



## STATEMENTS AND SPEECHES

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INTERNATIONAL COMMODITY PROBLEMS

Statement by the Chairman of the Canadian Delegation, Mr. W.B. Nesbitt, Q.C., M.P., at the 26th Session of the United Nations Economic and Social Council on July 15, 1958.

The agenda item which we are considering today deals with one of the most important economic problems facing the world at the present time. Many countries, especially those in the earlier stages of economic development, derive a substantial part -- in some cases the major part -- of their export earnings from the sale of one or more basic foodstuffs or raw materials. Their vulnerability to severe fluctuations in international market conditions is accentuated by a number of features which are peculiar to basic commodities. For example, substantial declines in prices may not lead to any increase in sales because of the relative inelasticity of demand for many commodities. In fact declining prices may even be accompanied by a falling-off in the volume of trade. Moreover, in the case of a number of basic commodities, variations in climate and improvements in technology often result in the production of a greater output than the market can absorb. Surpluses accumulate and hamper efforts to restore prices to previous levels. Another characteristic of the markets for many basic commodities is the development of synthetics and substitute raw materials which aggravates the problems of commodity producers in periods of weakening demand.

Commodity Price Decline

Over the past year there have been some rather disquieting developments in world commodity markets. In the second half of 1957 a decline took place in the prices of a number of raw materials and foodstuffs so that by the end of the year the price index of primary commodities had fallen to the level of 1953. It is true, as the World Economic Survey points out, that by the end of 1957 and the early months of this year prices of a number of commodities were tending to stabilize but in other cases the price declines continued. Thus a good deal of apprehension exists regarding the future and the