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THE AGRICULTURAL SITUATION IN THE WESTERN HEMISPHERE

TRI-AGENCY READING ROOM

1969 MID-YEAR REVIEW

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AGRICULTURAL OUTPUT UP SHARPLY

A strong rise is anticipated for 1969 agricultural output in the Western Hemisphere countries. ^{1/} Weather has been favorable in important farming areas of the Caribbean and South America that experienced severe drought last year; and Latin American agricultural output is expected to reach record levels. Near-record grain yields in Canada are expected to more than offset a cutback in the wheat area there. On the negative side, some decline is likely for Canada's livestock products. Also, Mexico's farm production may only approach year-earlier levels due to a drop in cotton.

Mid-September conditions indicated a significant recovery for wheat, coffee, and sugar in the major Hemisphere producing countries. Larger crops of barley, oats, rice, rapeseed, flaxseed, and soybeans will be harvested. In contrast, the sunflower and corn harvests will probably be down sharply. Production of cotton and livestock products may be little changed.

Larger 1969 exports of cotton are in prospect and Hemisphere trade in coffee, sugar, and bananas should be maintained near high 1968 levels. Those export gains may be more than offset by a decline in grains. Increased food production in the important importing countries suggests a possible reduction in Latin America's agricultural imports which may be partially offset by some rise in Canadian purchases. Recent trade trends are reflected in U.S. agricultural imports from Latin America for January-July 1969. The value was 4 percent below the same 1968 period. Meanwhile, U.S. farm exports to Latin America dropped 18 percent due, in part, to the extended U.S. port strike.

Wheat production in 1969 is estimated significantly above the reduced levels of a year earlier, and Hemisphere supplies for 1970 will be an alltime high. The sharp cutback in Canada's wheat area will probably be more than offset by near-record yields. Argentine plantings are below the 1968 record but 1969/70 production is expected to exceed last year's low level. Larger harvests are anticipated for Mexico and Brazil.

Brazil's rice production continued to rise in 1969; larger rice crops, particularly in Ecuador, Peru, and the Dominican Republic, will probably more than offset smaller harvests in Chile, Guyana, and Venezuela. Feedgrains are expected to reach higher production levels in 1969. Corn production will drop sharply due to reductions in Canada,

^{1/} This review excludes the United States and Cuba.

Brazil, and Mexico. In contrast, increased area and high yields resulted in unusually large Canadian barley and oats crops. Sorghum grain harvests are estimated at record levels in Mexico and Argentina.

High world cotton prices in early 1968 encouraged a continued expansion of plantings for early 1969 harvests in Brazil and Colombia. Peru's production declined and Mexico's area, now in harvest, was reduced sharply in response to a weakening of prices late in 1968. Central America will also produce less cotton, but total Hemisphere output is expected to approximate the high 1968 level. However, due to larger 1969 exports and an anticipated decline in Brazil's 1970 crop, export supplies may be lower next year.

Oilseed production will probably be larger in 1969. A record Canadian rapeseed crop is forecast, and flaxseed will be near record. A recovery in Brazil's peanut production was supplemented by record outturns of cottonseed and soybeans. An anticipated decline in Mexico's cottonseed may be partially offset by an increase in other oilseeds. However, Argentina's production of sunflowerseed dropped for the second year, indicating a sharp reduction in vegetable oil exports.

Coffee production is estimated to be up sharply in 1969 due principally to recovery in Brazil. Last year's drought did heavy damage to Peru's sugar crop. However, production recovered to near record levels in the Dominican Republic and was up significantly in Central America, Brazil, and Colombia. Current reports indicate serious hurricane damage to the Honduran banana crop.

During January-August 1969, there were indications of a significant drop in Canada's exports and slaughter of livestock as higher prices encouraged producers to increase herds. Mexico's beef exports may be higher due, in part, to an early 1969 drought. Argentine beef output is currently estimated slightly above 1968. Some decline is anticipated for Uruguay.

CANADA HARVESTS LARGE GRAIN AND OILSEED CROPS

Unusually high yields forecast for Canada's 1969 wheat crop will more than offset a sharp drop in area. Production of other important grain and oilseeds may be near record. Livestock exports and slaughter through August were down sharply from the 1968 level. Lower animal numbers on farms indicated that slaughter and exports would continue reduced, as higher prices encouraged producers to hold back cattle and hogs. Grain exports for 1968/69 (August-July) were down sharply from a year earlier and the carryover into the new marketing year was an alltime high.

