining a relative price relationship between rice (also controlled by FA) and wheat, under the theory that there would be significant substitution of wheat products for rice if consumer prices for wheat products were greatly below milled rice prices. FA purchased domestic wheat in 1972 at a support price of over \$200 per ton. Wholesale prices of wheat flour remained stable in 1972, because FA lowered its resale price of wheat in July 1972 and maintained the lower price throughout the remainder of the year.

The rice paddy area and upland area planted to wheat (as a second crop) during winter and spring has been declining because of the high opportunity cost of labor and the relatively low return to labor from wheat production compared with part-time or seasonal employment in the industrial sector.

Animal feeds.—Japan's coarse grain production is very small, with the exception of barley, which is used primarily in the domestic beer industry. Imports of corn and sorghum for feed are free of duty and are not subject to import quotas. The quantities imported depend mainly on the growth of the livestock sector. Most imported barley is used as simple feed, whereas the imported corn, sorghum, oats, and rye go into compound feeds. Other principal ingredients of the compound feeds are soybean meal, wheat bran, and alfalfa meal. Distribution of the compound feeds for classes of livestock in 1971/72 was as follows:

Type of feed	Percent
Poultry	54
Swine	26
Dairy cattle	12
Beef cattle	8

From this distribution, it is evident that demand for poultry meat, eggs, and pork is a key factor in determining demand for compound feeds, and hence, the import demand for coarse grains, soybeans, and alfalfa meal. The Japanese Government forecasts that per capita meat consumption will double in the next 10 years, and that meat production as a percentage of the sum of meat imports and production will not change significantly. Therefore, meat imports will increase.

Pulses.—Imports of pulses are controlled by Government quotas. These quotas are nontariff barriers to trade explicitly prohibited by Article XI of the General Agreement on Tariffs and Trade to which Japan is a contracting party. The quotas vary with the size of the domestic crop and the anticipated demand schedule in such a way as to ensure farmers a certain return on production. Since 1963, total imports have varied between 138,000 and 222,000 tons and have shown no significant trend. Likewise, pulse production has varied between 186,000 and 304,000 tons without a trend. During 1963-72, the sum

of production and imports lagged 1 year averaged 432,000 tons.

Fruit.—Imports of oranges are also subject to quotas to protect domestic growers from foreign competition, especially from the United States. Neither grapefruit nor lemons are produced domestically and the United States has supplied 99 percent of both since the quotas were removed (lemons in 1964, grapefruit in 1971). Imports of lemons expanded from 4,000 tons in 1963 to 79,000 tons in 1972. Grapefruit imports increased from 2,000 tons in 1970 to 91,000 in 1972.

Sugar.—The Japanese Government, through the Sugar Price Stabilization Corporation, supports domestic sugar production by guaranteeing a standard return to producers of beets and cane and by direct payments to refiners. In this way, domestically produced sugar can compete with imported raw sugar. Import quotas on refined sugar were removed in 1972, but duties were raised to \$200 per ton for granulated, refined sugar and to \$250 for rock and cube sugar. This support system has stimulated sugar beet production, which has nearly doubled in 10 years, reaching 2.3 million tons in 1972. Cane production in Japan's southern island of Kyushu has been declining since 1968. However, the reversion of Okinawa to Japan in May 1972 added its production to Japan's total, bringing cane production to 2.4 million tons in 1972, up from 641,000 tons (Kyushu only) in 1971.

Livestock products.—Imports of beef are also subject to quantitative import restrictions, which greatly boost beef prices. Pork imports were liberalized from quota restrictions in 1971, but are still subject to a variable duty. This duty, however, was waived between April 1 and November 1, 1972, when the domestic wholesale carcass pork price went above 75 cents per pound (440 yen per kilogram)—the established ceiling price in 1972. Production was up 3 percent in 1972 and is expected to increase about 7 percent in 1973. Poultry meat production, which increased 15 percent in 1972, is expected to increase at least 10 percent in 1973. Per capita consumption of poultry meat increased 20 percent in 1972, reaching 10 pounds per person. High tallow prices, which ranged between \$140 and \$240 per ton in 1972, have stimulated increased substitution of other fats and oils, and imports are expected to decline slightly in 1973, as they did in 1972.

Cotton.—Cotton, which is not produced in Japan, is the country's major agricultural import. The value of Japan's 1972 cotton imports was \$617 million, accounting for over 10 percent of total agricultural imports. Of the 802,000 tons imported, the United States supplied 20 percent. Other suppliers include Mexico, the U.S.S.R., Pakistan, Nicaragua, and Brazil. In Japan, there is a trend toward the use of higher quality cotton, which is competing favorably

with manmade fibers.

Tobacco.—Cigarette consumption has increased steadily in recent years in Japan, but the number of smokers (almost 80 percent of the male adults) declined in 1972. Over two-thirds of the leaf used in Japanese cigarettes is domestically produced. The United States supplied half of the imported leaf, which was blended into about three-fourths of the Japanese cigarettes produced in 1972. The Japan Monopoly Corporation controls tobacco imports, which increased from an average of 5,000 tons per year in the late 1950's to 60,000 tons in 1972.

U.S.-Japanese Agricultural Trade

In 1972, the United States supplied 29 percent of Japan's total agricultural imports, which were valued at \$5.5 billion c.i.f. U.S. agricultural exports to Japan were \$1.4 billion f.o.b., up 33 percent from 1971 and an all-time high. The major U.S. farm export to Japan was soybeans, followed by corn, wheat, grain sorghum, raw cotton, cattle hides, unmanufactured tobacco, pork, tallow, fresh grapefruit, fresh lemons, alfalfa meal, and almonds, which together accounted for over 90 percent of the total value of all U.S. agricultural exports to Japan in 1972. Except for raw cotton, tallow, and alfalfa meal, these U.S. exports to Japan gained substantially in terms of dollars and volume.

U.S. agricultural imports from Japan in 1972 were valued at \$53 million f.o.b., up 15 percent from 1971. The principal agricultural import was canned mandarin oranges.

Outlook

Prior to the February 1973 floating of the yen, Japan's Economic Planning Agency forecast that real GNP growth would be 10.7 percent in 1973/74. The Japan Economic Research Center, a private organization, forecast that the growth would be 11.3 percent, even with an 8.8-percent revaluation in 1973. As of March 1973, however, the appreciation vis-a-vis the dollar in 1973 was 13.5 percent.

The rice production target for 1973 is 10.7 million tons, nearly the same as 1972 production. Domestic production of fruit and vegetables is expected to increase 2 percent, and output of livestock products, 8 percent.

Sales of U.S. agricultural products to Japan in 1973 could reach the \$2 billion mark. Because the U.S. dollar devaluation in February 1973 and the yen float enable the Japanese to buy more U.S. goods for the same yen expenditure, a 1973 yen expenditure equal to that of 1972 would lead to U.S. agricultural exports to Japan of \$1.7 billion. This effect—lower prices from the Japanese standpoint—combined with greater import demand could easily bring the total to \$2 billion.

Because of increasing demand for livestock products, imports of feedstuffs are expected to expand substantially in 1973—coarse grains by 7 percent, alfalfa meal by 5 percent, and soybeans by 3 percent. The U.S. share of the grain imports will probably

increase because of decreased supplies in other major grain exporting countries. For soybeans and alfalfa meal, the U.S. will probably maintain its already high share—92 percent for soybeans and 76 percent for alfalfa meal. (Bruce L. Greenshields)

REPUBLIC OF KOREA

Population 33.2 million with an annual growth rate of 2.2 percent, 48 percent rural—agriculture accounts for 28 percent of GDP—major agricultural products are rice, vegetables, barley, tobacco, and sweetpotatoes—major agricultural exports are silk, tobacco, and vegetables—major agricultural imports are wheat, rice, and cotton.

Economic Situation

South Korea's economy thrived in 1972, mostly because of industrial expansion and greater income from services. Real per capita GNP increased about 7 percent in 1972.

Diversification of foreign trade occurred in 1972—both in markets and in products exported. The U.S. share of South Korea's imports declined from 52 percent in 1971 to 47 percent in 1972. Korean exports to Europe jumped 75 percent, while those to the United States increased 22 percent. Exports to Japan increased 54 percent and reflected striking gains for some relatively new items such as pork. Total South Korean exports reached a record \$1.8 billion in 1972—up 45 percent from the previous year. Higher prices for plywood and larger textile exports contributed to the rise.¹

Imports increased by 6 percent to \$2.54 billion in 1972. Imports of logs from Southeast Asia used to manufacture plywood increased faster than did imports of heavy industry items, especially steel.

Consumer prices increased about 8.8 percent in 1972, compared with 12.3 percent in 1971, partially because of Government control of rice marketing and prices. Although the procurement price for milled rice increased from \$270 to \$309 per ton, farmers sold the Government only 500,000 tons in 1972, compared with about 720,000 tons in 1971. Government sales of rice to wholesalers are made at lower prices than those paid to farmers. The decrease in the amount of rice procured by the Government led to a number of problems, including two riceless days per week in restaurants.

Wheat flour wholesale prices increased 27 percent in 1972 and barley prices rose 10 percent. Foods which Koreans are encouraged to eat in the place of rice are rising faster in price than policy planners originally expected.

Agricultural Production

The shift of agricultural land to urban and industrial activities slowed in 1972 because of growing national concern and legislation to preserve the most fertile of only 2 million hectares of cropland. Adverse weather in 1972—especially August floods that damaged rice paddies—hampered prospects for increasing agricultural production. Total agricultural production remained about the same in 1972. However, sharply increased output of tobacco, vegetables, and silk—the more intensive crops—helped to offset declines in rice and wheat production. Raw silk production reached 3,350 tons in 1972—10 percent above 1971—partly because of new methods of silk culture.

South Korea's 1972 rice output was somewhat below the 4.0 million tons of milled rice produced in 1971, mostly because of lower yields in valleys between Seoul and Chenju. Floods seriously reduced prospects for yields of Tongil (IR 667), a high-yielding rice variety. Farmers already apply relatively high levels of fertilizer to traditional varieties and usually obtain yields of more than 3 tons of paddy per hectare. Tongil was planted on 186,900 hectares in 1972, but yields were seldom more than 20 percent above those for traditional varieties in adjoining fields.¹

The heavy summer rains that reduced rice yields apparently boosted tobacco yields. Most South Korean tobacco is planted in fields with good drainage, rather than in the low wet areas used for rice. Tobacco production jumped 71 percent above the 1971 level to a record 108,220 tons. Flue-cured tobacco output reached a record 75,675 tons—up 57 percent—and burley production zoomed 118 percent to 32,050 tons. Farmers received more than \$1,000 per ton for tobacco sales in 1972. A modern processing and marketing system has been developed for tobacco, partly with the help of large international firms engaged in moving it to foreign markets.¹

Urbanization and large new grocery stores in major cities have created a growing market for fresh fruits and vegetables. Many new orchards have been planted on hillsides in recent years. Production of apples and pears has doubled in the last decade, and peach output has quadrupled. Vegetable production (excluding 580,000 tons of potatoes and 1.9 million tons of sweetpotatoes) reached nearly 3 million tons in 1972—almost triple the level recorded a decade

earlier. Urban demand for vegetables used in salads caused prices for tomatoes, cucumbers, and lettuce to rise in 1972.

South Korea recently began to expand output of mushrooms and asparagus—two products which have brought success to farmers with limited land area in Taiwan.

