

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## DISPOSAL OF COMMODITY SURPLUSES

### Reports by Contracting Parties

In document L/1503 contracting parties were invited to submit reports on any action they may have taken since the seventeenth session in the disposal of commodity surpluses, the liquidation of strategic stocks or disposals from stocks otherwise held by government agencies. The reports received in response to this invitation are reproduced hereunder:

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The Governments of Belgium and Sweden have advised that they have nothing to report.

A U S T R A L I A

1. Australia has no regular surplus disposals programme. However, there have been a few occasions when gifts of commodities have been given under the Colombo Plan. In each case measures have been taken to avoid disruption of commercial sales of Australian or other suppliers.

2. The object of the Colombo Plan is to assist in the development of the less-developed member countries. Australia places priority to the giving of aid in the form of technical assistance and capital equipment.

3. Gifts are made in response to requests from recipient countries (all assistance being arranged on a bilateral basis) and most of Australia's contribution has been predominantly Australian-made equipment for development projects. Gifts of wheat, flour and skimmed milk have at times been made available, in times of famine or when, within the limits imposed by the annual budgetting of funds, the recipient countries have not been able to nominate capital equipment projects capable of supply by Australian industry, and these commodities were readily available. The counterpart funds raised by the sale of these commodities have been devoted to developmental projects in the recipient countries.

4. The following information is supplied in accordance with paragraph 4 of document L/1503:

- (a) There is no general programme for disposal of surplus commodities;
- (b) Australia follows the procedures adopted in the resolution of 4 March 1955, (35/P50-51). In the case of wheat and flour, consultations are conducted in the Wheat Utilization Committee and, in the case of other commodities, direct with the principal and other interested suppliers.
- (c) The following agricultural commodities have been given under the Colombo Plan since the seventeenth session.

<u>Recipient</u>	<u>Commodity</u>	<u>Dates</u>	<u>Quantity</u> <u>Long Tons.</u>	<u>Value</u> <u>£'s</u>	<u>Terms of</u> <u>Disposal</u>
Ceylon	Flour	Dec. '60	9,653	357,162	Donation
Pakistan	Wheat	Jun. '61	9,845	258,431	Donation
	Barley	Feb. '61	3,000	60,475	Donation
India	Skimmed	Mar. '61	603	48,366	Donation
	Milk	Apr. '61	522	74,808	Donation
		May '61	349	28,059	Donation
		Jun. '61	254	20,354	Donation
		Jul. '61	80	6,390	Donation
		Aug. '61	100	8,000	Donation

C A N A D A

I. AGRICULTURAL COMMODITIES

(a) General programme for disposal

The Board has no formal disposal plan as such. When the Board is authorized to support the price of a commodity by the purchase method, purchases are made during periods when the price falls below the support level, usually during the season of peak production. Stocks are normally resold to the market during periods when production is lower and prices higher. Sales for export have not normally made up a very large part of the Board's disposals. In making sales for export the Board has sought the best cash market price possible and has not attempted to enter international markets at times of relatively depressed prices. An attempt to avoid interference with the traditional markets of third countries is made by consultation or by specifying markets in which the trade may not sell the product.

(b) Details of transactions

During the fiscal year ending 31 March 1961 the Agricultural Stabilization Board sold from its stocks commodities valued at \$56.9 million, made up of butter, cheddar cheese, pork, lamb and raspberries. Details of the sales are as follows:

(i) Butter:

Approximately 41.4 million pounds of butter and 1.2 million pounds of butter oil were sold during the year at a total value of \$29.6 million. The basis of sale was 64 cents per pound delivered in Eastern Canada and all sales were to the domestic market.

(ii) Cheddar cheese:

Sales of cheddar cheese amounted to 7.0 million pounds valued at \$2.0 million. Almost all of this was sold on the domestic market.

(iii) Pork:

Beginning 11 January 1960 the method of price support was changed from a purchase programme to a deficiency payment plan and no further purchases were made by the Board after that date. At 1 April 1960, the Board held 37.6 million pounds of pork cuts, 88.6 million pounds of canned pork luncheon meat and 8.3 million pounds of canned hams. Sales valued at \$24.7 million were made during the fiscal year from these Board stocks on hand when the purchase programme ended. The planned disposal of these stocks was reported to the FAO Consultative Sub-Committee on Surplus Disposal in June 1960.

