

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

L/1860

22 October 1962

Limited Distribution

CONTRACTING PARTIES  
Twentieth Session  
23 October-16 November 1962

Original: English

DISPOSAL OF COMMODITY SURPLUSES

Reports by Contracting Parties

1. By document L/1814 contracting parties were invited to submit reports on any action they may have taken since the nineteenth session as regards the disposal of commodity surpluses, the liquidation of strategic stocks or disposals from stocks otherwise held by government agencies. The notifications or modifications to document L/1550 received to date, from the contracting parties listed below, are reproduced in the following pages of this document.

	<u>Page</u>
Australia	2
Canada	3
United Kingdom	5
United States	6

2. The Governments of the Netherlands and of Pakistan have advised that they have nothing to report.

AUSTRALIA

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 budgeting 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/1814:
  - (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 last report:

<u>Recipient</u>	<u>Commodity</u>	<u>Date</u>	<u>Quantity</u> <u>long tons</u>	<u>Value pounds</u> <u>'000</u>	<u>Terms of</u> <u>disposal</u>
India	Skim milk	August 1961	57	5	donation
		September 1961	491	39	"
		October 1961	696	56	"
		November 1961	561	44	"
Viet-Nam	Condensed milk	November 1961	62	8	"
India	Skim milk	December 1961	265	21	"
Viet-Nam	Condensed milk	June 1962	309	42	"

CANADA

I. AGRICULTURAL COMMODITIES

1. General programme for disposal

The Agricultural Stabilization 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.

2. Details of transactions

During the fiscal year ending 31 March 1962, the Agricultural Stabilization Board sold from its stocks commodities valued at \$33.6 million made up of butter, cheddar cheese, dry skimmed milk, pork, and lamb. In addition some payments were made on the export of potatoes. Details of the transactions are as follows:

(i) Butter

Approximately 43.8 million pounds of butter and 0.5 million pounds of butter oil were sold during the year at a total value of \$26.1 million. The basis of sale was 64 cents per pound for first grade butter delivered in Eastern Canada and an equivalent price for oil. All was sold on the domestic market.

(ii) Cheddar cheese

Sales of cheddar cheese during the year amounted to 19.1 million pounds of which 14.1 million pounds were exported to the United Kingdom at a price basis of 29 cents per pound at storage in Canada. The balance was sold on the domestic market. Total sales were valued at \$5.5 million.

(iii) Dry skimmed milk

Approximately 1.3 million pounds of dry skimmed milk were released from Board stocks for donations by the Canadian Government to international relief agencies.

(iv) Pork

No purchases of pork have been made by the Stabilization Board since January 1960 when a deficiency payment programme was initiated. During the last fiscal year sales amounting to 3.4 million pounds of canned luncheon meat and 771,930 pounds of canned hams were made from stocks accumulated in 1959, for export to specified destinations. These sales included about 85,000 pounds sold to the Department of External Affairs for donation for relief purposes in British Honduras. The commercial export sales were made at 16.17 cents per pound for luncheon meat and 33.33 cents per pound for hams, delivered Canadian seaboard.

(v) Lambs

During the year the Board purchased 5.3 million pounds of dressed lamb which it resold on the domestic market.

(vi) Potatoes

The Board was authorized to make a payment on Canada No. 1 potatoes (1½ to 4 inches) produced in the Maritime Provinces from the 1961 crop, which were sold for export to specified markets. The amount of assistance provided under this programme during the fiscal year was \$144,875 on a volume of 167,292 barrels of potatoes (165 pounds per barrel).

II. NON-AGRICULTURAL COMMODITIESTin

The only non-agricultural commodity on which official surplus disposal has taken place is tin. The Canadian non-commercial tin stockpile amounted to approximately 3,000 tons when the decision to dispose of it was made in August 1960; the International Tin Council was informed. Disposal is presently being carried out at a rate designed to prevent injury to the economic interests of producing countries.

---

Note: Wheat is not mentioned in the section on agricultural commodities. The Government of Canada does not consider that wheat stocks are held by government agencies and, therefore, they do not come within the terms of reference of this notification.