Barley, the major crop grown during the winter, has been used increasingly by restaurants as a substitute for rice. Yet barley production has not increased as scheduled. The 1972 spring harvest was slightly below 2 million tons, and because farmers harvested rice later than usual last autumn, their barley planting was delayed. Difficulty in increasing output of all cereals in 1972 caused grain stocks to decline in rural areas. Corn production was down 16 percent, and wheat output was about one-third below the 1971 level.

Efforts to increase soybean production in 1972 were not rewarding—farmers harvested only 3,000 tons more than the 222,000 tons produced in 1971.

Agricultural Trade

South Korea's agricultural imports approximated \$615 million in 1972—about 11 percent above the 1971 level and almost quadruple the value recorded in 1966. The country hopes to become self-sufficient in rice, barley, and several other crops. However, production of cereal crops has been below expectations, and demand for food imports will most likely continue. Very high prices in world markets for rice and wheat have hit South Korea at a time when grain stocks are falling. Consumer demand continues to rise rapidly while domestic procurement falls below expectations.

South Korea's 1972 imports of leaf tobacco reached a record 5,012 tons because of the growing popularity of blended brands of cigarettes containing Virginia, burley, and oriental tobacco. Oriental tobacco, which is not grown domestically, was imported from Turkey and Greece. Some other relatively new imports into South Korea include peanuts and various processed foods.

Wheat imports increased from about 1.7 million tons in 1971 to slightly over 2 million tons in 1972. This increase placed wheat imports ahead of rice imports in terms of both value and quantity. Rice imports declined from 1 million tons in 1971 to less than 700,000 tons in 1972. Imports of U.S. rice increased, while imports from Japan declined from 514,900 tons in 1971 to 90,000 tons in 1972. Barley imports from Australia increased, but arrivals from the United States declined. Corn imports, all from the United States, continued their upward trend.

Cotton imports climbed to \$100 million in 1972—double the value recorded in 1969. Imports of tallow, plants used for pharmaceutical industries, and hides and skins also rose. Soybean imports

declined 57 percent in 1972 from peak imports of 53,297 tons in 1971. Drastic reductions in stocks should raise the quantity of soybeans imported in 1973 to more than double the 1972 level.

Imports of livestock for breeding jumped in 1972 as programs to improve native herds were implemented and commercial feedlots expanded. Imports of beef cattle for breeding increased from 280 in 1971 to 1,120 in 1972, and arrivals of foreign dairy cattle rose from 1,753 to 2,699. Imports of pigs and baby chicks also increased.

South Korea's agricultural exports increased about 25 percent in 1972 from a prior peak of \$102 million in 1971. Silk exports rose from \$39 million in 1971 to \$53 million in 1972. Booming exports of pork to Japan (\$6.2 million) and canned mushrooms to the United States (\$7.4 million) accounted for much of the remainder of the increase. Exports of leaf tobacco decreased slightly below the \$14 million recorded in 1971, and shipments of ginseng and dried laver declined.

U.S. agricultural exports to South Korea increased from \$299.7 million in 1971 to \$363.7 million in 1972, primarily because of larger deliveries of wheat, rice, and corn at higher prices. U.S. wheat exports to South Korea reached 1.8 million tons in 1972—34 percent above the 1971 level. Our rice exports increased from 482,000 tons in 1971 to 566,000 tons in 1972, although high prices caused the South Koreans to delay purchases of about 200,000 tons. U.S. corn exports increased sharply from 58,000 tons in 1967 to a peak of 481,000 tons in 1972. Part of South Korea's rising demand for corn has come from new feedlots for beef cattle and pigs.

The United States sent over \$100 million worth of agricultural raw materials to South Korea for use by industries in 1972, including \$80 million worth of cotton. U.S. exports of tallow increased and the value for cattle hides was double the 1971 level.

Outlook

South Korea's agricultural imports are expected to rise considerably in late 1973. Concern over high U.S. prices for grain and soybeans might cause some hesitation and delays in Korean purchases in early 1973. However, imports will be needed during the year to replenish stocks and provide raw materials for Korean export-orientated industries. The policy of expanding exports and restricting imports is difficult for a country which grows less than 2 percent of the cotton and only about 10 percent of the wheat it needs.

South Korea's plans to import rice are uncertain at this time. High prices for U.S. rice and short supplies in Southeast Asia have forced the Koreans to again seek imports from Japan. Rice imports from Japan through special long-term credit arrangements could rise to 150,000 to 500,000 tons. Unless large rice

imports are made, imports of other cereals must increase more than scheduled. Government regulations already require restaurants to add barley to rice dishes.

Imports of wheat will probably increase at least 10 percent in 1973, and corn imports might increase by 12 to 15 percent. The value of cotton imports might be one-fifth higher in 1973, and soybean imports could reach a value three times the 1972 level.

South Korea's agricultural exports are expected to reach \$160 million in 1973 because of rising exports of silk, tobacco, and horticultural products. Exports of

pork and some other food items to Japan are expected to rise sharply again. The target for silk exports in 1973 is \$65 million and for mushrooms, \$13 million.

The second year of South Korea's Third 5-Year Economic Development Plan began in January 1973. The Plan allocates \$12 million for economic development over the 5-year period, including \$1.3 billion for agriculture. Plans to improve farm technology and marketing methods have helped farmers to increase their income, but their output of marketable products has not expanded sufficiently to meet growing urban demand. (John B. Parker, Jr.)

MALAYSIA

Population of 10 million with an annual growth rate of 2.8 percent, 50 percent rural—agriculture accounts for 34 percent of GDP—major agricultural products are rubber, rice, and palm oil—major agricultural exports are rubber and palm oil—major agricultural imports are wheat, rice, sugar, and tobacco.

Economic Situation

Reduction of poverty and unemployment continue to be major goals of the Malaysian Government. During 1972, unemployment remained at the previous year's level of 8 percent. Real GDP rose an estimated 6.6 percent to \$4.11 billion as exports of primary agricultural products showed substantial gains. Per capita income climbed 3.5 percent.

Malaysia is attempting to expand its export earnings by further processing commodities such as rubber, palm oil, and timber. Manufacturing and processing industries are encouraged to use domestic resources to the extent possible. Foreign investors are given special concessions to establish industries which utilize domestic resources.

Huge sums are being invested in programs to improve agriculturally related industries, including land clearing and planting schemes, irrigation and crop improvement, livestock development schemes, and agricultural research projects. Much of the research effort is directed toward higher yielding varieties of rubber and oil palm.

Agricultural Production

Efforts are being made to diversify commercial agriculture to reduce the country's dependence on rubber and palm oil. Expansion of the livestock sector is currently receiving the most attention, although the livestock base is still small in Malaysia.

Malaysia's agricultural production rose 2 percent in 1972 as its major crops—rice, rubber, and palm oil—showed varying degrees of advancement.

Rice production improved marginally in 1972 to

slightly over 1 million tons. The main-season crop was adversely affected by the summer drought which curtailed production in most Asian countries. An expansion of the double-cropped area, which permitted more rice to be grown during the off-season, prevented a decline in rice output. Over 40 percent of the Malaysian rice is now double-cropped, about 10 percent more than in 1971.

The rubber industry is still the pillar of the Malaysian economy. Rubber accounts for 12 percent of the GDP, 26 percent of employment, 30 percent of total export earnings, and 60 percent of the total cultivated area. During the past decade, the Malaysian economy has been severely hurt by declining rubber prices, which have dropped about 37 percent since 1962 to their present level of about \$400 per ton. During the same period, however, rubber output has advanced 72 percent, more than offsetting the decline in prices. In 1972, rubber area remained at the 1971 level. However, output—which is estimated at 1.25 million tons—was down slightly from the previous year because of the drought.

In view of stiff competition from synthetic rubber producers, several organizations have been formed to strengthen rubber production and marketing efforts. Use of growth stimulating chemicals has increased yields phenomenally on test plots, but use of such chemicals has not gained widespread adoption.

Palm oil continues to be Malaysia's most rapidly growing agricultural commodity: 1972 production totaled 711,000 tons, 29 percent above the 1971 outturn. Oil palm area advanced only 13 percent to 354,000 hectares. The sharp upturn in yields is attributed to more area coming into production and a higher oil-extraction rate from the mature oil palm.

Several other Malaysian agricultural commodities showed slight advances in 1972. Pineapple output increased 2 percent to 387,000 tons; banana production was estimated at 188,000 tons, up 6 percent from the previous year; palm kernel output advanced 11 percent, paralleling the increase in palm oil. Production of copra, the only commodity to show a decline, dropped over 17 percent to 156,000 tons.

Production of tobacco and sweetpotatoes in 1972 is estimated to be about the same as in 1971.

Agricultural Trade

Based on trade statistics for the first 6 months of 1972, Malaysia's trade balance surplus was much smaller for 1972 than the \$166 million recorded for 1971. Declining prices for rubber and palm oil exports were largely responsible for the 2.2-percent decrease in the value of total exports during January-June 1972. Palm oil exports totaled 620,000 tons in all of 1972, a 16-percent increase from the previous year.

U.S. agricultural exports to Malaysia declined 25 percent during 1972 to \$11 million. Tobacco exports were only \$6.4 million in 1972, compared with \$9.1 million a year earlier. Cotton exports were about the same in both years.

U.S. agricultural imports from Malaysia declined nearly 12 percent in 1972 to \$112 million. Rubber and palm oil constituted about 90 percent of the 1972 imports. Rubber imports totaled \$77.5 million, down

26.5 percent from the 1971 level, with most of the decline due to a smaller quantity shipped, although there was a slight reduction in prices. Malaysian palm oil imported by the United States catapulted 152 percent during 1972, but the value only slightly more than doubled.

Outlook

Agricultural production under the Second Malaysian Plan is projected to increase 8.3 percent annually through 1975. Although the drought hampered agricultural production efforts in 1972, output should show substantial improvement in 1973. However, the low prices of rubber and palm oil are still major concerns of the Malaysian economy.

As one of the fastest growing economies in Asia, Malaysia should become a rapidly growing market for U.S. food items. But most of the increase is likely to be in the form of raw goods as domestic processing firms become more important in satisfying Malaysia's food needs. (E. Wayne Denney)

NEW ZEALAND

Population of 2.9 million with an annual growth rate of 1.7 percent, 12 percent rural—agriculture accounts for 17 percent of GNP—major agricultural products are milk, wool, mutton and lamb, and beef and veal—major agricultural exports are dairy products, wool, mutton and lamb, and beef and veal—major agricultural imports are sugar, fruits and vegetables, coffee, and tea.

Economic Situation

New Zealand's GNP increased 15 percent in current prices to \$9.15 billion during 1972. However, because of inflation the real growth rate was only 1 percent. The value of agricultural production increased as a result of expanded output and higher prices.

The exceptionally high prices for meat and wool, plus subsidy payments to farmers under the Sheep Retention Scheme, resulted in a dramatic upturn in farm income. Gross farm income for the year ending June 1972 reached approximately \$1,186 million, an 11-percent increase over the previous year. A voluntary freeze on farm income, which later may become compulsory, has been announced to help reduce inflation in 1973.