Record wheat stocks and anticipation of lower prices encouraged a 15-percent cutback in the 1969 wheat area with a significant shift to feedgrains, oilseeds, and summer fallow in Canada's important Prairie Provinces. The seeded area for barley, flaxseed, soybeans, and forage crops continued a strong uptrend and the rapeseed area was record large.

A cold, wet spring delayed planting in the Prairie Provinces so the 1969 harvest is later than usual. However, growing conditions were extremely favorable for Prairie grain and oilseed crops. Despite the sharp cutback in area, spring wheat is estimated to be up slightly from 1968. The durum crop was double last year's outturn. Barley production was up sharply from last year's high level, and there was a significant increase for oats. A record rapeseed crop is forecast and flaxseed will be near record. In contrast, unusually wet weather is expected to reduce yields and quality of some eastern crops, including corn, forage, winter wheat, and tobacco.

Production of selected agricultural commodities in Western Hemisphere countries, average 1960-64, annual 1967-68 and forecast change 1969

Commodity and country	Average : 1960-64 :	1967 :	1968 :	1969 1/ : change :	Commodity and country	Average : 1960-64 :	1967 :	1968 :	1969 1/ : change :
1,000 metric tons					1,000 metric tons				
<u>Wheat</u>					<u>Sunflowerseed</u>				
Canada	14,650	16,137	17,686	+	Argentina	634	1,120	940	-
Mexico	1,539	2,057	1,793	++	Chile	40	33	40	--
Argentina	7,165	7,320	5,900	+	<u>Rapeseed</u>				
Chile	1,181	1,203	1,220	*	Canada	226	561	424	++
<u>Rice</u>					Chile	42	61	41	++
Argentina	178	217	238	++	<u>Cotton</u>				
Brazil	5,566	6,792	7,000	+	Mexico	480	435	523	--
Colombia	532	700	780	+	Cent. America	193	221	212	--
Guyana	224	217	225	-	Argentina	111	87	72	++
Peru	337	384	194	++	Brazil	482	445	600	++
Venezuela	111	243	271	-	Colombia	70	97	120	++
<u>Corn</u>					Peru	138	90	100	-
Canada	903	1,882	2,051	--	<u>Coffee</u>				
Mexico	6,237	8,500	9,200	-	Mexico	146	168	168	+
Argentina	4,778	8,000	6,560	+	Cent. America	331	403	346	++
Brazil	9,436	12,824	12,452	-	Brazil	1,550	1,380	990	++
<u>Barley</u>					Colombia	466	480	480	*
Canada	3,563	5,414	7,084	++	<u>Sugar, cent.</u>				
Argentina	753	599	556	+	Mexico	1,723	2,430	2,301	*
<u>Oats</u>					Dominican Rep. . . .	829	813	667	++
Canada	6,095	4,691	5,591	+	Cent. America	405	706	714	+
Argentina	748	690	490	+	Brazil	3,461	4,465	4,483	+
<u>Peanuts</u>					Colombia	382	674	723	+
Argentina	311	354	283	--	Guyana	326	322	365	++
Brazil	542	751	470	+	Peru	807	747	758	--
<u>Soybeans</u>					<u>Beef and veal</u>				
Canada	164	220	246	+	Canada	677	827	885	-
Mexico	19	121	267	++	Mexico	456	480	530	+
Brazil	290	716	625	++	Cent. America	155	171	181	*
					Argentina	2,208	2,570	2,600	+
					Brazil	1,376	1,506	1,550	+

1/ Symbols denote the following: * no significant change; + significant increase up to 10 percent; ++ a sharp increase exceeding 10 percent; - a significant decline of up to 10 percent; -- a sharp decline exceeding 10 percent.

Due to last year's increased slaughter and export, Canada's cattle and hog numbers on December 1, 1968, were below a year earlier. For the first 8 months of 1969, cattle and calf slaughter declined 5 percent and hogs by 12 percent, although liveweight prices moved up sharply to record levels. Higher Canadian prices restricted feeder cattle exports and encouraged a rise in shipments to domestic feedlots. In contrast to reductions on December 1, 1968, hog numbers on farms as of June 1, 1969, were 6 percent above a year earlier.