All of the pork cuts were disposed of during the year. About 31 million pounds were sold in the domestic market and a further quantity of 115,000 pounds of bellies was donated for welfare purposes in Canada. Export sales amounted to 6.5 million pounds of which 785,000 pounds were hams at 24 cents per pound and 5.7 million were bellies at approximately 10 cents a pound, prices delivered Canadian seaboard.

About 59.8 million pounds of the canned port luncheon meat were disposed of during the year. Sales to the domestic market amounted to 43.4 million pounds. Donations of 3.3 million pounds were made for relief purposes in Canada and 9.3 million pounds were sold to the Department of External Affairs for donation to approved international relief agencies. Export sales to approved countries totalled 3.8 million pounds at prices from 16.2 to 26 cents a pound delivered Canadian seaboard.

Disposal of canned hams amounted to 3.0 million pounds. Domestic sales totalled 1.3 million pounds. Export sales to approved countries totalled 1.7 million pounds at prices of 33.3 to 37 cents per pound, delivered Canadian seaboard.

(iv) Lamb:

The Board had no stocks of lamb at the beginning of the year but during the year purchased 896,781 pounds which it resold in the domestic market.

(v) Raspberries:

During the fiscal year the Board sold to the domestic market the 2.7 million pounds of raspberries remaining in its stocks from purchases under the 1958 support programme.

## II. NON-AGRICULTURAL COMMODITIES

### Tin

The Canadian non-commercial tin stockpile amounted to approximately 3,000 tons. The decision to dispose of this stockpile was made in August 1960, and the International Tin Council was so advised. Disposal is presently being carried out at a rate designed to prevent injury to the economic interests of producing countries.

UNITED KINGDOM

Strategic Stocks

I. INDUSTRIAL RAW MATERIALS

1. Sales from the stockpile of industrial raw materials have been taking place since 1956 and the general policy followed in these disposals is set out in the Statement on Defence 1956 (Cmd. 9691).
2. In every case where substantial quantities were available for disposal there has been consultation under the GATT resolutions of 4 March 1955 with the countries who might be affected by the disposal.
3. Most of the consultations were concluded before the seventeenth session of the GATT and disposals subsequently have been in accordance with the programmes notified. Since the seventeenth session, there have been consultations with New Zealand, Australia and South Africa on wool, with Spain and Cyprus on pyrites, with Norway and Canada on magnesia; the reasons why it was necessary to sell a small quantity of lead were explained at the meeting of the International Lead and Zinc Study Group in October 1960.
4. Deliveries from the stockpile during the period 1 October 1960 to 30 June 1961, were

Wool	12,916 (thousand lbs.)
Rubber	9,939 tons
Aluminium	2,708 tons
Zinc	14,000 tons (including the balance of the trading stock)
Tungsten Ore (metal content)	807 tons (including the balance of the trading stock)
Lead	1,630 tons
Mica	380 tons (including some sales from the trading stock)
Pyrites	20,787 tons
Quartz Crystals	3 tons
Ferrotungsten	115 tons
Ferrochrome (low carbon)	490 tons
Ferrochrome (high carbon)	34 tons
Antimony	345 tons
Columbian (metal content)	36 tons
Phosphate Rock	5,124 tons
Ferrovandium	9 tons
Carbonyl Iron Powder	9 tons
Calcium Silicide	54 tons
Softwood	60 Standards

Superphosphate	664 tons
Silicon	34 tons
Magnesium	236 tons

All these disposals were by commercial sales and in addition small quantities of lead, zinc and tungsten ore were used by the Service Departments.

## II. ESSENTIAL FOODSTUFFS

The United Kingdom has strategic stockpiles of several essential foodstuffs and there is no intention of liquidating these stocks which are renewed by means of turnover transactions.

No consultations have been held with other countries, in accordance with the Resolution of 4 March 1955, since no liquidation has taken place.

UNITED STATES

I. AGRICULTURAL COMMODITIES

A. The general nature of United States programmes

The principal authority under which the United States disposes of agricultural surpluses is the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended.

Title I of that Act authorizes the President to negotiate agreements with friendly nations to provide (a) for the sale of surplus agricultural commodities for foreign currencies and (b) for the use of the currencies accruing from such sales for a variety of specified uses, including the development of new markets for United States agricultural commodities; the procurement of goods and services for the common defence; economic development grants and loans to the governments from which the currencies were obtained; loans to private enterprises engaged in certain business development or trade expansion in the country concerned; the payment of United States obligations abroad; international educational exchanges; and a range of other minor but constructive uses. In negotiating the sales agreements, the President is directed to:

- (a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;
- (b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable . . . ;
- (c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on under-developed and new market areas;
- (d) seek and secure commitments from participating countries that will prevent resale or trans-shipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, . . .