British preferential trade agreements with New Zealand have ended, except for butter and cheese, as a result of U.K. accession to the EC. However, New Zealand has been diversifying its export markets for some time. The United Kingdom took only 32 percent of all New Zealand exports in 1972, compared with 51 percent in 1962. Exports to Japan and Australia

increased during the period, while exports to the United States remained about the same. In 1972, only 37 percent of New Zealand's imports originated in the United Kingdom, compared with 56 percent in 1962. Imports from Australia and Japan increased during the same period, while imports from the United States remained steady.

New Zealand's balance of payments, which reached a record deficit of \$241 million in the year ending March 1971, became a surplus of \$70 million by the end of 1972. The improvement was due mainly to the large increase in export earnings from high dairy, wool, and meat prices. Export earnings climbed 17 percent to \$1.76 billion in 1972, while imports increased by only 5 percent to \$1.36 billion.

Agricultural Production and Trade

Overall agricultural output in New Zealand increased approximately 4 percent in 1972. Crop production increased nearly 19 percent, mostly because of the large expansion in grain output. Livestock production rose 3.4 percent, enabling New Zealand to take advantage of the high world meat prices.

Meat production increased slightly in 1972. Beef and veal output continued upward, reaching 406,000 tons in 1972. Although numbers slaughtered decreased, average carcass weights were significantly heavier because of excellent feed conditions. Production of mutton and lamb increased slightly to a record 569,000 tons. Pork production remained steady at 45,000 tons.

High world prices accounted for the 7-percent

increase in the value of New Zealand's meat exports, including lamb, which totaled about \$500 million for the year ending June 1972. New Zealand supplies the United States with about 20 percent of the meats classified under the Meat Import Law. In 1972, U.S. meat imports from New Zealand under this law amounted to 121,000 tons, a 10-percent increase over the 1971 level. Because of the higher prices, the value increased 18 percent to \$154 million. When U.S. meat import restrictions were removed in June 1972, New Zealand was able to exceed its original level by 6 percent. The U.S. restraints have again been removed for 1973. In connection with efforts to diversify meat markets, New Zealand has signed an agreement to ship 8,000 to 10,000 tons of beef to Chile annually through 1974.

U.K. accession to the EC will lead to increased market prices for beef in six stages over 5 years. In addition, the strong world demand for meat will prevent any serious reduction of meat export earnings in 1973 from the February 1973 currency realignments.

New Zealand dairy production increased in 1971/72. Milk production increased 5 percent to 6.3 million tons; this was the first increase in 4 years. The main reason for the increase was higher production per cow. Weather conditions were good, leading to good pasture conditions. Butter production and output of milk powder products went up slightly in 1971/72, while cheese production declined slightly to 106,000 tons, and casein output decreased 28 percent to 41,000 tons.

Export receipts from dairy products increased 50 percent to \$340 million in the year ending June 1972. The price of butter in the United Kingdom reached a record high of \$1,453 per ton (64 cents per pound) at the beginning of 1972. Butter accounts for 50 to 55 percent of the value of New Zealand's dairy exports, and the U.K. market traditionally accounts for over 90 percent of the New Zealand butter exports. Because of the short supply of dairy products on the world market, however, New Zealand sold considerably more butter than usual outside the U.K. market in both 1970/71 and 1971/72.

New Zealand's efforts to diversify its dairy export markets have been quite successful so far, and in 1971/72, about 45 percent of the value of dairy exports came from markets other than the United Kingdom. New Zealand has captured significant parts of the dairy markets in both Chile and Peru. In addition, a significant portion of the 1971/72 dairy export earnings came from nontraditional dairy exports such as milk powders and butter oil.

Wool output increased 3 percent in 1972. Excellent production conditions existed throughout the season. In addition, wool prices made a remarkable recovery, resulting in the highest seasonal average (19.42 cents per kilogram) since 1965/66. The high prices plus the

Sheep Retention Subsidy resulted in reduced numbers of sheep slaughterings in 1971/72.

In 1972, the New Zealand Wool Marketing Corporation was formed to deal with all aspects of wool handling and marketing. Wool export earnings are estimated at \$269 million for the year ending June 1972, a 19-percent increase over the previous year. The volume of wool exports increased 3.5 percent. Wool exports to the United Kingdom, Belgium, France, the U.S.S.R., and Germany were up, while exports to the United States, Japan, and Italy decreased.

Total grain production increased sharply in 1972 and was above the record 1969 level. Wheat production was nearly 30 percent above the 1971 level, reaching 420,000 tons. Feed grain output grew 33 percent in 1972, with sharp increases occurring in corn and oats and a record barley crop of 313,000 tons. New Zealand normally imports relatively small amounts of wheat and feedgrains. In 1971/72, 33,000 tons of wheat, 13,000 tons of barley, and 5,000 tons of rice were imported. The severe drought in early 1973 may reduce feed supplies and necessitate larger than usual feedgrain imports, although no wheat will be needed.

New Zealand had a trade surplus with the United States of \$235 million in 1972. U.S. agricultural imports from New Zealand were \$245 million in 1972, an increase of 19 percent over the previous year. Meat imports alone accounted for \$165 million, 67 percent of the total. Other major imports were hides and skins (\$16 million), dairy products (\$10 million), fruits and vegetables (\$2 million), and wool (\$28 million). These five commodity groups represent 90 percent of the total imports.

U.S. agricultural exports to New Zealand are quite small, but increased 22 percent in 1972 to \$10.5 million. Two commodity groups accounted for 78 percent of the total: fruits, nuts, and vegetables (\$3.4 million), and tobacco (\$4.8 million).

Outlook

New Zealand's economy is expected to grow 2 to 3 percent in real terms in 1973. For the year ending in June 1973, New Zealand's dairy export earnings are expected to be 15 percent below the previous year's level, largely because of U.K. entry into the EC. In addition, a severe drought at the beginning of 1973 may reduce dairy production, which would in turn lead to even lower export returns to the dairy industry. During the 5-year transitional period established to aid New Zealand's economic adjustment to U.K. accession to the EC, reduced quantities of New Zealand's butter and cheese will be allowed into the U.K. market, at set but lower prices. Butter and cheese prices in Britain have already retreated from the record levels of early 1972. Thus,

New Zealand will have to continue to diversify its dairy markets.

The drought may also curtail grain production. Continued high prices for meat, including lamb, and wool will encourage production and export of these commodities in 1973. New Zealand's earnings from wool are estimated to rise 60 percent in 1972/73 to \$450 million.

When the United States devalued in February 1973, the New Zealand exchange rate moved from \$1.195 to \$1.350 per New Zealand dollar. New Zealand's exports are expected to be hurt by the currency realignments. The New Labor Government, elected in November 1972, is expected to continue the controversial policy of import licensing. (Diane B. Ellison)

PAKISTAN

Population of 62 million with an annual growth rate of 2.6 percent, 64 percent rural—agriculture accounts for 38 percent of GDP—major agricultural products are wheat, rice, cotton, and sugarcane—major agricultural exports are cotton and cotton products and rice—major agricultural imports are wheat, vegetable oil, and tobacco.

Economic Situation

The overall economic situation of Pakistan during 1972 may be summed up as a modest improvement over the previous year. Industrial recession, caused by labor strife and a lack of investor confidence, was offset by fairly good agricultural production. Real GNP advanced 1.2 percent in 1972, slightly more than the .8-percent growth achieved the previous year. A population growth rate of 2.6 percent kept per capita incomes slightly lower than the 1971 level.

The 1972 balance-of-trade deficit was \$6.5 million, considerably lower than the 1971 deficit of \$128 million. Exports of cotton, cotton products, and rice—which in previous years were included in the East-West Pakistan trade—have now brought in additional foreign exchange.

Agricultural Production

Total agricultural production declined 1 percent in 1972 because of an exceptionally poor sugarcane crop. Corn, chickpeas, and tobacco were also down, while output of all other crops increased. Food grain crops constitute about 70 percent of the principal crop acreage. During 1972, about 9.5 million hectares were planted to food grain crops, compared with 9.6 million hectares in 1971. Despite the 1-percent lower acreage, food grain production was 2 percent higher in 1972 because of expanded area of high-yielding varieties and increased fertilizer use.

Wheat production for 1972 is estimated at about 6.9 million tons, up 6 percent from a year earlier. Wheat area was slightly down from 6 million hectares in 1971 to 5.9 million hectares in 1972, because of lack of rains in rainfed areas at planting time. The area planted to high-yielding wheat varieties in 1972 comprised about 55 percent of total wheat area and was 4 percent higher than the previous year.

The 1972 rice crop is estimated at 2.29 million tons, compared with 2.20 million tons in 1971. Rice area was 1.50 million hectares in 1972 and 1.46 million hectares in 1971. The area in high-yielding varieties of IRRI-rice during 1972 was 567,000 hectares, the same as in 1971. There are indications that a shift in rice acreage from coarser varieties to superior quality basmati rice may occur during the current year.

Cotton production reached a record level of 712,000 tons in 1972, an increase of 1 percent from the 1971 level of 708,000 tons. The record cotton production was due to expansion in area planted to HYV's and an increase in the use of fertilizers and pesticides. Ideal weather and good moisture conditions also helped the cotton crop.

A new variety, 149-F, with a staple length of 1-1/16" was developed by Pakistan in 1972 and planted to about 40,000 hectares. It is expected that area under this new variety may be expanded during 1973.

Chickpeas (gram), pulses, and corn are also important food grains in Pakistan. In 1972, about 454,000 tons of chickpeas and 178,000 tons of pulses were harvested from 905,000 and 403,000 hectares, respectively. Because production of chickpeas and pulses is highly dependent on rain, Pakistan has been trying to develop new varieties for irrigated areas. Corn production decreased from 705,000 tons in 1971 to 681,000 tons in 1972.

Agricultural Trade

Pakistan had an outstanding trade year in 1972. Total exports were valued at \$306.5 million—an increase of nearly 69 percent from the 1971 level of \$182 million. Agricultural commodities—primarily cotton, cotton products, rice, leather, and fresh and canned fish—accounted for 78.6 percent of total export earnings.

Export earnings from cotton and cotton products in 1972 were estimated at \$179.5 million, or 58.6 percent of all exports. Rice exports totaling 198,000 tons brought about \$25 million of foreign exchange to Pakistan, approximately 56 percent more than in 1971. Leather and fish brought about \$26 million in foreign exchange in 1972, compared with \$15 million in 1971.

Pakistan's total imports in 1972 were estimated at \$317 million, down about 3 percent from the 1971 level

of \$327.5 million. Total agricultural imports were valued at about \$75 million.

U.S. agricultural exports to Pakistan totaled \$108 million in 1972, a 20-percent increase over the previous year. Pakistan is a major recipient of U.S. agricultural commodities under P.L. 480. Pakistan's 1972 imports of U.S. wheat were worth \$81 million, and imports of vegetable oil and tallow were valued at \$22 million. Cotton and tobacco were also imported under P.L. 480 during 1972.

U.S. imports of agricultural commodities from Pakistan amounted to approximately \$4 million in 1972. Wool, hides and skins, goat and kid hair, spices, and live plants were the major commodities imported. U.S. imports of cotton products and fabrics from Pakistan were worth \$9 million in 1972.

Outlook

The outlook for Pakistan's economy in 1973 is reasonably optimistic. Industrial production, which rose in the last quarter of 1972, should continue to increase, provided there is no resumption of labor disturbances. The Government of Pakistan is projecting an economic growth rate of 4 to 6 percent in 1973.

