PROBLEMS OF AGRICULTURAL PRODUCTS IN WORLD TRADE

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SUMMARY PROPOSITIONS

A. Agricultural products constitute about a third of world merchandise exports. For the developing nations their importance is even greater, constituting over half of the total, or three-fourths if petroleum is excluded. Over 20 percent of U.S. exports are agricultural products. Primary products have special characteristics; hence several troublesome problems stem from heavy dependence upon such commodities.

B. The volume of world trade in agricultural products is expanding in absolute amounts but is declining as a proportion of total trade. Growth in trade of some products has been affected by competition from synthetic substitutes. The rate of growth is limited also by the low income elasticity of demand, that is, with an increase of income the increase in demand for food rises less than proportionately. Thus, agriculture does not share equally with other industries in rising levels of income. This may lead to a relative depression of farm income, an outmigration of labor from agriculture and the need for changes in the proportions of productive effort devoted to agriculture, industry,

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