Title II of Public Law 480 enables the United States to use surplus commodities held in stock by the Commodity Credit Corporation for famine relief and other assistance. Section 201 of the legislation provides that emergency commodity assistance may be given to friendly countries, or to friendly peoples without regard to the friendliness of their government, to meet famine or other urgent or extraordinary relief requirements. Section 202 authorizes grants of CCC-held commodities to assist programmes undertaken with friendly governments or through voluntary relief agencies. In May 1960 this section was amended to provide for grants of commodities to promote economic development in under-developed areas in addition to that which can be accomplished under Title I of the Act. This authority was originally provided for a trial year ending 30 June 1961, but the Congress has since removed this limitation.

Title III authorizes two programmes: one provides for donations of surplus foods for domestic distribution to eligible recipients and outlets, and for distribution to needy persons overseas through non-profit American voluntary relief agencies and intergovernmental organizations; the other for barter of CCC commodities for strategic and other materials, goods and equipment.

Title IV was added to the Act by legislation approved 21 September 1959. The purpose of this Title is to assist the economic development of friendly countries by providing for sales of United States surplus agricultural commodities on a long-term, dollar credit basis. Sales agreements are developed in accordance with the principles and safeguards applicable to Title I agreements. The first agreement under this Title was signed on 21 August 1961. (An agreement with El Salvador for the sale of 25,000 tons of wheat, with repayment in dollars to take place over a five-year period.) Authority to make sales for local currencies, which antedated Title I of Public Law 480, has existed under Section 402 of the Mutual Security Act, but is to be eliminated in the new aid legislation.

B. Disposal operations in fiscal year 1961

In the fiscal year 1961, the value of commodities programmed under all Titles of Public Law 480 during the year was \$2,164 million (excluding ocean transportation costs). The figure on programming is, in a sense, inflated, since it includes the value of shipments of wheat and rice to be made to India over the last three years of the four-year programme signed 4 May 1960, to which special reference was made in the United States report of last year (L/1360). Moreover, there is always some lag and attrition tending to keep levels of exports under Public Law 480 below levels of programming. The value of surplus agricultural commodities actually exported in the year under all Titles of Public Law 480 was \$1,355 million. In addition, some \$186 million were exported under authority of the Mutual Security Act.

Title I sales agreements were concluded with twenty-four countries to finance the purchase of commodities worth \$730 million at export market value, excluding ocean transportation costs. In addition, as noted, the value of planned shipments of wheat and rice to India under the balance of the four-year agreement concluded last year is counted among the transactions for this year, bringing total programming to \$1,540 million, excluding ocean transportation. Almost three quarters of this amount is accounted for by sales of wheat and flour; with one exception, recipients were countries which, by reason of the stage of their economic development or other circumstances, have limited foreign exchange resources. The exception is the result of a special Title I sale of tobacco to France, which was discussed in the CONTRACTING PARTIES debate on surplus disposal last year. Section 104(a) of Title I contains a provision, added in September 1951, authorizing sale of surplus commodities to generate local currency proceeds for use in developing markets for United States agricultural commodities. The sale of tobacco to France in November 1960 was the first and only use to date of that authority, undertaken to support market development projects in France from which all exporters of the products in question may expect to benefit.

Under Title II, donations and grants of surplus commodities with a cost to the United States Government of \$256 million (excluding ocean freight) were authorized. This was more than four times the value of Title II authorizations in the preceding year. Owing primarily to widespread drought in parts of Africa and the Near East, transfers for disaster relief were expanded threefold over the level of fiscal year 1960. In addition, economic development programmes were undertaken for the first time during fiscal year 1961 under the expanded authority of Section 202, in the amount of \$147 million. Agreements to furnish agricultural commodities to promote economic development projects were signed with six countries (Tunisia, Morocco, Ethiopia, Iran, Korea and Afghanistan). Typically in these programmes, the bulk of the grains or other commodities shipped are used to pay wages-in-kind to unemployed or underemployed workers hired for public works projects, while the remainder is sold to finance the purchases of tools and materials needed for the projects.

Under Title III, surplus foodstuffs with a cost to the Government of \$208 million were made available for distribution to needy persons abroad, through United States voluntary relief agencies and intergovernmental organizations such as UNICEF. The products distributed were non-fat dry milk, rice, wheat and wheat flour, corn meal, cottonseed oil and shortenings.

Transactions under the barter provisions of Title III continued at about the level of preceding years, with the value of contracts entered into during the year totalling \$160 million.