Canada's grain exports reflected growing competition from large world supplies and difficult marketing problems imposed by very large domestic stocks. Wheat exports for August-June 1968/69 were 6 percent below a year earlier. Also, oats and barley shipments were down sharply with moderate gains recorded for oilseeds. A significant decline is also anticipated for cattle and meat exports. Despite a possible later recovery in grains, Canada's farm exports will be lower in 1969.

In contrast, Canadian demand for imported agricultural products appears strong. Lower livestock slaughter led to significantly expanded meat imports early this year. Corn imports for January-July 1969 were also above the same 1968 period, though Canadian supplies of barley and oats were large. For that period, U.S. agricultural exports to Canada were up nearly 20 percent and there was a strong possibility that the 1969 trade would exceed the record levels of the past 3 years.

COTTON DECLINES IN MEXICO AND CENTRAL AMERICA

Lower prices led to a sharp cutback in cotton plantings this year in Mexico and Central America. Expansion in Mexican agriculture may be further restricted in 1969 by a 2-month delay in summer rains, a dry spell which reduced pastures and yields of food crops in some areas. Favorable agricultural conditions are expected to increase rates of growth for agricultural output in the Central American countries.

Mexico: A rise near 2 percent for 1969 agricultural output is likely, compared with 5 percent in 1968. The drop in cotton and some drought reduction of corn yields were expected to be more than offset by larger harvests of other feedgrains, coffee, and winter vegetables. Previous dry weather is also expected to result in some rise in 1969 cattle slaughter and export.

Planting and growing conditions appeared to have been generally favorable for wheat and a near-record 1969 crop is reported. A significant expansion in rice and sorghum grains is continuing; but the 1969 corn harvest may be lower due to drought damage for small farm production.

Cotton plantings for the 1969 harvest are estimated nearly 20 percent below 1968, with resultant sharp drops in cotton and cottonseed production. However, because of a sizable expansion in production of other oilseeds such as soybeans and safflower, Mexico will be virtually self-sufficient in vegetable oils this year. Harvests of tomatoes, melons, and strawberries are expected to exceed previous records, and coffee production maintained a rising trend. Beef production and exports may move to higher levels due to strong demand and early drought.

Additional export gains are likely for cotton, corn, and winter vegetables. U.S. agricultural imports from Mexico for January-July 1969 were significantly above the same period in 1968, reflecting increases in beef and vegetables. U.S. agricultural exports to Mexico also were up sharply for that period.

Central America: Agricultural conditions were favorable in Central America through midyear 1969, but the September hurricane "Francelia" reportedly damaged Honduran bananas. The prospective decline in cotton is expected to be more than offset by larger 1969 harvests of coffee, sugarcane, and food crops. Current estimates indicate a recovery for agricultural output in El Salvador, Guatemala, and Honduras. The 1969 growth rate for the region should exceed last year's small increase, despite a possible drop in Nicaragua and some slowdown in other countries.

A weakening of world prices in late 1968 resulted in a cutback in 1969 cotton plantings in all producing countries with a very sharp drop estimated for Nicaragua. Coffee production probably will be up sharply in El Salvador and Guatemala. Sugarcane harvests were below a year earlier in El Salvador and Honduras, but moved up significantly in other countries, particularly Guatemala. Banana production should continue at high levels, and Guatemala's 1969 corn crop may exceed previous records.

Central American exports of bananas likely will be higher in 1969, with shipments of other agricultural products near 1968 levels. U.S. agricultural imports from Central America for January-July 1969 were above the 1968 pace. U.S. agricultural exports were down sharply during that span due, in part, to the shipping strike.

AGRICULTURE RECOVERS IN THE CARIBBEAN AND SOUTH AMERICA

Near-normal growing conditions through early 1969 indicated a sharp recovery in agriculture from last year's drought in important areas of the Caribbean and South America. Despite some continuing drought effects in certain areas, Caribbean sugar and other crops should benefit from improved weather conditions. Agricultural output in Argentina, Brazil, Colombia, and Venezuela is expected to move to high levels with a significant recovery in Peru and Ecuador. Overall South American food and agricultural output may be at a record level in 1969.