UNITED KINGDOM

Strategic Stocks

I. INDUSTRIAL RAW MATERIALS

1. Disposals have continued on the lines described in the previous report, which covered the period 1 October 1960 to 30 June 1961. The only consultations which have been necessary since that date, in accordance with the Resolution of March 1955, have been with Australia, New Zealand and South Africa on wool, with Norway and Canada on magnesium, and with the principal rubber producing countries.
2. Deliveries from the stockpile during the year from 1 July 1961 to 30 June 1962 were:

	<u>Tons</u>
Aluminium	6,602
Ferro-tungsten (m.c.)	84
Lead	954
Mica	80
Pyrites	29,407
Quartz crystals	9
Rubber	7,193
Tungsten (m.c.)	52
Wool	17,713 Th.lbs.
Zinc	10,301
Antimony	109
Ferro-chrome (high carbon)	24
Ferro-chrome (low carbon)	60
Carbonyl iron powder	8
Magnesium	282

All these disposals were by commercial sales. In addition small quantities of lead, zinc and tungsten ore were used by Government 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

The report submitted by the United States in September 1961 concerning its disposals of agricultural surpluses and excess strategic materials (L/1550, pages 7-19) gives the essential information regarding the nature of United States disposal programmes and the policies and procedures followed to protect the normal commercial trade of the United States and other countries. The following are the significant developments of the intervening period:

I. AGRICULTURAL COMMODITIES

In fiscal year 1962, first use was made of Title IV of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954, as amended), which was added to the Act by legislation approved 21 September 1959. This Title authorizes sales of United States surplus agricultural commodities on a long-term dollar credit basis for the purpose of assisting the economic development of friendly nations. Under this Title, the United States Government (excluding ocean transportation costs) may enter into agreements for the delivery of surplus commodities for a period up to ten years, and authorize repayment of credit, in annual instalments of principal and interest, over as long as twenty years. Sales agreements under this authority are developed in accordance with the same principles and safeguards (including consultation procedures) as agreements under Title I of the Act (sales for local currencies).

Within the year, Title IV agreements covering commodities with an estimated market value of \$53 million (excluding ocean transportation costs) were entered into with six countries - El Salvador, Liberia, Peru, Portugal, Venezuela and Yugoslavia. In several instances the agreements involve a shift-over from foreign currency sales under Title I of Public Law 480 or the use of Title IV in combination with Title I.

The Title IV agreements setting forth the delivery and credit provisions of the sale incorporate undertakings on the part of the recipient governments to maintain normal commercial imports of the products in question and to use the local currencies accruing from sale of the commodities in support of economic development programmes. For example, under the agreement with Liberia, the United States will supply commodities and credit which will assist in developing poultry and livestock production. The proceeds from the sale of rice and wheat flour and/or bulgur wheat supplied under the agreement will be used to finance port facilities for grain storage and handling, feed mixing facilities, and working capital for producers and traders. In addition, a quantity of mixed animal feed will be provided to assure the continued availability of feed materials for the industry.

The bulk of United States disposals of surplus agricultural commodities moves under Title I of Public Law 480. In fiscal year 1962, Title I agreements were concluded with twenty-six countries to finance the purchase for local currencies of commodities worth \$1,409 million at export market value (excluding ocean transportation costs). Included in the total are multi-year agreements

with Guinea, Indonesia and Pakistan. These agreements provide for the annual review of supply and requirement factors and related matters, including normal patterns of trade, with a view to any necessary adjustment of the sales provisions. For further details, see Table 1.

Foreign donations and grants of commodities held in stock by CCC, under Title II of the Act, were made in an aggregate amount of \$164 million (cost to the United States Government). Transfers under this Title included substantial shipments for disaster relief, aid to refugees and expanded child feeding programmes. In addition, under authority added to the Act in 1960, food grants were made in support of economic development projects. Emphasis has been placed to date upon projects in which the commodities received from the United States are used for part payment of wages-in-kind to needy people employed on public work projects. Projects utilizing surplus food for wages are under way in Afghanistan, Bolivia, the Republic of China, Dahomey, Ecuador, Ethiopia, India, Iran, Korea, Libya, Morocco, Tanganyika, and Tunisia. In the period in question, there have also been two instances (Brazil and St. Lucia) in which grants of feedgrains have been made in support of livestock programmes. Table 2 gives additional details concerning Title II transactions in fiscal year 1962.

Surplus foodstuffs involving a cost to the Government of \$225 million were donated under Title III, for distribution to needy persons abroad through United States voluntary relief agencies and intergovernmental organizations such as UNICEF.

Transactions under the barter provision of Title III continued at a level below that of preceding years. The value of new contracts negotiated in the fiscal year totalled \$112 million.

Additional details concerning Title IV transactions are given in Table 3.

The value of commodities programmed under all titles of the Act, as derived from the foregoing analysis, came to \$1,963 million. This compared with \$2,164 million reported for fiscal year 1961 and \$1,346 million for fiscal year 1960.

**Note:** Tables 1, 2 and 3 reproduced in the following pages are from the Sixteenth Semi-Annual Report on Activities under Public Law 480, (which covers period 1 January through 30 June 1962).