#### C. Safeguards for commercial trade

The United States has continued to strengthen its systems of consultation with other exporting countries on proposed Title I sales and other aspects of its Public Law 480 programme. As reported to the CONTRACTING PARTIES in past years, its bilateral consultations on particular transactions with the particular countries known or deemed to have an interest are supplemented by various multilateral or bilateral consultative arrangements of broader scope. These include (a) FAO's Consultative Sub-Committee on Surplus Disposal, which is used not only to give prior, confidential notice of Title I sales to such suppliers as may not have been directly consulted but to inform other countries of broad developments respecting Public Law 480 (e.g. plans for the use of Title IV); (b) the Wheat Utilization Committee, which is similarly useful in discussing the broad plans, policies and problems relating to wheat disposals; and (c) various bilateral arrangements for periodic meetings on disposal questions.

Early in 1961, the United States sponsored a new multilateral arrangement of this type, which it hopes can be continued and strengthened, by convening a meeting with the major Asian rice exporters at which projected transactions under Public Law 480, and the export plans and problems of the countries of the area were discussed.

Other major safeguards for normal commercial trade afforded by the United States in administering Title I of Public Law 480 are (a) the careful procedures it follows in screening requests and programming shipments and (b) the assurances obtained from recipient countries to avoid disruption of normal trade.

Quantities of commodities in Title I agreements are determined only after a careful analysis of the possible effect of proposed programmes on normal commercial marketings of the United States and other friendly countries. Factors considered relative to these commodities include historical commercial trade, stocks, production, consumption, and current import commitments. As a result of such analyses some proposals are rejected and other modified in order to avoid possible harmful effects on normal trade patterns.

In addition, on the basis of such analysis, it is typically made a condition of the sale that the recipient country buy commercially with its own foreign exchange resources specified quantities of the commodities involved, corresponding to the country's normal commercial imports. A minimum amount to be purchased from the United States may be indicated but in an increasing number of cases it has been possible to indicate simply a "global marketing commitment", applicable to all free world sources. In consultations with other governments on proposed Title I arrangements; it is customary to consult on the nature and size of the normal marketing commitment.

Another condition of the sale, where required, is a commitment that, during the time the Public Law 480 commodities are being received and consumed there will be no exportation of the same or similar products.

While the United States has not deemed it necessary or practicable to consult on Title II or III transactions, it has undertaken to consult on Title IV sales and is otherwise providing the same protection to trade of third countries as in the case of Title I transactions.

Table 1 Commodity Composition of Programmes under Title I, Public Law 480 Agreements Signed 1 July 1960 to 30 June 1961

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation <sup>1</sup>	Market value including O.T.	Estimated CCC cost including O.T.
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars					
Bolivia	3.0	—	—	—	—	—	—	—	3.0	.3	3.3	4.9
Brazil	92.8	—	—	—	—	—	—	—	92.8	12.2	105.0	173.7
Ceylon	4.1	—	—	—	—	—	—	—	4.1	1.0	5.1	7.2
Chile	15.4	1.4	—	4.3	1.5	—	3.6	—	26.2	3.0	29.2	41.4
China (Taiwan)	14.6	—	—	2.3	1.7	—	.4	—	19.0	2.4	21.4	31.8
Ecuador	—	—	—	.7	1.5	—	.9	—	3.1	.2	3.3	3.5
France	—	—	—	—	2.5	—	—	—	2.5	—	2.5	2.5
Greece	2.5	5.5	—	—	—	—	6.2	—	14.2	1.4	15.6	17.6
Iceland	.6	.4	—	—	.5	—	.1	.1	1.7	.2	1.9	2.3
India <sup>2</sup>	723.8	11.1	87.0	73.1	2.0	—	1.0	—	898.0	152.8	1,050.8	1,717.9
Indonesia	—	—	12.0	3.4	2.5	—	—	—	17.9	1.9	19.8	29.9
Iran	16.7	—	—	—	—	—	1.4	—	18.1	3.8	21.9	33.2
Israel	7.4	7.5	.7	—	.2	.7	6.7	—	23.2	2.7	25.9	34.5
Korea	14.5	2.5	—	30.0	—	—	.7	—	47.7	4.2	51.9	70.3
Pakistan	15.4	—	13.2	2.9	4.0	—	3.8	—	39.3	6.3	45.6	65.0
Poland	61.5	19.5	—	29.1	1.5	1.5	7.4	—	120.5	9.6	130.1	178.7
Spain	14.4	8.6	—	22.5	—	—	—	—	45.5	4.0	49.5	64.7
Tunisia	11.0	2.4	—	—	—	—	—	—	13.4	1.9	15.3	22.8
Turkey	21.4	—	1.4	—	—	—	—	—	22.8	2.8	25.6	42.6
UAR (Egypt)	62.9	2.4	—	—	—	—	5.1	.5	70.9	9.4	80.3	119.3
UAR (Syria)	15.4	1.1	—	—	—	—	—	—	16.5	2.6	19.1	28.9
Uruguay	—	2.8	—	—	—	—	—	—	2.8	.5	3.3	3.3
Viet-Nam	3.0	—	—	5.9	—	—	—	—	8.9	1.1	10.0	14.4
Yugoslavia	12.2	—	—	6.7	—	—	8.7	.2	27.8	2.6	30.4	40.1
Total agreements 1 July 1960 to 30 June 1961	1,112.6	65.2	174.3	180.9	17.9	2.2 <sup>4</sup>	46.0 <sup>5</sup>	.8	1,539.9	226.9	1,766.8	2,750.5