Favorable weather and timely rains have boosted

the possibility of good agricultural production during 1973. Wheat production is forecast at 7.5 million tons for 1973 and rice production, at 2.2 million tons. Area under high-yielding wheat varieties may be expanded, while area under high-yielding rice varieties may be reduced. The area planted to superior quality basmati rice should show rapid expansion during 1973.

Pakistan is estimating wheat import requirements at about 1.5 million tons for 1973. About 1 million tons may be imported under P.L. 480; about 200,000 tons probably will be shipped under Food Aid Convention; and the balance will be imported on a cash basis. Pakistan will continue to import about 75,000 tons of edible oil from the U.S. under P.L. 480 during 1973.

Because of devaluation of the Pakistani rupee and high demand for Pakistan yarn, the prospects for Pakistan exports are fairly bright. There is strong demand for Pakistan cotton yarn in Europe and East European Countries. Hong Kong, Japan, and the People's Republic of China are major raw cotton buyers and will continue to import from Pakistan in 1973. Middle Eastern and Arabian countries have been and will continue to be major buyers of Pakistan's superior rice, cotton fabrics, and consumer goods. (Amjad H. Gill)

PHILIPPINES

Population of 40.9 million with an annual growth rate of 3.3 percent, 53 percent rural—agriculture accounts for 36 percent of GDP—major agricultural products are rice, livestock, copra, sugarcane, and corn—major agricultural exports are coconut products, sugar, and pineapple—major agricultural imports are wheat, rice, and corn.

Economic Situation

Widespread floods adversely affected the Philippine economy in 1972—real GDP grew only 3.5 percent, compared with 6.5 percent in 1971. Efforts to restore equilibrium in external trade were disregarded after the July floods ravaged central Luzon. As a result, the trade deficit catapulted from \$64 million in 1971 to \$105 million in 1972. Inflation remained a problem during 1972, with retail prices averaging 10 percent more than 1971 prices. All of the inflation occurred during the first 8 months, however, before martial law and strict price controls were invoked.

Agricultural Production

The real value of agricultural production increased about 1 percent in 1972. Heavy rains, which poured 90 inches or more on central Luzon during July, prevented the agricultural sector from expanding at a

faster rate. Declines were recorded in the output of rice, sugar, and tobacco, but were more than offset by production increases in coconuts, corn, and bananas.

The 1972 rice crop is estimated at 3.17 million tons, down 4 percent from the disease-affected 1971 crop and over 8 percent below the record 1970 harvest. The poor rice crop for the second consecutive year was a result of heavy flooding in central Luzon during July and early August, followed by inadequate rainfall from September to November. Rice area harvested was reduced by 10 percent, and output from the crop is about 700,000 tons below the consumption level.

The 1972 corn crop is estimated at 2.02 million tons, slightly above the 1971 crop. Reduced rainfall in the large corn-producing areas of Mindanao and in some areas in the western Visayas prevented larger increases.

Copra production reached a record 2.14 million tons in 1972, surpassing last year's previous high by 21 percent. Abundant rainfall—which was catastrophic for most crops—was ideal for coconut growers. Also, the number of bearing trees increased 7 percent during the year.

Sugarcane output during the crop year that ended September 30, 1972, is estimated at 18.1 million tons, a decline of nearly 12 percent from the record 1971 crop. The decline was attributed to excessive rainfall during the growing period and insufficient

fertilization. The sucrose content of the sugar was also lower than normal.

Production of both flue-cured and native tobacco declined sharply in 1972. The summer floods forced massive replantings and seedlings were often unavailable, forcing growers to shift to other crops. Total tobacco outturn was down 31 percent from 1971 and 51 percent lower than the record 1970 crop.

The banana industry continued its rapid growth in 1972, with production advancing by 16 percent to 1.2 million tons. The large banana plantations in Mindanao were not adversely affected by the July floods. Harvested area is estimated at 235,000 hectares, 4 percent above the 1971 level.

Agricultural Trade

The Philippine's 1972 agricultural exports declined slightly to \$530 million from a record \$561 million in 1971. Agricultural exports continued to account for more than half of all exports. Significant decreases were recorded in the value of sugar and pineapple exports as a result of reduced shipments. Because of lower prices for coconut products, export earnings from such products dropped despite a sharp rise in quantity shipped.

Agricultural imports into the Philippines rose to \$185 million in 1972, a 14-percent increase from the previous year. Imports of nearly all major commodities—including wheat, rice, corn, other feedstuffs, and tobacco—were higher in 1972.

U.S. agricultural exports to the Philippines during 1972 climbed 35 percent to \$100 million. Shipments of wheat, corn, soybean oil, and tobacco showed substantial advances, while cotton exports declined. The United States sent \$11 million of rice to the Philippines in 1972, compared with a negligible amount the previous year.

U.S. agricultural imports from the Philippines

declined 14 percent to \$332 million. The decrease was due to a smaller Philippine sugar crop and a drop in the price of coconut products. Sugar imports declined 12 percent to \$197 million; imports of coconut oil declined over 20 percent to \$62 million; and copra imports declined from \$33 million in 1971 to \$25.6 million in 1972 despite an increase in quantity shipped.

Outlook

Despite serious problems such as the increasing trade deficit and high unemployment, the GDP growth rate for 1973 should be larger than the 1972 rate. Significant expansion should occur in the agricultural sector as production recovers from its low 1972 level, and as more fertilizer, credit, and extension services are channeled into crop production. The growth rate of the agricultural sector in 1973 should return to 1971's 5 percent as rice, corn, sugar, and tobacco show substantial expansion. Production of all major agricultural commodities is expected to increase in 1973 if normal weather prevails.

Rice production is expected to reach 3.6 million tons in 1973, an increase of 13 percent over the 1972 crop. About 400,000 to 500,000 tons of rice will have to be imported. No purchases have yet been made, but the Philippines is again looking for low-quality rice on credit terms, or in exchange for Philippines products. Pakistan is expected to be a leading supplier in 1973.

Corn production for 1973 is forecast at 2.1 million tons, 4 percent above the 1972 crop. Much of the increase in output will occur in the major corn-producing areas of Mindanao and the western Visayas. The Philippines will come closer to self-sufficiency in corn in 1973, but the United States will still be able to provide at least 100,000 tons. (E. Wayne Denney)

SINGAPORE

Population of 2.1 million with an annual growth rate of 1.6 percent—agriculture accounts for 3 percent of GDP—major agricultural exports are rubber, vegetable oil, and spices—major agricultural imports are rubber, vegetable oil, cotton, and spices.

Economic Situation

A 10-percent increase in Singapore's real GDP in 1972 marked 5 years of industrialization and reorientation of the economy. While maintaining its position as the leading entrepot economy in Southeast Asia, Singapore is giving more attention to locally producing a larger percentage of its exports. Preliminary indicators show a 20-percent increase in manufacturing output and a 36-percent rise in export

of manufactures during 1972.

A Government decision to permit an 8-percent increase in wage rates precipitated a 3-percent rise in the consumer price index (CPI) during 1972. Although this is not a large increase by Asian standards, Singapore's CPI has been increasing by only 1 percent per year since 1967. Per capita income is currently estimated at \$1,250, nearly double what it was in 1967.

Singapore again recorded a substantial surplus in its balance of payments, primarily because of large inflows of private capital. The trade deficit, however, continued to widen.

Agricultural Production

Singapore's agricultural sector continues to

diminish in importance. Agriculture now contributes less than 3 percent of the GDP.

Of the 225 square-mile land area (58,275 hectares) in Singapore, less than 12,000 hectares are in agricultural production. About 55 percent of the agricultural area is in rubber and oil palm. In recent years, more of the land remaining in agriculture has been devoted to truck crops such as tomatoes, sweet peppers, mushrooms, and leafy vegetables.

Agricultural Trade

Singapore's total exports during 1972 rose 14.5 percent to \$2.2 billion, while total imports advanced 10.1 percent to \$3.4 billion.

U.S. agricultural exports to Singapore rose by 45 percent during 1972 to \$22 million. The bulk of the increase came from soybean sales, which rose from \$2.8 million in 1971 to \$7.0 million in 1972. A fully operational soybean crushing facility has enabled soybean oil imports to cease. Corn exports also advanced sharply in 1972—from a negligible amount in 1971 to \$2.2 million in 1972. A shortfall in Thailand's corn crop enabled U.S. corn exports to enter. U.S. exports of cotton and tobacco showed no

substantial change from the previous year.

U.S. agricultural imports from Singapore were up slightly to \$21.5 million in 1972. Rubber imports reached \$17.3 million and constituted 80 percent of the total, despite a decline in rubber prices. Most of the rubber that Singapore exports originates in Malaysia and Indonesia.

Outlook

An annual real growth rate of about 10-15 percent is anticipated for the next several years. Industrial policy will be more selective, emphasizing high technology industries having high labor productivity. Neither wage increases nor labor shortages are expected to threaten anticipated growth.

Production of vegetable crops is likely to displace more of the area that has traditionally been used for rubber and oil palm. The percent of GDP derived from agriculture is expected to continue its downward trend.

U.S. trade with Singapore should continue to expand in 1972. Corn and soybean exports may reach record levels. (E. Wayne Denney)

SRI LANKA (CEYLON)

Population of 13.1 million with an annual growth rate of 2.3 percent, 49 percent rural—agriculture accounts for 33 percent of GDP—major agricultural products are tea and rice—major agricultural exports are tea, rubber, and coconut products—major agricultural imports are rice and wheat flour.

Economic Situation

Sri Lanka's economy during 1972 was weak and was unable to recover from ill effects of the violent political insurrection of 1971. GDP increased slightly over 2 percent in 1972 to approximately \$2.2 billion (at current prices), compared with 8 percent in 1970 and 3 percent in 1971.

Foreign trade showed a deficit of \$24 million in the first 9 months of 1972, compared with a \$13.4 million deficit during the same period of 1971.

Agricultural Production

Total agricultural production in 1972 declined 5 percent, compared with an increase of 3 percent in 1971.

The rice crop, which includes Maha (major crop harvested during February-April) and Yala (minor crop harvested during August-September), declined from 1.13 million tons in 1971 to 975,000 tons in 1972,

a drop of 14 percent. The Government targeted about 1.16 million tons of rice for 1972, but output fell 16 percent below that target. The total area cultivated with improved rice varieties, Hybrid 4 and 8, which give the best yields in dry zones, declined because of drought conditions.

Tea production fell from 217,773 tons in 1971 to an estimated 213,476 tons in 1972, because of lack of rains in early 1972. Tea area covers almost 15 percent of total cultivated land area.

Rubber production was 135,000 tons in 1972, a decline of 4 percent from the 1971 output. The decline was due to replanting, which took some land out of current production. In addition, the continuing downward trend of rubber prices during the last 3 years may have caused some cutbacks in tapping.

Coconut products (fresh nuts, copra, desiccated nuts, and coconut oil) contributed more than 10 percent of the total value of all agricultural production. Total coconut production was 190,000 tons in 1972, compared with 195,000 tons in 1971. It is expected that the early 1972 drought may also contribute to some reduction in 1973 coconut production.

Agricultural Trade

For the first 9 months of 1972, Sri Lanka's total exports were estimated at about \$230 million, while total imports were about \$254 million. In 1972, Sri

Lanka imported more than half its food.