UNITED STATES/ETATS-UNIS

TABLE 1/TABLEAU 1

VALUE OF COMMODITIES PROGRAMMED UNDER TITLE I, PUBLIC LAW 480 AGREEMENTS SIGNED 1 JULY 1961 THROUGH 30 JUNE 1962/  
VALEUR DES PRODUITS FAISANT L'OBJET DES PROGRAMMES EXECUTES EN VERTU D'ACCORDS CONCLUS DU 1er JUILLET 1961 AU 30 JUIN 1962 EN APPLICATION DU TITRE PREMIER DE LA LOI N° 480

(in million dollars)/(en millions de dollars)

Country/Pays	Wheat and flour/ Blé et farine	Feed grains/ Céréales fourragères	Rice/riz	Cotton/ Coton	Tobacco/ Tabac	Dairy products/ Produits laitiers	Fats and oils/ Graisses et huiles	Other/ Autres	Market value/ Valeur marchande	Ocean transportation/ Transport par mer	Total	
											Market value including O.T./ Valeur marchande y compris le transport par mer	Estimated CCC cost including O.T./ Prix coûtant estimatif pour la CCC, y compris le transport par mer
Bolivia/Bolivie	2.2	--	0.6	1.1	--	--	--	--	3.9	0.5	4.4	6.3
Brazil/Brésil	50.6	1.8	--	--	--	--	--	--	52.4	6.2	58.6	93.2
China/Chine	20.0	.8	--	19.0	1.7	.1	3.1	--	44.7	4.1	48.8	69.0
Congo	3.4	--	3.5	--	.7	2.3	--	1.0	10.9	1.2	12.1	16.4
Finland/Finlande	--	--	--	1.5	.2	--	--	--	1.7	.1	1.8	2.1
Greece/Grèce	1.9	7.0	--	--	--	--	--	--	8.9	1.3	10.2	11.6
Guinea/Guinée	3.0	--	6.2	--	--	.1	.2	--	9.5	1.2	10.7	15.5
Iceland/Islande	.6	.3	.1	--	.5	--	.1	--	1.7	.3	2.0	2.3
India/Inde	--	6.4	--	27.0	2.9	--	--	--	36.3	3.0	39.3	53.0
Indonesia/Indonésie	19.6	--	40.5	36.3	10.0	--	--	--	106.4	9.9	116.3	174.9
Iran	6.1	--	--	--	--	--	1.4	--	7.5	1.8	9.3	12.9
Israel/Israël	10.9	7.0	--	--	--	.6	5.5	.8	24.8	2.7	27.5	36.1
Korea/Corée	21.7	9.0	--	33.1	--	--	1.8	--	65.6	5.9	71.5	101.8
Morocco/Maroc	12.7	--	--	--	--	--	12.7	--	12.7	1.6	14.3	22.0
Pakistan	349.4	23.6	--	15.9 2/	8.0	2.4	146.8	.4	546.5	88.4	634.9	826.8
Paraguay	5.5	--	--	--	--	--	--	--	5.5	1.4	6.9	10.4
Philippines	--	--	--	21.0	--	--	--	--	21.0	.8	21.8	32.9
Poland/Pologne	25.0	6.2	1.5	13.8	--	--	9.5	--	56.0	4.4	60.4	82.7
Sudan/Soudan	3.8	--	--	--	--	--	--	--	3.8	.8	4.6	6.8
Syrian Arab Republic/Syrie (Rép.arabe de)	6.3	--	1.5	--	.2	--	--	--	8.0	1.3	9.3	14.1
Tunisia/Tunisie	3.2	1.9	--	--	--	--	--	--	5.1	.8	5.9	7.7
Turkey/Turquie	93.6	.5	--	--	--	--	19.6	--	113.7	14.1	127.8	185.8
United Arab Republic/République arabe unie	101.0	14.2	--	--	6.5	neg	26.3	--	148.0	18.0	166.0	226.7
Uruguay	--	--	--	--	1.9	--	--	--	1.9	.1	2.0	2.0
Viet-Nam	3.3	--	5.8	8.4	2.6	7.9	--	--	28.0	2.6	30.6	40.1
Yugoslavia/Yougoslavie	62.9	--	--	9.1	--	--	11.9	.4	84.3	8.9	93.2	132.6
Total	806.7	78.7 3/	59.7	186.2	35.2	13.4 4/	226.2 5/	2.7 6/	1,408.8	181.4	1,590.2	2,185.7

1/ Includes ocean transportation to be financed by CCC/ Y compris le transport par mer financé par la CCC.

2/ \$9.6 extra-long staple cotton/ Coton extra longue soie à 9,6 dollars.