<sup>1</sup>Includes only ocean transportation to be financed by CCC.

<sup>2</sup>\$723.8 million for wheat and \$87.0 million for rice balance of four-year agreement signed 4 May 1960.

	Mill. dol.
<sup>3</sup> Corn	29.1
Barley	24.5
Grain sorghums	11.6
Total	65.2

Nonfat dry milk.

Cottonseed oil and/or soybean oil.

Table II Approximate Quantities of Commodities under Title I, Public Law 480 Agreements Signed 1 July 1960 to 30 June 1961

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	1,000 bushels	1,000 bushels	1,000 cwt.	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 cwt.	1,000 pounds	1,000 pounds	1,000 cwt.
Bolivia	2,105	--	--	--	--	--	--	--	--	--	--	--
Brazil	55,116	--	--	--	--	--	--	--	--	--	--	--
Ceylon	2,985	--	--	--	--	--	--	--	--	--	--	--
Chile	9,182	1,168	--	31.0	1,500	--	22,939	--	--	--	--	--
China (Taiwan)	8,884	--	--	18.0	2,000	--	3,200	--	--	--	--	--
Ecuador	--	--	--	.5	1,636	--	6,822	--	--	--	--	--
France	--	--	--	--	3,378	--	--	--	--	--	--	--
Greece	1,521	4,400	--	--	--	--	48,890	--	--	--	--	--
Iceland	418	287	4	--	500	--	688	--	--	482	--	--
India	440,924	9,312	16,534	570.0	2,000	--	8,052	--	--	--	--	--
Indonesia	--	--	2,298	24.3	3,571	--	--	--	--	--	--	--
Iran	9,287	--	--	--	--	--	8,664	--	--	--	--	--
Israel	4,438	5,905	132	--	265	9,655	41,888	--	--	--	--	--
Korea	8,856	2,799	--	224.0	--	--	6,039	--	--	--	--	--
Pakistan	9,231	--	2,605	10.0	4,000	--	23,554	--	--	--	--	--
Poland	37,988	16,316	--	185.0	2,000	16,667	66,000	--	--	--	--	--
Spain	8,707	8,066	--	150.0	--	--	--	--	--	--	--	--
Tunisia	6,430	2,492	--	--	--	--	--	--	--	--	--	--
Turkey	12,892	--	221	--	--	--	--	--	--	--	--	--
UAR (Egypt)	40,897	1,968	--	--	--	--	39,883	1,323	--	--	--	--
UAR (Syria)	9,186	1,159	--	--	--	--	--	--	--	--	--	--
Uruguay	--	2,258	--	--	--	--	--	--	--	--	--	--
Viet-Nam	2,009	--	--	47.5	--	--	--	--	--	--	--	--
Yugoslavia	7,262	--	--	49.6	--	--	58,123	--	--	3,968	--	--
Total agreements												
1 July 1960 to 30 June 1961	678,318	56,130	21,794	1,309.9	20,850	26,322 <sup>3</sup>	332,542 <sup>4</sup>	1,323	--	4,450	--	--

<sup>1</sup> Includes quantities of wheat and rice for last three years of four-year agreement signed 4 May 1960.