Tea provided 58 percent of all foreign exchange during the first 9 months of 1972. Tea earnings totaled about \$134 million during the period, compared with \$131 million for the same period of 1971. Though tea prices were higher in 1972, the advantage was offset by the fall in tea production caused by the drought. The United Kingdom and the United States are the major buyers of Sri Lanka's tea.

Rubber, the country's second major export commodity, brought \$32 million in foreign exchange earnings for the first 9 months of 1972, down 20 percent from the \$40 million earned during the same period of 1971. Rubber prices were mostly depressed during 1972, although some recovery was made near the end of the year. The average f.o.b. price per pound of rubber was 14.5 cents in 1972, compared with 17 cents in 1971. The People's Republic of China took the largest share of the rubber exports under a long-term, rubber-for-rice agreement.

Sri Lanka's total foreign exchange earnings on all coconut products in the first 9 months of 1972 were \$33 million, compared with \$31 million for 1971. Despite low export prices, Sri Lanka realized more foreign exchange in 1972 by exporting a larger volume of coconut products. Other commodities which Sri Lanka exported were coir fiber, cinnamon, cocoa beans, and graphite.

In 1972, Sri Lanka imported more than 300,000 tons of rice. About 213,000 tons from Burma were financed by the People's Republic of China under the rubber-for-rice agreement. About 67,000 tons of rice were imported from Pakistan under a rice-for-tea barter agreement.

During 1971/72, Sri Lanka imported about 450,000 tons of wheat and wheat flour. The United States was the major supplier, providing about 200,000 tons of wheat flour under P.L. 480. Australia supplied about 74,000 tons; France 74,000 tons; Canada, 30,000 tons;

Italy about 17,000 tons; and the United Kingdom, 12,000 tons.

U.S. agricultural exports to Sri Lanka doubled from the 1971 total of \$11.6 million to \$22.6 million in 1972. Most U.S. farm exports were wheat and wheat flour, valued at more than \$21 million. Other U.S. commodities exported to Sri Lanka included baby chicks, tallow, and soybean oil.

U.S. imports from Sri Lanka were down from \$28 million in 1971 to \$22.6 million in 1972. Tea, the major U.S. import from Sri Lanka, was valued at \$18.2 million in 1972, compared with \$23 million in 1971. The United States also imported spices valued at \$885,000 in 1972.

Outlook

Prospects for improvement in Sri Lanka's agricultural production in 1973 do not appear to be any better than in 1972 because of semidrought conditions which have prevailed since October 1971. Coconut production is expected to decline as a result of drought in early 1972. Sri Lanka's total agricultural exports in 1973 are likely to decrease in value, unless world prices of rubber and coconut recover substantially.

Sri Lanka's rice import requirements for 1973 are estimated to increase to 350,000 tons. Imports will probably come from Burma, Pakistan, and the People's Republic of China. Some of these rice shipments from Burma have already been received.

Sri Lanka is expected to import about 460,000 tons of wheat and wheat flour in 1973. About 200,000 tons will be imported from the United States under PL 480.

The sharp rise in import prices of rice, wheat flour, sugar, fertilizers, and petroleum products will adversely affect Sri Lanka's balance of payments. The gap between imports and exports will continue to widen in 1973. (Amjad H. Gill)

TAIWAN

Population of 15.3 million with an annual growth rate of 2.0 percent, 38 percent rural—agriculture accounts for 16 percent of GDP—major agricultural products are rice, sweetpotatoes, vegetables, and meat—major agricultural exports are sugar, mushrooms, and fruits and vegetables—major agricultural imports are corn, cotton, soybeans, and wheat.

Economic Situation

Taiwan's rapid growth continued through 1972 despite the country's loss of membership in the United Nations in late 1971. Real GNP increased an estimated 11 to 12 percent. The population growth

rate, which continued to decline, was 2 percent in 1972.

Taiwan's exports totaled about \$3.05 billion, and imports about \$2.53 billion in 1972, leaving a favorable \$520 million trade balance surplus, compared with \$186 million in 1971. Taiwan's gold and foreign exchange reserves increased about 140 percent during 1972, reaching \$1.5 billion by the end of the year. Taiwan's major trade partners have been and continue to be the United States and Japan.

Agricultural Production

Overall production in the agricultural sector, including forestry and fisheries, increased 7 percent in 1972. Crop production in 1972 advanced by 2

percent, while livestock and fisheries rose 8 and 7 percent, respectively.

Rice production was 2.2 million tons in 1972, an increase of more than 5 percent over the small 1971 crop. The 1972 crop, however, was 6.7 percent below the Government's rice production goal. Sweetpotato output increased more than 2 percent over the 1971 level of 3.39 million tons. The Government, by providing production input subsidies, has been encouraging farmers to grow more corn. As a result, corn production rose from 57,000 tons in 1971 to about 60,000 tons in 1972, a 5-percent increase. Domestic corn production was a small part of Taiwan's total 1972 consumption of 900,000 tons. Both sweetpotatoes and corn were used for livestock feed.

Sugarcane production declined sharply from 7.9 million tons in 1971 to 7.1 million tons in 1972. The 1972 yield averaged 80 tons per hectare, compared with 91 tons in 1971. The average 1972 extraction rate was 10.84 percent, a small decline from the 10.87-percent rate of the previous year. Sugarcane production was adversely affected by earlier typhoons and unfavorable weather. Production of centrifugal sugar in 1972 amounted to 746,000 tons raw equivalent, a decrease of 10 percent from the 1971 level.

Vegetable production, including mushrooms and asparagus, decreased from 1.77 million tons in 1971 to 1.67 million tons in 1972. Most of the production was hampered by unfavorable weather conditions. Citrus fruit production, however, increased from 253,000 tons in 1971 to 284,000 tons in 1972 because of expanded area and new plantings just coming into production. Total area under citrus fruit increased about 9 percent from the 1971 level of 24,000 hectares. Banana production declined about 6 percent to 445,000 tons in 1972, when three offshore typhoons caused considerable damage to the crop.

Total meat production advanced sharply, reaching 546,000 tons in 1972, an increase of 17 percent over the 1971 level of 468,000 tons. The big increase came from poultry production, which totaled 90,000 tons, almost double that of last year. Pork production, reaching 427,000 tons, increased about 7 percent over the 1971 level of 400,000 tons.

Agricultural Trade

Taiwan's agricultural exports, excluding timber and fish, for the first 8 months of 1972 amounted to about \$275 million, compared with \$241 million for the same period of 1971. Sugar, bananas, canned and fresh mushrooms, asparagus, pineapples, and vegetables were the major agricultural exports.

Taiwan's total pork and live hog exports for 1972 are estimated at \$22 million. The bulk of the exports was frozen pork shipped to Japan. Live hogs and suckling pigs were exported to Hong Kong and Singapore.

Low grain stocks at the beginning of the year and strong demand led to record-breaking imports of corn, wheat, soybeans, and barley in 1972. It is estimated that corn imports totaled 1.4 million tons; soybeans, 700,000 tons; and wheat, about 675,000 tons. Cotton imports are estimated at 672,000 bales in 1972, compared with 719,000 bales in 1971. Cotton imports were down because of high prices in late 1971 and early 1972.

Taiwan continued to increase its breeding cattle and hog imports in 1972. A shipment of 840 bred dairy heifers came from New Zealand, and 850 beef cattle were imported from Australia.

Taiwan is a major importer of U.S. agricultural commodities. U.S. agricultural exports to Taiwan reached a record high of \$196 million in 1972, up 21 percent from the 1971 level. The value of grain exports increased from \$26.7 million to \$50.5 million. Wheat exports rose 42 percent over the 1971 level of \$22 million. Corn exports rose from a low level of \$2.8 million in 1971 to \$17.3 million in 1972. The sharp increase in corn exports was due to a short supply of corn in Thailand, which is the traditional corn supplier to Taiwan. U.S. soybean exports to Taiwan rose from \$61.4 million in 1971 to \$76.1 million in 1972, an increase of about 24 percent. U.S. cotton exports to Taiwan totaled \$40.6 million in 1972, compared with \$53.2 million in 1971. Despite declining cotton exports to Taiwan, the U.S. share of the country's cotton imports is still the major one. Tobacco exports increased from \$9.8 million in 1971 to almost \$15 million in 1972.

U.S. agricultural imports from Taiwan amounted to \$72.7 million in 1972, compared with \$53.2 million in 1971. The major commodities imported were: mushrooms, \$25 million; sugar, \$16 million; canned pineapple, \$8 million; canned fruit, \$3.5 million; oranges, \$3.3 million; chestnuts, \$2.8 million; mixed spices, \$2.6 million; and tea, \$2.3 million. Bristles and animals hair worth \$4.4 million were also imported from Taiwan in 1972.

Outlook

Taiwan's Government is forecasting another year of rapid economic growth in 1973, with GNP expected to increase 9.5 percent. An industrial growth rate of 24.5 percent is anticipated. Total agricultural production is projected to increase about 4.4 percent annually under the current 4-year plan. Rice production may increase in 1973 in response to the January 1973 termination of the unpopular Government rice-fertilizer barter system. Corn and soybean production are expected to increase because of Government subsidy programs.

Expansion of the livestock industry is expected to result in greatly increased corn imports in 1973. Wheat imports may stay at about the 1972 level.

Soybean and cotton imports may increase. Taiwan will continue to import more breeding livestock from New Zealand and Australia during 1973. The

Government hopes to increase its exports of sugar, bananas, mushrooms, red beans, pork, and hogs in 1973. (Amjad H. Gill)

THAILAND

Population of 40 million with an annual growth rate of 3.2 percent, 73 percent rural—agriculture accounts for 30 percent of GDP—major agricultural products are rice, rubber, corn, and kenaf—major agricultural exports are rice, corn, rubber, cassava, and kenaf—major agricultural imports are dairy products, cotton, tobacco, and wheat and wheat flour.

Economic Situation

Thailand's real GDP increased about 5 percent during 1972. Although below the 8-percent annual average of 1964-71, general growth remained basically strong despite agriculture's relatively poor performance. Per capita income, at current prices, increased to about \$185 during 1972.

Thailand's persistent trade deficit improved considerably during 1972 for the second consecutive year. During the first three quarters of 1972, the major agricultural exports—rice, corn, sugar, and cassava—set record values, and exports of kenaf, tin, and teak also were above the comparable 1971 level. Figures for the first three quarters of 1971 and 1972 indicate a 21-percent reduction in Thailand's 1972 trade deficit. Foreign exchange reserves in November 1972 were nearly 25 percent higher than a year earlier.

Inflation, negligible in Thailand for several years, increased in 1972. The consumer price index rose 7.5 percent in the first 10 months of 1972. Food prices, rising 10 percent over the same period, were a principal stimulant to inflation.

Agricultural Production

Agricultural production in 1972 was down 9 percent from the previous year. Several major crops were adversely affected by a long drought early in the growing season followed by heavy rainfall and flooding. Rising farm prices partially mitigated the pressure on farm incomes.

The 1972 rice crop is estimated at 7.8 million tons, 13 percent below the 1971 level. Average quality also was lower because the growth period was inadequate for proper maturation. In response to high prices, the winter crop is expected to be a record 500,000 tons.

Corn production for 1972 is estimated at 1.3 million tons, 40 percent lower than in 1971. During the long drought, many farmers shifted to other crops; however, the harvested area yielded better than expected, but 20 percent below 1971 yields.