	Mil.Dol./Millions de dollars
Corn/maïs	58.2
Barley/orge	19.1
Grain sorghums/Sorgho en grains	1.4
Total	78.7

	Mil.Dol./Millions de dollars
Condensed milk/lait condensé	7.7
Dried whole milk/lait entier en poudre	1.5
Nonfat dry milk/lait écrémé en poudre	2.8
Evaporated milk/lait concentré	.8
Dried eggs/Oeufs en poudre	.6
Total	13.4

	Mil.Dol./Millions de dollars
Cottonseed and/or soybean oil/Huile de coton et/ou de soja	195.7
Tallow/suif	30.4
Lard	.1
Total	226.2

	Mil.Dol./Millions de dollars
Fruit	
... Congo, Iceland and Yugoslavia/	
Fruits	
... Congo, Islande et Yougoslavie	.6
Poultry	
... Congo and Pakistan/	
Volaille	
... Congo et Pakistan	1.3
Dry edible peas/Pois secs comestibles	
... Israel	.3
Dry edible beans/Haricots secs comestibles	
... Israel	.5
Total	2.7

UNITED STATES/ETATS-UNIS

TABLE 2/TABLEAU 2

TRANSFER AUTHORIZATIONS ISSUED UNDER TITLE II, PUBLIC LAW 480, FISCAL YEAR 1962/  
OBSERVATIONS AUTORISEES EN APPLICATION DU TITRE II DE LA LOI N° 480 PENDANT L'EXERCICE FINANCIER 1962

(in thousand dollars/en milliers de dollars)

Area and country/Régions et pays	Total	Ocean transpor- tation/ Transport par mer	Total commodities/ Total, produits	Commodities/Produits						
				Bread grains/ Céréales panifiables	Coarse grains/ Céréales se- condaires	Fats and oils/ Graisses et huiles	Dry beans/ Légumes secs	Milk and milk products/ Lait et pro- duits laitiers	Rice/Riz	Raw cotton/ Coton brut
Europe (total) .....	5,128	775	4,353	525	3,603	--	--	225	--	--
Austria/Autriche .....	4,203	600	3,603	--	3,603	--	--	--	--	--
Italy/Italie .....	925	175	750	525	--	--	--	225	--	--
Africa/Afrique (total) .....	58,300	9,271	49,029	14,763	24,860	2,247	311	5,494	1,354	--
Algeria/Algérie .....	6,436	916	5,520	4,975	--	175	175	195	--	--
Ongó .....	4,223	803	3,420	2,266	--	--	--	1,046	108	--
Dahomey .....	1,599	303	1,296	405	398	--	--	47	446	--
Ethiopia/Ethiopie .....	1,530	281	1,249	782	467	--	--	--	--	--
Kenya .....	7,980	1,070	6,910	--	5,100	650	--	1,160	--	--
Morocco/Maroc .....	2,079	180	1,899	1,600	--	150	29	120	--	--
Ruanda-Urundi .....	4,464	1,300	3,164	900	500	330	--	1,434	--	--
Somalia/Somalie .....	3,215	834	2,381	--	2,181	200	--	--	--	--
Tanganyika .....	10,256	1,339	8,917	--	8,020	--	--	897	--	--
Togo .....	2,489	541	1,948	--	1,185	742	21	--	--	--
Tunisia/Tunisie .....	13,639	1,639	12,000	3,835	6,684	--	86	595	800	--
Uganda/Uganda .....	390	65	325	--	325	--	--	--	--	--
Near East and South Asia/Proche-Orient et Asie méridionale (total) ..	91,321	13,535	77,786	45,585	27,900	2,600	--	518	1,183	--
Cyprus/Chypre .....	7,900	909	7,000	7,000	--	--	--	--	--	--
India/Inde .....	4,056	655	3,401	1,700	--	--	--	518	1,183	--
Iran .....	8,200	1,800	6,400	4,000	2,400	--	--	--	--	--
Jordan/Jordanie .....	156	35	121	121	--	--	--	--	--	--
Syrian Arab Republic/Syrie (Rép. arabe de) .....	7,600	1,600	6,000	6,000	--	--	--	--	--	--
Turkey/Turquie .....	15,500	1,500	14,000	14,000	--	--	--	--	--	--
United Arab Republic/République arabe unie .....	29,100	3,600	25,500	--	25,000	--	--	--	--	--
UNRWA (Palestine refugees)/Agence de secours et de travaux des Nations Unies (réfugiés de Palestine) .....	18,809	3,445	15,364	12,764	--	2,600	--	--	--	--
Far East and Pacific/Extrême-Orient et Pacifique (total) .....	8,532	995	7,537	4,800	--	395	--	125	2,162	55
China (Taiwan)/Chine (Formose) .....	5,877	557	5,320	4,800	--	395	--	125	--	--
Hong Kong .....	1,014	173	841	--	--	--	--	--	786	55
Ryukyu Islands/Iles Riou-Kiou .....	315	40	275	--	--	--	--	--	275	--
Viet-Nam .....	1,326	225	1,101	--	--	--	--	--	1,101	--
Latin America/Amérique latine (total) .....	30,091	4,638	25,453	1,482	2,176	723	1,716	19,356	--	--
Brazil/Brésil .....	27,375	4,120	23,255	450	2,025	300	1,700	18,780	--	--
Bolivia/Bolivie .....	116	27	89	45	1	11	16	16	--	--
Ecuador/Equateur .....	257	29	228	139	29	30	--	30	--	--
Peru/Pérou .....	2,335	460	1,875	848	115	382	--	530	--	--
St. Lucia/Sainte-Lucie .....	8	2	6	--	6	--	--	--	--	--
Total .....	193,372	29,214	164,158	67,155	58,539	5,965	2,027	25,718	4,699	55
Ocean freight: Title III foreign donations/Transport par mer: Donations à l'étranger en application du Titre III .....	46,471	46,471	--	--	--	--	--	--	--	--
Grand total/Total général .....	239,843	75,685	164,158	--	--	--	--	--	--	--