<sup>2</sup>

Corn	23,317
Barley	22,076
Grain sorghums	10,737
Total	56,130

<sup>3</sup> Nonfat dry milk

<sup>4</sup> Cottonseed oil and/or soybean oil

Table III Title II, Public Law 480 Transfer Authorizations Issued, Classified by Purpose of Programmes, 1 July 1960 - 30 June 1961<sup>1</sup>

Area and country	Total	Disaster	Child feeding	Refugees	Voluntary agency	Economic development	Other
	Thousand dollars	Thousand dollars					
Europe (total).....	8,100	--	8,100	--	--	--	--
Italy .....	8,100	--	8,100	--	--	--	--
Africa (total).....	149,771	36,516	1,845	12,860	--	98,550	--
Congo Republic .....	10,071	10,071	--	--	--	--	--
Ethiopia .....	2,950	1,350	--	--	--	1,600	--
Kenya .....	1,600	1,600	--	--	--	--	--
Libya .....	3,400	3,400	--	--	--	--	--
Morocco .....	61,844	14,000	--	4,344	--	43,500	--
Tanganyika .....	1,745	1,745	--	--	--	--	--
Tunisia .....	68,161	4,350	1,845	8,516	--	53,450	--
Near East & South Asia (total) .....	108,877	68,477	--	15,150	--	25,250	--
Afghanistan .....	23,350	--	--	--	--	2/ 23,350	--
Cyprus .....	9,500	9,500	--	--	--	--	--
Greece (Crete) .....	4,120	4,120	--	--	--	--	--
India .....	336	336	--	--	--	--	--
Iran .....	11,800	9,900	--	--	--	1,900	--
Jordan .....	17,999	17,999	--	--	--	--	--
Lebanon .....	2,841	2,841	--	--	--	--	--
United Arab Republic (Syria) .....	22,095	22,095	--	--	--	--	--
UNRWA .....	15,150	--	--	15,150	--	--	--
Yemen .....	1,686	1,686	--	--	--	--	--
Far East & Pacific (total) .....	23,590	--	--	--	--	23,590	--
Korea .....	23,590	--	--	--	--	23,590	--
Latin America (total) .....	216	--	216	--	--	--	--
Peru .....	216	--	216	--	--	--	--
Total .....	290,554	104,993	10,161	28,010	--	147,390	--
Ocean freight: Title III foreign food donations ..	31,325	--	--	--	31,325	--	--
Grand total .....	321,879	104,993	10,161	28,010	31,325	147,390	--
Percent of total .....	100	32	3	9	10	46	--

<sup>1</sup>Includes commodities at CCC cost and ocean transportation financed under Title II, Public Law 480.

<sup>2</sup>/Includes freight to designated point of entry.

## II. INDUSTRIAL MATERIALS

### A. General background

The United States Government has acquired stocks of industrial materials under three authorities:

- (1) the Strategic and Critical Materials Stock Piling Act of 1946 (Public Law 520-79), which provides for a national stockpile of strategic and critical materials to prevent a dangerous and costly dependence upon foreign sources in times of national emergency;
- (2) Section 303 of the Defense Production Act of 1950, which gives the President authority to purchase metals, minerals and other materials for Government use and resale, among other authorities to facilitate the production of goods and services necessary for the national security (the materials acquired under this authority are referred to as the DPA inventory); and
- (3) the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480-83), which provides that materials may be purchased with local currencies received from sales of agricultural surpluses, or acquired through barter of such surpluses, for a supplemental stockpile of such materials as the President may determine.

As materials in these inventories are from time to time determined to be surplus to the Government's requirements, they may be disposed of either by sale or by transfer to other government agencies or they may be used in lieu of cash to pay for upgrading materials in the national stockpile or defence inventories and other services rendered to the Government.

### B. Disposal operations in fiscal year 1961

The accompanying table lists commodities which were available for disposal from the national stockpile and the DPA inventory during the period 1 July 1960-30 June 1961, and gives pertinent details for each.

### C. Safeguards for commercial trade

Procedures for disposing of materials from the national stockpile are prescribed in the Strategic and Critical Materials Stock Piling Act. The broader objectives of the Defense Production Act of 1950 permit more latitude in the determination and sale of surpluses from the DPA inventory. Executive Branch policy controlling disposals from both stocks is described in Defense Mobilization Order V-7 (DMO-V-7 Revised) published in the United States Federal Register of 19 December 1959. There have been no disposals from the supplemental stockpile, but it is to be noted that releases may be made only under the procedures prescribed by the Strategic and Critical Materials Stock Piling Act.