Caribbean: Adequate moisture helped maintain favorable growing conditions in the northeast Caribbean, including the Dominican Republic and Haiti, since the drought was broken near midyear 1968. Rains were much later in Jamaica and low moisture levels in some areas may keep 1969 production near the low 1968 level. Trinidad's and Tobago's production is expected to maintain a strong uptrend.

Despite lower sugar content in the cane, 1969 sugar production in the Dominican Republic is estimated to be up sharply from the reduced 1968 harvest. Some 1969 recovery is anticipated for Haiti and sugar production in Trinidad and Tobago increased again. However, the Jamaican harvest likely will be below levels of a year earlier.

The Dominican Republic's production of food crops, including rice and bananas, is forecast to be up sharply; and the shortfall in Jamaican sugar may be partially offset by gains in bananas, citrus, and vegetables. Cocoa production may be lower this year in Trinidad and Tobago; they may record significant gains in pork and milk.

Some recovery is anticipated for Caribbean agricultural exports in 1969. Strong demand should maintain imports at 1968 or higher levels, despite some rise in food production. U.S. agricultural imports from the Caribbean in January-July 1969 were above the 1968 level. U.S. farm exports dropped sharply but some improvement is likely later this year.

Argentina: Prospects are for a slight recovery in Argentina's 1969 agricultural production. Substantially larger harvests of such early crops as feedgrains, rice, cotton, and citrus offset a decline in oilseeds and deciduous fruits. Current conditions indicate a larger 1969 wheat crop despite drought conditions reported in some

areas. Improved pastures should raise meat output slightly above 1968 levels and encourage some recovery in milk and wool.

The area planted for 1969 feedgrains continued to expand. Corn yields equaled those in 1968 despite dry, hot weather early in the growing season and the sorghum grain harvest was a record. Rice production also reached an alltime high, reflecting favorable prices and excellent growing conditions. With the government support price at year-earlier levels and excessive rainfall at planting in some areas, the wheat area declined from the 1968 high. Extended dry weather is reported in the northern wheat zone but the 1969/70 crop is expected to exceed last year's small harvest.

Despite a significant increase in planted area, sunflowerseed production dropped for the second year. Yields were reduced by early hot weather and by excessive rains near harvesttime. Peanuts also continued to decline. Expansion in 1969 cotton increased cottonseed output. Flaxseed plantings will probably be larger due to diversion from wheat in some areas. Output of edible oils is expected to continue at very low levels through early 1970, and high prices may encourage a sharp increase in sunflowerseed plantings for 1970.

Argentina's deciduous fruit crop suffered from adverse weather, but a record 1969 citrus harvest is expected. Beef production may exceed the 1968 level as good pastures and improved export demand from the United Kingdom and other European markets encourage recovery in slaughter later this year. Better pastures are also expected to boost output of mutton, wool, and milk above the depressed 1968 levels.

An unusually large carryover from 1968 permitted Argentina to maintain wheat exports near low levels of the previous year, but imports have been authorized for domestic use. Increased production and strong demand encouraged a sharp rise in export of corn and sorghum grains. In contrast, exports of vegetable oils and oilseed meals will drop sharply in 1969, and some oil imports have been authorized. The value of meat shipments may rise sharply from last year's low level, reflecting growing demand for beef cuts and cooked meats.

Brazil: With recovery from the 1968 drought, Brazil's agricultural output should resume a strong uptrend in 1969. Corn production was much lower than 1968 but cotton continued to increase. Most other crops responded favorably to increased demand and improved growing conditions. Food and agricultural output for 1969 may exceed previous records and agricultural exports should be near the high levels of recent years.

Lower prices led to sharply reduced corn plantings for 1969 with a significant diversion to cotton, oilseeds, and other crops. The rice and wheat harvests will increase again this year and a significant recovery is anticipated for beans and other basic food crops. Peanut plantings were increased, and areas for cotton and soybeans were up sharply from previous records.

Despite some effect of last year's drought, the 1969 coffee crop was much larger than the preceding harvest. However, due to heavy July frosts, the 1970 crop may be down sharply. The Sugar and Alcohol Institute raised the sugar production quota to meet anticipated domestic and export requirements. A slight rise is anticipated for meat and milk production.