1/ Includes \$80,000 transportation for commodities authorized late Fiscal Year 1961/  
Y compris 80 000 dollars de frais de transport pour des produits faisant l'objet de  
cessions autorisées en fin d'exercice financier 1961.

UNITED STATES/ETATS-UNIS

TABLE 3/TABLEAU 3

VALUE OF COMMODITIES PROGRAMMED UNDER TITLE IV, PUBLIC LAW 480 AGREEMENT SIGNED 1 JULY 1961 THROUGH 30 JUNE 1962/  
VALEUR DES PRODUITS FAISANT L'OBJET DE PROGRAMMES EXECUTES EN VERTU D'ACCORDS CONCLUS DU 1er JUILLET 1961 AU 30 JUIN 1962 EN APPLICATION DU TITRE IV DE LA LOI N° 480

(in million dollars/en millions de dollars)

Country/Pays	Wheat and flour/Blé et farine	Feed grains/ Céréales fourragères	Rice/Riz	Cotton/Coton	Dairy products/ Produits laitiers	Fats and oils/ Graisses et huiles	Other/Autres	Total		Market value including O.T./Valeur marchande y compris le transport par mer	Estimated CCC cost including O.T./Prix coûtant es- timatif pour la CCC y compris le transport par mer
								Market value/ Valeur mar- chande	Ocean transpor- tation/ Transport par mer 1/		
El Salvador/Salvador .....	1.8	--	--	--	--	--	--	1.8	.2	2.0	2.8
Liberia/Libéria .....	.6	.8	6.4	--	--	--	--	7.8	.8	8.6	12.5
Peru/Pérou .....	--	--	--	--	--	1.8	--	1.8	.2	2.0	2.0
Portugal .....	11.1	.8	--	--	--	--	--	11.9	1.3	13.2	20.9
Venezuela 2/ 3/ .....	--	5.8	3/	2.7	3/	3/	3/	13.1	0.8	13.9	16.6
Yugoslavia/Yougoslavie .....	--	--	--	14.0	--	2.5	--	16.5	.8	17.3	25.5
<b>Total .....</b>	<b>13.5</b>	<b>7.4</b>	<b>3/ 6.4</b>	<b>16.7</b>	<b>3/ --</b>	<b>3/ 4.3</b>	<b>3/ --</b>	<b>52.9</b>	<b>4.1</b>	<b>57.0</b>	<b>80.3</b>

1/ Includes ocean transportation to be financed by CCC/Y compris le transport par mer financé par la CCC.

2/ Excludes cancelled agreement of 11 November 1961/A l'exclusion de l'accord du 11 novembre 1961 qui a été annulé.

3/ Amendment of 18 June 1962, to Venezuelan agreement of 17 May 1962, provides for increasing total value including ocean transportation by any amount up to \$5 million, which may be applied in any proportion to the following commodities: grain and grain products, dairy products, fats and oils, dry edible beans and peas, livestock products, and fruits and vegetables./L'amendement apporté le 18 juin 1962 à l'accord du 17 mai 1962 avec le Venezuela prévoit que la valeur totale, y compris le transport par mer, sera augmentée d'un montant maximum de 5 millions de dollars, l'augmentation étant répartie dans n'importe quelles proportions entre les produits suivants: céréales et dérivés, produits laitiers, graisses et huiles, légumes secs comestibles, produits animaux, fruits et légumes.