Cassava production in 1972—estimated at 3.2 million tons—was 14 percent above the 1971 output, primarily because of an increase in area planted, which in turn resulted from favorable prices for the 1971 crop.

Kenaf production advanced 16 percent in 1972, reaching 430,000 tons, largely because of increased area. Farm prices for kenaf during the previous season were quite high.

Production of sugarcane in 1972 totaled 7.8 million tons—up from the previous season. White sugar production is estimated to be 680,000 tons, a 17-percent increase.

Thai cotton production suffered a severe setback during the 1972 season; production was down 38 percent to only 20,000 tons. A widely used new cotton variety, Delta Pine smooth leaf, has greater yield potential than the previously grown Reba B50, but more inputs are required.

Thailand's tobacco production was up 12 percent during 1972 to 95,000 tons. The increase was principally a result of higher yields.

Agricultural Trade

Agricultural exports continue to be the major source of foreign exchange for Thailand, accounting for about 55 percent of the total.

Rice exports during 1972 were 2.08 million tons, 25 percent above the record set last year. In addition, rising export prices contributed to a significant increase in the value of the rice exports—at the end of 1972, prices for various grades and types of rice were 30 to 95 percent above prices a year earlier.

Reduced exportable rice surpluses and rising prices induced the Thai Government to reinstitute the rice premium (export tax) which had been suspended in 1971. Rice export duties escalated near the end of the year as domestic rice supplies became shorter and domestic farm and retail prices increased substantially. Also, by Government decree in August 1972, exports of greater than 1,000 tons required Government approval, and exporters were required to set aside an amount equal to 5 percent (later 15 percent) of the quantity exported for domestic sale at a fixed low price.

Exports of corn were only 1.7 million tons in 1972, slightly below the 1.8 million tons exported in 1971, when corn became the second major export earner. During the first two quarters of 1972, corn exports ran far ahead of comparable 1971 levels. However, after drought caused a large reduction in corn area, corn

exports fell sharply in the third quarter because stocks were sharply reduced, and the domestic price rose above the export price. Little corn was exported in the final quarter of 1972. Corn export contracts with Japan and Taiwan negotiated early in 1972 year for 1.45 million tons were reduced to 610,000 tons as exportable supplies diminished. The Thai Government estimates that perhaps 250,000 tons of corn are being held in up country warehouses awaiting further price increases. The Government suspended exports through February 1973 in an attempt to reduce domestic prices and bring stocks into trade. Unfilled contracts with Japan and Taiwan expired at the end of February 1973.

Cassava products, primarily pelleted animal feed, have been one of Thailand's fastest growing exports. During 1972, exports of cassava products were 1.1 million tons, 13 percent above 1971 level. Prices were slightly higher.

Thailand's exports of kenaf were up 5.4 percent in 1972 to 242,641 tons. Prices for the first three quarters of 1972 were 32 percent above those of the same 1971 period.

Thailand withdrew from the International Sugar Agreement and increased exports to nonmember countries during 1972. Raw sugar exports increased 90 percent to 275,797 tons. Total sugar exports for 1972, including processed white sugar, were 426,808 tons.

The value of rubber exports for 1972 was approximately equal to that of 1971. During the first three quarters of 1972, a slight increase in quantity exported offset a decrease in prices.

In 1972, U.S. agricultural imports from Thailand were down 2 percent to \$24.6 million. Rubber continued to be our most important import from Thailand. Although the volume of the rubber imports was up slightly in 1972, value declined by 11 percent to \$8.2 million. Cassava imports were second in value at \$5.0 million, also an 11-percent decrease despite higher prices. Prices for kapok imported from Thailand rose considerably in 1972 and slightly more than offset a decline in volume; value of kapok imports were up 1 percent to \$40 million. U.S. sugar imports from Thailand are rising in importance. In 1972, they were valued at \$2.6 million, an increase of 14 percent over the previous year, primarily because of an upward trend in prices.

U.S. agricultural exports to Thailand were up 26 percent in 1972 to \$58.1 million. The value of tobacco exports increased by 94 percent over the 1971 level, reaching \$35.7 million and easily displacing cotton as our major farm export to Thailand. Tobacco prices were up 20 percent. A momentous shift from unstemmed to stemmed tobacco leaf occurred in 1972 as a result of a technological change which allows cheaper U.S. processing of tobacco leaf. Considerable savings on shipping costs and import duties result

from a decrease in both weight and volume of 20 to 30 percent.

U.S. cotton exports to Thailand declined sharply in 1972 to \$14.7 million, a 27-percent decrease. Exports of short-staple cotton actually rose by 23 percent, but the increase was offset by a 64-percent decrease in long-staple cotton exports. Thailand purchased more cotton from Latin American countries in 1972.

Other major U.S. agricultural exports to Thailand were also down in 1972. The value of wheat exports dropped 22 percent as more of Thailand's wheat imports came from Australia.

Outlook

Because of poor performance in the agricultural sector in 1972, Thailand's exportable stocks of major agricultural exports are low, and 1973 exports and foreign exchange earnings will be below the 1972 level. However, the long-term outlook for Thai agricultural production and exports appears to be favorable, with large increases expected in rice and corn exports.

Low rice stocks, a greatly reduced crop for 1972, and a normal increase in domestic consumption will allow export of only about 1 million tons of rice in 1973. Even this amount may require drawing heavily on the 1973 crop in the final quarter of 1973. A bumper winter crop would greatly facilitate 1973 rice exports. Although the quantity exported in 1973 may be only one-half that exported in 1972, higher prices may sustain export earnings at about two-thirds the 1972 level.

Thailand's rice area is near its limits, but multiple-cropping is expanding. Low rice prices in recent years resulted in low fertilizer use. Also, high-yielding rice varieties are rarely used because their quality is inadequate for Thai export standards. Recently, new varieties of much higher quality have become available and their use is expanding slowly. Expanded irrigated area capable of double-cropping and a Government policy providing more economical fertilizer should greatly increase Thailand's rice production. Government policy will be greatly influenced by changes in the export demand for rice.

Corn will continue to be the fastest growing crop in Thai agriculture. Continuing world demand from areas developing livestock industries will undoubtedly provide incentive for continued growth in Thai corn production. Corn output in 1973 should recover to a new record, with increases expected in both area and yields. However, corn exports for 1973 may be no more than 1 million tons because of low stocks in early 1973. High prices will help maintain foreign exchange earnings from corn, but not at the 1972 level.

Progress in agricultural diversification in Thailand is exemplified by the rapid gains made in

production and export of cassava, corn, and sugar. The prospect for continued growth in these commodities is very good. Area planted to kenaf should increase in 1973 and with normal weather, greater production and exports should result. Cassava area will continue to expand. Demand for Thai cassava products in European markets remains strong, and 1973 should be another record year for these exports.

Despite high prices, sugar exports for 1973 are expected to be down, probably to only 300,000 tons. Stocks were significantly reduced during 1972, and farmers are not expected to respond to the present demand for sugar by increasing area planted because current processing capacity is barely adequate and no new mills will be ready during 1973. In due time, however Thai sugar production and exports may expand quite rapidly. (Gene R. Hasha).

REPUBLIC OF VIETNAM

Population of 19.3 million with an annual growth rate of 2.6 percent, 65 percent rural—agriculture accounts for 38 percent of GDP—major agricultural product is rice—major agricultural export is rubber—major agricultural imports are rice, wheat, tobacco, and cotton.

Economic Situation

During 1968-71, South Vietnam's GDP increased 5 to 6 percent annually. Steady and substantial progress continued during the first quarter of 1972. In March, however, a general North Vietnamese offensive physically disrupted economic activity in many areas and shook private sector confidence. A severe recession resulted: manufacturing, import trade, and wholesale and retail trade declined sharply throughout the remainder of the year, and unemployment increased rapidly.

Drought reduced agricultural production, making foodstuffs as well as consumer goods relatively scarce. As a result, retail prices in Saigon rose about 25 percent during 1972. Rice prices averaged 23 to 31 percent higher than they were at the end of 1971.

Because of a large reduction in U.S. piaster purchases in 1972, South Vietnam suffered a balance-of-payments deficit, and foreign exchange reserves were reduced slightly from 1971. A 27-percent reduction in imports prevented the deficit from being even larger. In October 1972, the piaster was devalued by 11 percent and again by 4.5 percent in December. At year's end, US\$1 equalled 465 piasters.

During 1972, the proportion of total imports financed by South Vietnamese resources continued to increase, and the South Vietnamese dollar earnings from the U.S. military presence continued to decrease. Although still heavily interrelated with U.S. activities and resources, the South Vietnamese economy continued to become less dependent during 1972.

Agricultural Production

South Vietnam's agricultural production was down in 1972 principally because of a reduced rice harvest,

which, in turn, was a result of adverse weather and increased military activity. Rice accounts for almost half of all South Vietnamese agriculture production and nearly 85 percent of crop production. Rice production for 1972 was 3.5 million tons, down 6 percent from the 1971 level. Escalating hostilities reduced plantings of the 1972 crop, and late and inadequate rainfall resulted in reduced yields from a reduced harvested area. Also, higher prices for fertilizers and pesticides reduced utilization of these inputs.

Production of cassava in 1972 (216,000 tons) and sweetpotatoes (220,000 tons) was essentially unchanged from 1971. Sugarcane production of 450,000 tons in 1972 was up marginally. Production of peanuts, rubber, and copra were about the same as in 1971.

The South Vietnamese livestock industry continued to expand in 1972. The commercial hatch of day-old chicks reached 22.9 million, a 70-percent increase over the 1971 level.

Agricultural Trade

Rubber continued to be South Vietnam's principal agricultural export in 1972. However, only 16,500 tons were exported in the first eleven months of 1972, a 40-percent decline from the 28,000 tons exported during the same period of 1971.

Rice was South Vietnam's major agricultural import in 1972. Imports totaled 382,400 tons in 1972, nearly three times as much as in 1971, but only one-half the record rice imports of 1967.

U.S. agricultural imports from South Vietnam amounted to \$500,000 in 1972, a 15-percent increase over 1971. Over nine-tenths of these exports consisted of spices and feathers.

Agricultural exports by the United States to South Vietnam, shipped mostly on a concessional basis, increased from \$98.7 million in 1971 to \$148.2 million in 1972—a gain of 50 percent. Rice exports of 311,000 tons accounted for \$63.7 million, compared with only \$9 million in 1971. Thus, increased rice exports accounted for essentially all of the increase in U.S. exports to South Vietnam.

Other important U.S. exports to South Vietnam in

1972 were: tobacco, \$20.3 million—up 20 percent from the 1971 level; cotton, \$17.4 million—a 6-percent decrease; and wheat, \$11.9 million—a 14-percent increase. U.S. exports of dairy products were only \$9.7 million, a 47-percent decline from 1971. U.S. soybean oil exports were valued at \$6.8 million—up 58-percent from the 1971 level.

Outlook

Both the immediate future and longer term prospects for South Vietnamese agricultural production and trade depend largely upon the success of the military ceasefire negotiated early in 1973 and the political events of the coming year.

Because of the poor rice harvest of 1972, South Vietnam's import needs for 1973 may include as much as 400,000 tons of rice. Considerable efforts are being made to reduce this need. The second rice crop campaign has been extended from 10 Provinces to 25. Plantings of high-yielding rice varieties in 1972 were extended to 880,000 hectares, 75 percent more than in 1970. Attempts to accelerate adoption of the new varieties is underway and will lead to increased production in 1973 and beyond. Improved seed for upland production conditions in the highlands also has been introduced. Given good weather and peaceful conditions, South Vietnam's rice production

in 1973 could be large enough to require little imports in 1974.