Brazil's cotton exports will be up sharply this year due to greatly increased supplies, and soybeans may exceed the 1967 record. Trade in coffee and sugar should be close to last year's level, but corn shipments will drop well below the 1968 record. Agricultural imports may decline in the face of larger wheat and food supplies. U.S. exports of wheat and other agricultural products to Brazil through July 1969 were down sharply from a year earlier.

Chile: Agricultural output in Chile will be significantly reduced during 1969 by serious drought which continued from mid-1968 through April this year. Priority controls on reduced water supplies for irrigation helped maintain production of higher valued fruit and vegetable crops. Wheat production nearly equaled that in 1968 because larger plantings in the normally excessively wet southern region compensated for losses in the drought area. However, yields were down significantly for rice, corn, oats, barley, and potatoes. Meat production likely will be lower than in 1968 when drought encouraged unusually heavy cattle slaughter.

Chile's agricultural imports, particularly of feedgrains and fats and oils, will probably continue near the high 1968 levels, which were increased sharply to meet drought shortages. U.S. agricultural exports to Chile for January-July 1969 were below a year earlier but some increase may occur later this year.

Colombia: Colombian agriculture should continue a strong growth trend in 1969 and output is expected to exceed last year's record. Weather conditions were favorable in most agricultural areas and the government continued strong efforts to expand agriculture in support of its trade diversification program.

Wheat production may be lower this year, and some decline is anticipated for the 1969 barley crop. High support prices encouraged larger corn plantings and production may be a record. Rice production continued to rise. Cotton maintained the strong up-trend of recent years. Soybean production may be down due to diversion to other crops. A good year is reported for coffee, and good pastures indicate some rise in meat and milk.

Colombian exports should reflect larger cotton shipments in 1969, and some surplus of corn and rice may move to foreign markets. Strong demand should encourage a rise in agricultural imports, particularly wheat. U.S. exports of agricultural products to Colombia for January-July 1969 approximated the 1968 level, but imports dropped.

Peru: The severe drought was broken by rains in late 1968. Improved moisture conditions in the highlands, along with larger irrigation supplies in the arid coastal region, indicate an increase in 1969 agricultural output. However, production will still be below earlier years and food imports may continue at relatively high levels.

Cotton and sugar production will be lower this year. The important long-staple Tanguis crop, planted near midyear 1968, was cut back sharply with a significant diversion to later planted crops. However, later plantings of northern Pima will be larger due to higher prices and increased irrigation supply. The rains were too late to prevent a sharp drop in 1969 sugar production.

Rather substantial cotton lands were shifted to plantings of rice. Later than usual transplantings restricted rice yields, but production will be up sharply. Some cotton area also shifted back to corn and 1969 production may be near the high 1967 level. A significant rise is also anticipated for highland food crops including wheat, barley, and potatoes.

Peru's 1969 agricultural exports will reflect smaller supplies of cotton and sugar. Imports of rice will probably continue at a high level, though less than in 1968. Corn purchases may be lower, but larger imports of wheat and fats and oils may be needed. U.S. agricultural exports to Peru, down the first 7 months of 1969 from a year earlier, may recover later this year.

Other South America: Excellent growing conditions in Bolivia and Venezuela during early 1969 give promise of another good agricultural year there. With recovery from last year's adverse weather in Ecuador, Guyana, and Uruguay, total agricultural output for 1969 may be significantly above 1968.

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Venezuela's rice yields were reduced by heavy rains which delayed plantings. Guyana's crop suffered from dry weather. Harvests in Ecuador and Uruguay were up sharply from the 1968 low. A significant recovery is anticipated for Uruguay's corn and oilseed production in 1969. Further, output of later cereals and flaxseed should be near last year's improved levels. Guyana's sugar production is estimated up sharply. However, meat production is expected to decline in Paraguay and Uruguay.

This report was prepared under the direction of Howard L. Hall, in the Western Hemisphere Branch. The report is based upon information available as of mid-September. It updates a more comprehensive report published in April 1969. The Agricultural Situation in the Western Hemisphere--Review of 1968 and Outlook for 1969.
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