## II. STRATEGIC AND INDUSTRIAL MATERIALS

As shown in Table 4, total sales commitments for materials excess to present requirements of the National (strategic) Stockpile under approved disposal programmes came to approximately \$48 million in fiscal year 1962. Almost two thirds of this total, or \$30 million, was accounted for by sales of surplus rubber, under the programme initiated in 1959. Other relatively large items included (a) coconut oil - \$7.5 million, (b) feathers and down - \$4.8 million, (c) magnesium scrap - \$1.4 million, and (d) quinine - \$1.4 million.

In addition, sales commitments for surplus materials from special inventories held by the United States Government (the DPA inventory and a special inventory of tin of the Federal Facilities Corporation) came to about \$40 million, with the major items being nickel - \$21.3 million; tin - \$10.6 million; and copper released to United States Government agencies - \$5.6 million.

There have been no disposals from the supplemental stockpile, which is comprised of materials acquired through barter of agricultural surpluses under Public Law 480.

Plans for a number of new disposal programmes were announced during the fiscal year. Most of these were subject to the requirements of the Strategic and Critical Materials Stockpiling Act of 1946 (Public Law 520-79), which specifies that there must be (a) six months' public notice for all disposals and (b) the express approval of the Congress for all disposals except those in which the material is surplus by reason of obsolescence for use in time of war. The necessary Congressional approval for twenty-six of the disposal items listed in Table 4 was obtained in June and July 1962. Many of these new programmes relate to relatively small lots of materials. Where they do not, as in the case of tin, castor oil, and shellac, it is the intention to spread sales over a period of years.

In all cases where it was considered that the disposal programme might significantly affect the interests of other countries, prior consultations were held to ascertain their views and suggestions, so that these might be taken into account in reaching decisions on the programme. In view of the importance of the tin disposal programme to a large number of countries, multi-lateral consultations were also arranged, so that there might be a thorough exchange of views on problems foreseen by both the producers and the United States Government. Similarly, multilateral consultations were held within the year with representatives of the rubber producing countries, to assist the United States Government in developing the revised procedures for that programme which a changing market situation required.

The existence of substantial surplus stocks of strategic materials in the hands of the United States Government has arisen primarily because of a 1958 revision in the basis for calculating requirements for the national stockpile, which reduced the assumed emergency mobilization period from five to three

years. This revision came at a time when procurement against previously established objectives had been largely completed. While new calculations of stockpile objectives may be made from time to time and may result in revised estimates of excess inventories of particular materials, they are not likely to alter the basic fact that excessive surplus stocks of many industrial materials are now held by the United States Government, and that it is in the interest of all concerned that there be orderly but substantial progress in the liquidation of these stocks. There is a growing interest on the part of the Congress and public in this matter.

On 31 January 1962, President Kennedy publicly drew attention to the fact that United States stockpiles, then valued at \$7.7 billion, exceeded by nearly \$3.4 billion current estimates of emergency requirements. He said it was apparent that this excessive storage of costly materials was a questionable burden on public funds and promised full co-operation in any investigation undertaken by the Senate subcommittee concerned with stockpiling operations. He also announced that he was appointing a committee to make a detailed review of United States stockpiling policies, programmes and goals in the light of changed defence strategy and improved technology.

In addition, President Kennedy said that he was very much aware of the intricate and interrelated problems involved in this area, including the difficulties experienced by certain domestic mineral industries, the impact on world markets, and the heavy reliance of certain countries on producing one or more of these minerals. He concluded with the assurance that "we will take no action which will disrupt commodity prices."

The Senate Subcommittee, under chairmanship of Senator Symington, has held hearings on the stockpiling of a number of materials, with attention both in the procurement of these materials and to disposal questions. These hearings are expected to continue. In addition, the President's Committee is well underway in its review of stockpiling policies and goals.

It is too early to say what changes in existing policies and procedures may result. It can safely be assumed, however, that the United States Government will continue to be fully alert inter alia to the need to protect commercial markets and the need to avoid ill-considered actions in the matter of stockpile disposals which would undermine the benefits intended to flow from its foreign aid programmes.