Under the Strategic and Critical Materials Stock Piling Act, no disposal may be made from the national stockpile until six months after publication in the Federal Register and transmission of a notice of the proposed disposition to Congress. The notice must state the reasons for the surplus determination, the quantity proposed to be released, the plan of disposition proposed to be followed, and the date upon which the material is to become available for sale or transfer. It is further required that the plan and date of disposal shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material, and to the protection of producers, processors and consumers against avoidable disruption of their usual markets. The express approval of the Congress is also required, except where the material has been determined to be surplus by reason of obsolescence for use in time of war.

Executive Branch policy for disposals from both the DPA inventory and the national stockpile, as described in the above-mentioned DMO-V-7, includes a number of conditions in accordance with which disposals shall, whenever possible, be authorized. These include avoidance of serious disruption of the usual markets of producers, processors and consumers, and avoidance of adverse effects on international interests of the United States.

Pursuant to the legislative and policy requirements, a plan is carefully worked out for each disposal. Due regard is given to the size of the disposal relative to world production and trade in the commodity, to the state of the world market, and to other relevant factors. In large disposals, sales may be planned over a period of years. Thus, the plan for disposing of natural rubber contemplates sales over a period of about nine years; disposal of coconut oil is planned to extend over a period of about two and a half years. In addition, it is the practice of the United States Government to bring proposed disposal plans to the attention of substantially interested governments in advance of final adoption. Any comments received are given careful consideration in determining the final form of the plan to be adopted.

As was indicated at the time, the United States Government accepted the GATT resolution of 4 March 1955 on the liquidation of strategic stocks as being applicable only to its national (strategic) stockpile. Nonetheless, it is also the policy of the United States Government to consult with substantially interested governments in advance of disposals from the DPA inventory. Moreover, as a general rule, disposals from the DPA inventory will be made only after appropriate public announcement of the quantity or quantities to be ordered in a specified period of time.

As already indicated, legislation and policy applicable to disposals from the national stockpile, under provisions of the Strategic and Critical Materials Stock Piling Act, would also be applicable to any disposals from the supplemental stockpile.

Disposals from the national stockpile are made at current market prices, usually on the basis of competitive bidding. Bids may be rejected if they are held to be unreasonably low relative to market conditions. Sales from the DPA inventory are made at not less than the current United States prices.

Surpluses may be used directly by the United States Government whenever such action is found to be consistent with the best interests of the Government. It is the policy of the United States Government to inform substantially interested governments of such uses.

NATIONAL STOCKPILE AND DEFENSE PRODUCTION ACT INVENTORY  
(1 JULY 1960 - 30 JUNE 1961)

Commodity	Total Quantity Authorized for Disposal	Date of Public Notice of Disposal	Date of First Sale	Sales Commitments During Period	
				Quantity	Value (Dollars)
<u>NATIONAL STOCKPILE</u>					
Agar	198,173 lb.	8-8-58	7-17-59	82,313 lb.	37,805
Alumina (Calcined)	6,015 st	7-29-59	4-18-60	3,500 st	163,820
Bristles, Hog	2,000,000 lb.	12-3-55	7-23-56 )	123,029 lb.	1,602,875
Bristles, Hog	1,524,296 lb.	7-22-58	3-31-59 )		
Cadmium-Magnesium Alloy	8,826,000 lb.	10-27-58	2-24-61	8,826,000 lb.	1,435,107
Chromite, (Domestic- Sub-Specification)	89,750 lt	9-27-60	--	--	--
Chromite, Met. (Low Grade)	1,700 ldt	8-14-59	--	--	--
Cobaltiferous Materials	162,120 lb.	9-26-60	5-19-61	162,120 lb.	21,490
Coconut Oil	265,000,000 lb.	6-23-59	1- 5-60	57,518,809 lb.	7,072,382
Diamonds	55,465 kt.	8- 5-58	4-21-60	47,044 kt.	1,915,775
Feathers and Down, Waterfowl	1,930,000 lb.	6- 9-60	5- 5-60 <sup>2</sup>	628,160 lb.	549,174
Ferrochrome Alloys	151,000 lb.	9-27-60	--	--	--
Graphite (Mixed- All Grades)	2,647 st	3-16-60	--	--	--
Guayule Seeds	17,426 lb.	2-12-60	12-27-60	17,426 lb.	150
Hyosine	4,070 oz.	7-23-59 )	4-27-60	1,040 oz.	11,440
Hyosine	1,500 oz.	4-28-61 )			
Kyanite-Mullite	10,989 st	1-20-59	1- 4-60	2,036 st	78,031
Magnesium Scrap	451 st	9- 2-59	8-26-60	423 st	214,658
Magnesium Scrap	2,624 st	12-14-60	--	--	--
Nickel Ore (Arsenical)	627,000 lb.	8- 2-60	--	--	--
Nickel (Speiss)	1,400 st.	8- 2-60	--	--	--
Nickel-Cobalt-Copper Caccinbs	3,431 st	1-25-61	4-21-61	3,431 st	700,500
Nickel Matte	87 st	1-25-61	4-21-61	87 st	16,000
Palm Oil	37,700,000 lb.	5-28-60	--	--	--
Platinum Group Metals					
Osmium	27 tr.oz.	8-15-58	5-15-61	27 tr. oz.	1,350
Ruthenium	51 tr.oz.	8-15-58	5-15-61	51 tr. oz.	40,593
Rhodium	2,523 tr.oz.	8-15-58	5-15-61	308 tr. oz.	1,794
Poppy Seeds	49,600 lb.	2-12-60	11-25-60	49,600 lb.	1,240
Quartz Crystals, Crude	45,439 lb.	11-6-59 )	10-13-60	19,000 lb. )	34,842
Quartz Crystals, (Partially processed)	1,500,000 pc	8-27-59 )		1,310,315 pc )	
Quinidine	453,000 oz.	11-24-60	6-26-61	99,989 oz.	67,778
Quinine	13,860,000 oz.	8-10-60	3-14-61	4,336,152 oz.	466,500