Improved conditions may reduce U.S. exports of rice to South Vietnam. However, the substantial South Vietnamese demand for U.S. tobacco and cotton will increase with expanding production in South Vietnam's cigarette and textile factories. U.S. exports of wheat to South Vietnam also should continue to expand.

Peace should also prove conducive to other improvements in South Vietnamese agriculture. Regeneration of the sugarcane crop in the Delta should be possible. Over 300,000 hectares of land, some deserted for as long as 20 years because of fighting, can be brought back under cultivation if tractors to clear the dense growth of weeds are brought in. South Vietnam's elaborate system of dikes and canals to control flooding and salt water intrusion has been severely damaged. When it has been repaired, three crops can be planted annually in many areas where only one is now possible.

The historically important rubber industry, long the principal source of agricultural exports, will be slow in recovering because most of the trees are over age and new plantings will require several years to reach productive stages. New industries with great promise in the postwar period include fisheries, forestry, and tea and banana cultivation. (Gene R. Hasha)

APPENDIX TABLES

Table 9--Indices of total agricultural production and per capita food production, by country, 1968-72

Country	Total agricultural production					Per capita food production				
	1968	1969	1970	1971	1972 <u>1/</u>	1968	1969	1970	1971	1972 <u>1/</u>
	(1961-65 = 100)									
Bangladesh.....	113	121	114	104	105	101	104	95	87	83
Sri Lanka (Ceylon)...	109	122	124	128	121	106	106	111	118	105
India.....	111	117	125	126	115	100	103	109	106	94
Pakistan.....	139	149	158	157	156	120	128	133	123	120
Total.....	113	119	126	126	117	102	105	109	105	95
Burma.....	101	103	105	102	102	90	91	90	86	84
Indonesia.....	112	114	123	128	125	100	99	105	106	99
Japan.....	119	114	109	103	111	113	108	102	94	101
Khmer Rep. (Cambodia):	128	104	136	105	83	113	86	123	87	65
Korea, Republic of...	114	130	128	128	132	99	112	109	106	105
Malaysia, West.....	133	149	156	169	173	112	119	127	144	152
Philippines.....	117	126	130	134	136	100	104	104	105	103
Taiwan.....	130	128	134	134	143	114	109	113	110	115
Thailand.....	126	134	137	142	129	108	111	110	110	93
Viet Nam, Republic of:	84	94	103	113	111	76	84	90	96	92
Total.....	118	119	119	117	121	106	104	101	97	98
Australia.....	126	122	121	128	119	120	110	108	114	105
New Zealand.....	119	121	118	117	123	111	112	107	105	110
Total.....	124	122	120	125	120	118	110	108	111	105

1/ Preliminary.

Table 10--U.S. agricultural exports by SITC categories to Far East and Oceania, 1968-72

	Total	Wheat and flour	Rice milled	Feed grains	Meat and meat prep.	Dairy products	Fruits, nuts, and prep.	Vegetables and prep.
<u>Million dollars</u>								
Far East 1/								
Afghanistan								
1968	0.8	<u>2/</u>	--	<u>2/</u>	--	0.1	--	--
1969	2.6	2.3	--	--	<u>2/</u>	.3	<u>2/</u>	<u>2/</u>
1970	.7	.3	--	--	<u>2/</u>	.3	<u>2/</u>	<u>2/</u>
1971	6.8	6.4	--	--	--	.3	--	--
1972	8.7	7.6	--	--	--	.5	<u>2/</u>	<u>2/</u>
Hong Kong								
1968	72.3	2.4	6.6	.1	4.0	.7	7.7	.5
1969	54.6	2.5	3.6	<u>2/</u>	4.9	1.7	12.0	.7
1970	57.2	3.8	2.4	<u>2/</u>	6.2	1.3	14.1	.9
1971	68.9	2.4	.9	<u>2/</u>	5.4	.9	14.7	1.3
1972	67.6	2.8	1.1	<u>2/</u>	5.9	1.2	21.5	1.4
India								
1968	363.5	243.4	<u>2/</u>	23.5	.1	5.7	<u>2/</u>	<u>2/</u>
1969	261.7	124.2	16.9	14.9	<u>2/</u>	11.2	<u>2/</u>	<u>2/</u>
1970	256.3	135.0	--	1.4	<u>2/</u>	4.7	<u>2/</u>	<u>2/</u>
1971	272.2	80.8	17.8	1.4	.1	6.5	<u>2/</u>	<u>2/</u>
1972	87.1	11.4	2.8	1.1	<u>2/</u>	4.8	<u>2/</u>	<u>2/</u>
Indonesia								
1968	93.4	9.0	53.0	<u>2/</u>	<u>2/</u>	.9	<u>2/</u>	<u>2/</u>
1969	95.7	15.0	57.9	<u>2/</u>	<u>2/</u>	1.5	.1	<u>2/</u>
1970	131.2	28.9	60.2	<u>2/</u>	.1	2.8	.1	<u>2/</u>
1971	98.5	18.3	43.2	.1	<u>2/</u>	3.0	.2	<u>2/</u>
1972	134.0	23.4	60.5	<u>2/</u>	<u>2/</u>	2.5	.5	.1
Japan								
1968	932.6	123.7	.4	242.1	17.5	2.5	21.8	3.0
1969	933.5	119.6	.5	279.5	35.6	2.2	30.7	7.2
1970	1,214.1	157.5	.2	364.7	14.1	1.1	32.4	8.5
1971	1,073.0	152.1	<u>2/</u>	223.2	19.6	4.1	43.0	7.4
1972	1,429.4	162.8	--	318.5	35.9	6.1	75.4	5.1
Korea, Republic of								
1968	190.4	69.7	42.7	14.7	<u>2/</u>	6.2	.3	.1
1969	234.9	76.9	75.6	14.3	<u>2/</u>	6.4	.4	.2
1970	218.0	75.1	35.5	16.3	.2	6.4	.6	.1
1971	299.7	85.2	70.6	32.0	.3	4.1	.7	.1
1972	363.5	128.8	88.9	29.0	.2	4.8	.6	.1
Malaysia								
1968	12.4	.4	.7	<u>2/</u>	.3	.5	.6	.1
1969	13.5	.3	.3	<u>2/</u>	.2	.7	.7	.1
1970	14.9	.7	--	<u>2/</u>	.2	1.1	.7	.1
1971	14.6	.3	--	<u>2/</u>	.1	.4	.6	.1
1972	11.0	.2	--	<u>2/</u>	.2	.3	.6	.1
Pakistan and Bangladesh 3/								
1968	106.8	69.3	--	<u>2/</u>	.1	1.2	<u>2/</u>	<u>2/</u>
1969	38.5	11.4	<u>2/</u>	.5	<u>2/</u>	.6	<u>2/</u>	<u>2/</u>
1970	119.1	63.8	<u>2/</u>	.5	<u>2/</u>	1.3	<u>2/</u>	<u>2/</u>
1971	99.2	36.7	8.8	.1	<u>2/</u>	1.0	<u>2/</u>	<u>2/</u>
1972	118.7	81.5	9.9	.2	<u>2/</u>	.6	<u>2/</u>	<u>2/</u>

Table 10--U.S. agricultural exports by SITC categories to Far East and Oceania, 1968-72

	Tobacco unmfd.	Hides and skins	Oilseeds	Oilcake and meal	Cotton, excl. linters	Animal fats and oils	Vegetable: fats and oils	Other
	<u>Million dollars</u>							
Far East 1/								
Afghanistan								
1968	--	--	--	--	--	--	0.7	2/
1969	--	--	--	--	--	2/	2/	2/
1970	--	--	--	2/	--	2/	.1	2/
1971	--	--	--	--	--	2/	.1	2/
1972	--	--	--	2/	--	.2	.3	2/
Hong Kong								
1968	4.3	.2	.2	3.9	31.9	.1	1.2	8.5
1969	3.6	.4	.3	3.6	11.7	.1	.5	9.1
1970	3.8	.7	.3	4.7	7.3	.1	1.7	10.1
1971	2.4	.8	.6	5.0	22.7	.1	.5	11.1
1972	3.0	1.6	.5	5.1	7.9	.1	.3	15.3
India								
1968	.4	2/	2/	.2	35.2	9.6	19.5	25.8
1969	.6	2/	2/	.1	29.7	13.0	24.6	26.3
1970	.2	2/	2/	.1	36.3	16.7	33.7	28.2
1971	.2	2/	.3	.2	48.6	31.1	49.3	35.8
1972	.1	--	.7	.1	2.1	7.8	18.0	38.3
Indonesia								
1968	.6	--	--	2/	17.5	2/	.1	12.2
1969	.9	--	--	--	15.1	2/	2/	5.2
1970	.8	--	2/	--	32.0	2/	.1	6.2
1971	.4	--	--	--	29.5	2/	2/	3.6
1972	.4	--	--	--	38.8	2/	2/	7.8
Japan								
1968	45.8	44.9	226.0	29.8	111.7	35.8	2.7	25.0
1969	44.7	54.9	205.9	35.0	54.4	33.4	2.8	27.2
1970	61.3	53.9	315.0	46.8	87.9	38.8	4.1	27.8
1971	20.7	51.7	321.8	36.2	125.6	35.5	1.9	30.1
1972	104.8	113.4	384.3	33.4	115.5	29.3	6.2	38.7
Korea, Republic of								
1968	2/	3.1	3.6	.4	40.9	4.1	1.1	3.6
1969	--	2.5	.4	.2	46.3	7.3	1.1	3.2
1970	--	2.6	6.5	2.5	56.8	10.5	1.0	3.8
1971	--	3.3	7.2	2.6	73.7	14.2	1.3	4.4
1972	--	6.5	6.5	1.9	76.2	14.3	1.1	4.6
Malaysia								
1968	6.9	2/	--	.2	.7	2/	.1	1.8
1969	8.3	2/	--	.2	.5	2/	.3	1.9
1970	9.2	--	--	.1	1.0	--	.4	1.3
1971	9.1	.1	--	.1	1.2	2/	1.3	1.3
1972	6.4	--	--	.1	1.2	2/	.1	1.7
Pakistan and Bangladesh 3/								
1968	2.7	--	--	2/	3.8	7.5	21.6	.6
1969	--	--	2/	2/	2.2	3.9	19.4	.4
1970	1.0	--	2/	2/	2.1	10.2	39.3	.9
1971	1.5	--	2/	--	2.0	8.6	35.7	4.7
1972	.7	--	--	2/	.2	7.4	14.9	3.3