Past disposal operations, while largely confined to the liquidation of off-grade materials or perishable materials subject to deterioration, have provided useful experience pointing to a variety of ways in which an orderly disposal programme can be operated to provide a reasonable rate of disposals without undue impact upon normal commercial markets. As indicated last year, the plan for each disposal is worked out in accordance with the basic requirement of the stockpiling law that due regard be given to (a) the protection of the United States against avoidable loss on the sale or transfer of the material

and (b) the protection of producers, processors and consumers against avoidable disruption of their usual markets. This requires that careful attention be given to prevailing market conditions here and abroad, to the supply, demand and price situation, to the size of the proposed disposal relative to world production and trade in the commodity, and to the utilization of commercial channels for the disposal. In some cases, there may be possibilities of selling surpluses back to producers, who will then have the option to hold the materials, or release them to the market, as commercial considerations warrant. Procedures are also available for channelling surplus materials into direct and indirect government use. For example, in the case of rubber the Defense Department is revising its specifications for tires and retreading materials to require an increased and substantial proportion of natural rubber in lieu of synthetic, with the natural rubber increment to be taken from the national stockpile surplus. Considerable attention is also being given to utilizing surplus materials in the United States foreign aid programme. Finally, a variety of control procedures have been developed which enable the government to offer on the open market moderate quantities of materials, weekly or monthly, with a minimum of impact on the market.

It is the policy to hold consultations with substantially interested governments in advance of final adoption and public announcement of the proposed disposal plan, so that their views may be taken into account in the decisions made. Programmes for disposal of particular materials, once instituted, may be suspended or modified whenever necessary to avoid undue impact on the market.

There follows a brief description of recent developments regarding three programmes in which there is presumed to be particular interest among contracting parties.

#### Tin

In 1961, the anticipation of a shortage in world tin supplies created a favourable opportunity for initiating the disposal of excess stocks of tin held by the United States Government. By the summer of 1961, the tin buffer stock had been exhausted and tin prices had risen to their highest level since 1953. Having been approached through the International Tin Council (ITC) regarding the possibility of sale of some surplus tin, the United States held extensive consultations with the ITC and the governments of member countries before announcing, in July, that it would initiate sales on 2 August from a stock of about 4,000 tons of tin held in a special inventory outside of the strategic stockpile. As reflected in Table 4, approximately this quantity of tin was subsequently sold, in small lots, over the period August 1961 - January 1962.

In addition, in September 1961, the Executive Branch of the Government asked the Congress to approve disposal of 50,000 tons of excess tin in the strategic stockpile, in small lots, on the basis of prevailing market prices over a period of several years, with the actual rate and conditions of sale

to be determined later. Authority to waive the required six-months waiting period with respect to 10,000 tons of this total was also sought, so as to permit continued small releases, as the market might warrant, if the 4,000 tons inventory were to be liquidated before expiration of the six months (in March 1962). Interested governments were given advance notice of this request and assurances that they would be fully consulted concerning the rate and conditions of sale after Congress approved the disposal.

Congressional approval for the disposal (without the waiver, which was no longer required) was received 21 June 1962. Thereafter, the United States held consultations with the International Tin Council and with the Governments of the major producing areas - Malaya, Indonesia, Thailand, Nigeria, the Congo (Leopoldville) and Bolivia - concerning a disposal programme for an initial period of six months. On 24 August it announced the details of a plan for disposal of tin during the remainder of 1962. The announcement drew attention to the following features of the disposal plan.

1. To conform as nearly as possible to the suggestions of the producing countries, the United States decided to reduce the maximum quantity of tin to be disposed of each week from the 300 tons originally proposed to 200 tons. Thus total permissible disposals for the balance of the year of 3,000 metric tons were substantially less than the 1962 statistical shortage as estimated by the International Tin Council. Of 200 tons per week maximum, an average of approximately 30 tons per week is expected to be used in foreign aid programmes, and approximately 10 tons per week for direct use by United States Government agencies. The quantity to be actually sold in commercial markets will be reduced accordingly. The weekly permissible disposal quota will not be cumulative as far as commercial sales are concerned.
2. The General Services Administration will accept only those bids which are reasonably consistent with prevailing market prices, and will reduce or temporarily suspend sales if it should appear that they are exerting substantial downward pressure on prices. The United States Government, being interested in protecting the long-term stability and prosperity of the tin producing countries, "assumes the responsibility to observe the market situation closely."
3. The effects of the disposals will be reviewed if there are any significant changes in the market, and also, in any case, before the expiration of the announced period as regards disposals thereafter, which will not necessarily be the same as those now being announced. The United States Government will consult with the governments of the major producing countries and the International Tin Council with regard to the extension of any substantial change of the present programme.

#### Extra long staple cotton

A plan to liquidate the strategic stockpile of extra long staple cotton was announced five years ago, i.e. in August 1957, there having been an earlier determination that there was no longer need to stockpile this commodity

for national security purposes. A disposal plan for 50,000 bales acquired for the stockpile had already been authorized by the Congress in July 1957, a large part of which has by now been sold.