<sup>1</sup>Covers all commodities available for disposal during the period whether or not sales commitments were made.

<sup>2</sup>First sales were made in accordance with the Independent Offices Appropriations Act for 1960, which provided that perishable materials being sold to prevent deterioration need not be replaced to the extent they were excess to stockpile needs.

Commodity	Total Quantity Authorized for Disposal	Date of Public Notice of Disposal	Date of First Sale	Sales Commitments During Period	
				Quantity	Value (Dollars)
<u>NATIONAL STOCKPILE (Continued)</u>					
Rubber	470,000 lt	9-15-59	10-16-59 <sup>1</sup>	36,808 lt	27,370,444
Silk Waste	2,000,000 lb..	8-24-60	6-22-60 <sup>1</sup>	370,819 lb.	96,317
Talc, Ground Steatite	6,285 st	4-15-60	12- 8-60	2,382 st	14,230
Totaquine	7,820,291 oz.	4-30-55	--	1,000 oz.	20
Vanadate of Lead Concentrates	2,950 st	8-11-61	4-20-61 )	7,402 st	201,991
Ore	4,309 st	8-11-60	4-20-61 )		
Vanadium Pentoxide	35,343 lb.	8-11-60	4-20-61 )		
Zirconium Ore - Baddeleyite	16,533 sdt.	3-13-59	--	--	--
Zirconium Ore-Zircon	15,902 sdt	3-13-59	4-14-60	3,867 st	135,025
<u>DEFENSE PRODUCTION ACT INVENTORY</u>					
Columbium Bearing Tin Slugs	18,700 lt	1-18-61	--	--	--
Copper (to United States Government agencies)	10,000 st	3-24-60 )	6-13-60	10,935 st	6,355,120
Copper (to United States Government agencies)	7,000 st	1-4-61 )			
Cryolite	38,968 st	4-13-59	8- 5-59	--	--
Manganese Residues	14 st	2-9-61	--	--	--
Nickel	10,000,000 lb.	1-15-60	1-21-60	10,402,000 lb.	7,657,480
Nickel (to Government Agencies)	2,000,000 lb.	--	3-31-60	--	--
Nickel Cathodes	16,000,000 lb.	1-15-60	1-21-60	11,040,585 lb.	8,170,032
Nickel - NiCaro <sup>2</sup>	--	--	--	9,484,723 lb.	6,574,518
Rare Earth Bearing Materials	3,060 st	9-15-59	5-16-60	--	--
Thorium Bearing Materials	550 st	12-1-59	--	--	--
Tin Alloy (Copan)	537 lt	8-13-59	3-21-60	193 lt	363,470

<sup>1</sup> First sales were made in accordance with the Independent Offices Appropriations Act for 1960, which provided that perishable materials being sold to prevent deterioration need not be replaced to the extent they were excess to stockpile needs.

<sup>2</sup> Through 31 March 1961 - Sales Commitments through 30 June 1961 not available.

LEGEND: kt - Karat                      lt - Long Ton                      sdt - Short Dry Ton  
 lb - Pound                              oz - Ounce (Avoirdupois)      st - Short Ton  
 ldt - Long Dry Ton                      pc - Pieces                        tr oz - Troy Ounce