Continued

Table 10--Continued

	Total	Wheat and flour	Rice milled	Feed grains	Meat and meat prep.	Dairy products	Fruits, nuts, and prep.	Vegetables and prep.
Million dollars								
Philippines								
1968	96.2	38.8	<u>2/</u>	.1	1.1	8.1	3.9	1.2
1969	78.3	29.5	<u>2/</u>	.1	.9	6.3	3.3	1.5
1970	77.6	30.0	<u>2/</u>	.1	.5	5.0	4.5	1.0
1971	74.0	22.9	<u>2/</u>	3.5	.5	1.2	.6	.5
1972	99.9	33.8	11.1	7.7	.4	2.5	1.1	.5
Singapore								
1968	9.8	1.0	.2	<u>2/</u>	.7	.3	1.1	.1
1969	11.0	1.4	<u>2/</u>	<u>2/</u>	.7	.3	1.8	.2
1970	17.1	.9	<u>2/</u>	.3	.8	.5	2.1	.1
1971	15.1	.8	<u>2/</u>	<u>2/</u>	.7	.4	1.8	.2
1972	22.0	.4	--	2.2	.7	.4	2.7	.2
Sri Lanka (Ceylon)								
1968	18.8	17.8	--	.3	<u>2/</u>	<u>2/</u>	<u>2/</u>	.1
1969	13.5	11.8	--	--	<u>2/</u>	.8	<u>2/</u>	<u>2/</u>
1970	6.5	5.1	--	--	--	.6	--	<u>2/</u>
1971	11.7	8.9	--	.2	--	2.1	--	<u>2/</u>
1972	22.6	21.4	--	.4	<u>2/</u>	.4	--	--
Taiwan								
1968	116.7	26.0	--	.2	<u>2/</u>	1.0	.4	.5
1969	107.1	20.8	--	.7	<u>2/</u>	.1	.4	1.0
1970	134.4	30.8	--	2.2	<u>2/</u>	.2	.6	.6
1971	162.3	22.1	<u>2/</u>	3.6	<u>2/</u>	.1	.6	1.3
1972	195.9	31.3	--	18.2	.1	.9	.4	1.0
Thailand								
1968	38.3	.8	--	.1	.1	.9	.4	.1
1969	32.1	.6	--	<u>2/</u>	.1	1.2	.4	.1
1970	31.9	.9	--	<u>2/</u>	.1	1.2	.6	.1
1971	46.3	2.1	--	<u>2/</u>	<u>2/</u>	.5	.4	<u>2/</u>
1972	58.1	1.6	--	<u>2/</u>	<u>2/</u>	.6	.3	<u>2/</u>
Oceania ^{1/}								
Australia								
1968	34.6	--	.4	--	.2	.1	1.7	1.5
1969	36.2	<u>2/</u>	.4	<u>2/</u>	.3	.1	1.8	2.2
1970	34.0	<u>2/</u>	.1	<u>2/</u>	.2	.1	3.7	2.0
1971	36.0	<u>2/</u>	<u>2/</u>	<u>2/</u>	.2	.1	2.9	2.9
1972	35.4	<u>2/</u>	.1	<u>2/</u>	.1	.3	3.0	1.5
New Zealand								
1968	9.1	<u>2/</u>	.4	<u>2/</u>	.1	<u>2/</u>	1.4	.1
1969	6.6	<u>2/</u>	.3	<u>2/</u>	<u>2/</u>	<u>2/</u>	1.6	.2
1970	10.3	<u>2/</u>	.3	<u>2/</u>	.1	<u>2/</u>	2.1	.4
1971	8.6	--	.2	<u>2/</u>	<u>2/</u>	<u>2/</u>	2.0	.4
1972	10.5	<u>2/</u>	.3	<u>2/</u>	.1	<u>2/</u>	3.0	.4

Note: Columns may not always add to totals, which were taken from original source, due to rounding and dashes mean none.

^{1/} For countries shown only.

^{2/} \$50,000 or less.

^{3/} Separate figures for Bangladesh not available prior to May 1972.

Sources: Bureau of the Census and Foreign Agricultural Service

Table 10--Continued

	Tobacco unmfd.	Hides and skins	Oilseeds	Oilcake and meal	Cotton, excl. linters	Animal fats and oils	Vegetable: fats and oils	Other
	<u>Million dollars</u>							
Philippines								
1968	6.0	.6	.5	4.1	19.3	1.1	.5	10.9
1969	7.9	.6	<u>2/</u>	4.8	11.8	1.1	.2	10.3
1970	6.2	.5	<u>2/</u>	3.8	18.3	1.2	.3	6.0
1971	4.1	.3	<u>2/</u>	4.9	22.3	1.2	.2	11.8
1972	8.2	.1	.2	5.9	16.9	.8	.2	10.5
Singapore								
1968	3.1	<u>2/</u>	--	.7	.6	<u>2/</u>	.1	1.8
1969	1.9	.1	.5	1.5	.3	<u>2/</u>	.1	2.1
1970	2.3	.1	5.3	1.2	.5	<u>2/</u>	.6	2.4
1971	2.1	<u>2/</u>	2.8	.9	1.4	<u>2/</u>	1.3	2.6
1972	2.8	--	7.0	1.2	.5	.1	.1	3.4
Sri Lanka (Ceylon)								
1968	.3	--	<u>2/</u>	<u>2/</u>	--	--	<u>2/</u>	.2
1969	.2	--	--	<u>2/</u>	--	--	.4	.1
1970	.4	--	--	<u>2/</u>	--	--	.3	.1
1971	.2	--	--	<u>2/</u>	--	<u>2/</u>	.1	.1
1972	--	--	--	<u>2/</u>	--	--	.3	.1
Taiwan								
1968	6.0	1.2	39.0	<u>2/</u>	37.0	2.9	.3	2.1
1969	8.9	1.6	46.8	.2	21.4	3.0	.1	1.9
1970	8.7	1.8	61.7	.2	19.5	4.3	1.5	2.2
1971	9.8	2.4	61.4	.3	53.2	2.3	2.2	3.0
1972	14.6	3.8	76.1	1.0	40.6	3.6	.9	3.6
Thailand								
1968	21.4	<u>2/</u>	<u>2/</u>	.1	9.2	<u>2/</u>	.2	5.1
1969	19.1	<u>2/</u>	<u>2/</u>	.5	5.0	<u>2/</u>	.2	4.7
1970	16.1	--	<u>2/</u>	.2	8.5	<u>2/</u>	<u>2/</u>	4.0
1971	18.4	<u>2/</u>	.1	.1	20.1	<u>2/</u>	<u>2/</u>	4.3
1972	35.7	--	.2	.3	14.7	.1	<u>2/</u>	4.5
Oceania 1/ Australia								
1968	17.5	.1	1.4	3.1	.7	.1	1.4	6.3
1969	19.0	.1	1.4	3.1	<u>2/</u>	.1	1.1	6.6
1970	10.2	<u>2/</u>	1.3	3.8	--	.2	4.5	7.8
1971	11.1	.2	.1	3.3	1.8	.1	3.5	9.7
1972	15.8	.2	.5	2.1	.1	.1	2.9	8.7
New Zealand								
1968	5.3	--	<u>2/</u>	<u>2/</u>	--	<u>2/</u>	.2	1.5
1969	2.5	--	<u>2/</u>	<u>2/</u>	--	<u>2/</u>	.1	1.9
1970	5.2	--	<u>2/</u>	<u>2/</u>	--	<u>2/</u>	.1	2.1
1971	3.9	<u>2/</u>	<u>2/</u>	<u>2/</u>	--	<u>2/</u>	.2	1.8
1972	4.8	<u>2/</u>	<u>2/</u>	<u>2/</u>	--	<u>2/</u>	.4	1.5

Table 11--U.S. agricultural exports to the Far East and Oceania,
1971 and 1972

Country	1971	1972	Change	Percent change
	<u>Million dollars</u>			<u>Percent</u>
World	7,698.0	9,409.6	1,711.6	22.2
Far East and Oceania ^{1/}	2,413.3	2,960.1	536.8	22.2
Far East	2,361.6	2,905.8	544.2	23.0
Afghanistan	6.8	8.7	1.9	27.9
Burma	.3	.5	.2	66.7
Hong Kong	68.9	67.6	-1.3	-1.9
India	272.2	87.1	-185.1	-68.0
Indonesia	98.5	134.0	35.5	36.0
Japan	1,073.0	1,429.4	356.4	33.2
Khmer Republic (Cambodia)	5.0	12.1	7.1	142.0
Korea, Republic of	299.7	363.5	63.8	21.3
Laos	.9	2.2	1.3	144.4
Macao	.1	.1	--	--
Malaysia	14.6	11.0	-3.6	-24.7
Nansei Islands	14.4	6.7	--	-53.5
Nepal	--	1.3	1.3	--
Pakistan (Bangladesh) ^{2/}	99.2	234.8	135.6	136.7
Philippines	74.0	99.9	25.9	35.0
Singapore	15.1	22.0	6.9	45.7
Sri Lanka (Ceylon)	11.6	22.6	11.0	94.8
Taiwan	162.3	195.9	33.6	20.7
Thailand	46.3	58.1	11.8	25.5
Viet Nam, Republic of (South Viet Nam)	98.7	148.2	49.5	50.2
Other	--	.1	.1	--
Oceania	51.7	54.3	2.6	5.0
Australia	36.0	35.4	-.6	-1.7
British Pacific Islands	.1	--	-.1	--
French Pacific Islands	2.4	3.5	1.1	45.8
New Guinea	.3	.2	-.1	-33.3
New Zealand	8.6	10.5	1.9	22.1
Trust Pacific Islands	3.2	4.5	1.3	40.6
Other	1.1	.2	-.9	-81.8

Note: Dashes mean less than \$50,000.

^{1/} Excluding Communist countries.

^{2/} Separate figures for Bangladesh not available prior to May 1972.

Source: U.S. Department of Commerce

Table 12--U.S. agricultural imports from Far East and Oceania,
1971 and 1972

Country	1971	1972	Change	Percent change
	<u>Million dollars</u>			<u>Percent</u>
World	5,823.4	6,458.9	635.5	10.9
Far East and Oceania <u>1/</u>	1,517.7	1,654.7	137.0	9.0
Far East	922.6	895.1	-27.5	-3.0
Afghanistan	3.4	1.7	-1.7	-50.0
Burma	0	0	--	--
Hong Kong	4.3	6.5	2.2	51.2
India	89.8	91.8	2.0	2.2
Indonesia	128.3	139.2	10.9	8.5
Japan	46.4	53.4	7.0	15.1
Khmer Republic (Cambodia)	.1	--	-.1	--
Korea, Republic of	4.5	8.6	4.1	91.1
Laos	1.0	--	-1.0	--
Macao	--	--	--	--
Malaysia	126.8	112.1	-14.7	-11.6
Nansei Islands	.1	.1	--	--
Nepal	.4	.1	-.3	-75.0
Pakistan (Bangladesh) <u>2/</u>	5.3	6.4	1.1	20.8
Philippines	385.0	332.4	-52.6	-13.7
Singapore	19.6	21.5	1.9	9.7
Sri Lanka (Ceylon)	28.3	22.6	-5.7	-20.1
Taiwan	53.2	72.7	19.5	36.7
Thailand	25.2	24.6	-.6	-2.4
Viet Nam, Republic of (South Viet Nam)	.4	.5	.1	25.0
Other	.5	.9	.4	80.0
Oceania	595.1	759.6	164.5	27.6
Australia	365.3	496.8	131.5	36.0
British Pacific Islands	--	--	--	--
French Pacific Islands	.1	.1	--	--
New Guinea	15.9	10.5	-5.4	-34.0
New Zealand	206.3	245.5	39.2	19.0
Trust Pacific Islands	--	--	--	--
Other	7.5	6.7	-.8	-10.7

Note: Dashes mean less than \$50,000.

1/ Excluding Communist countries.

2/ Separate figures for Bangladesh not available prior to May 1972.

Source: U.S. Department of Commerce

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

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