Legislation authorizing and governing disposal of the balance of the stockpile was ultimately enacted on 13 June 1962. This transfers the stocks to the Commodity Credit Corporation for disposition. To protect the operation of the United States price support programme for extra-long staple cotton, the Congress has required that cotton of foreign origin (approximately 172,000 bales) may be sold for export only, at not less than the world market price as determined by the Secretary of Agriculture. Cotton of domestic origin may be sold for unrestricted use, at not less than 115 per cent of the current United States support price, plus reasonable carrying charges. The foreign cotton may be disposed of through both commercial and Public Law 480 sales. The Secretary of Agriculture will periodically determine and announce quotas for disposals through these channels. No date for completion of the disposal is specified.

The major producing countries were consulted on the proposed liquidation of these stocks, both prior to submission of the original request to Congress in 1957 and again in the spring of 1962, prior to enactment of the authorizing legislation. Assurances have been given them that the disposal will be carried out with care and due regard for the interests of those countries dependent on stable world markets for sale of this product and that these countries will be consulted prior to disposals abroad.

### Rubber

On three occasions in the past year, changes in the rubber disposal programme were announced. In each case, there was full prior consultation with the rubber producing countries, so that account might be taken of their views and suggestions in working out the necessary changes in the programme.

The original programme, initiated in 1959 for the sale of 470,000 tons of surplus rubber over a period of nine years, included a graduated price scale, with quantity limits on the sales that might be made each quarter when prices were within a stated range.

Early in 1961, it became apparent that basic changes were taking place in world rubber markets, due largely to the development of new synthetic rubbers at competitive prices and to new techniques in cultivation of natural rubber resulting in very greatly increased yields per acre. This meant that changes would have to be made in the rubber disposal programme if it were to continue to provide for the gradual liquidation of excess rubber stocks held by the United States Government. In November 1961, following protracted consultations with interested governments, a revised interim programme was announced. This limited sales to 5,000 tons a month when the contract prices received fell below 32 cents; when the price was 32 cents or above, there would be no limitation.

After further consultations, it was announced in January 1962, as a modification of the interim procedure, that there would be no sales except of deteriorated rubber when the average price for the preceding months was less than 28 cents per pound.

Finally, in June 1962, after another round of consultations and exchange of views, it was announced that the basic interim programme would be supplemented with new arrangements relating to the use of surplus natural rubber in certain defence and foreign aid programmes of the United States Government. Under the supplementary arrangements, rubber used in these programmes will not be counted against the 5,000-ton monthly limit on disposals. Rubber so used in aid programmes is not expected to exceed 12,000 to 15,000 tons in the twelve months ending 30 July 1963, and will not be sold in world rubber markets. The use in military programmes will result from the change in specifications for certain sizes of tyres and retreading material already mentioned. When certain legal and administrative problems have been resolved, this will result in a wholly new demand for natural rubber, replacing synthetic rubber, which in about twelve months may absorb 24,000 tons per year from the stockpile.

TABLE 4 - DISPOSAL ACTIVITIES UNDER ACTIVE DISPOSAL PLANS NATIONAL STOCKPILE PROGRAM AND DEFENSE PRODUCTION ACT (FISCAL YEAR 1962 AND CUMULATIVE TO DATE AS OF 30 JUNE 1962)/  
TABLEAU 4 - OPERATIONS D'ÉCOULEMENT RÉALISÉES DANS LE CADRE DES PLANS EN COURS AU TITRE DU PROGRAMME NATIONAL DE STOCKAGE DE LA LOI SUR LA PRODUCTION POUR LA DÉFENSE  
(EXERCICE 1962 ET TOTAL ANNUEL JUSQU'AU 30 JUIN 1962)

Commodity/ Produits	Unit/ Unité	Published in F.R. or Public Notice/Publié par avis de la F.R. ou avis au public	Quantity Authorized for Disposal/Quantité dont l'écoulement a été autorisé	Sales Commitments/Engagements de vente			
				Current Fiscal Year/ Exercice en cours	Cumulative to Date/ Total cumulé	Quantity/ Quantité	Total Sales Value/Valeur totale des ventes (\$)
<b>National Stockpile/Stocks nationaux</b>							
Agar/Agar-agar	LB	12-12-58	199,236	13,725	8,372	199,236	88,836
Alumina (calcined)/Alumine (calcinée)	ST	7-29-59	6,015	1,462	65,310	6,015	307,413
*Castor oil/Huile de ricin	LB	9-13-61	155,676,000	-	-	-	-
*Celestite/Célestite	SDT	3-16-61	28,816	-	-	-	-
Chromite, metallurgical unspecification/Chromite métallurgique (déclassé)	LT	9-27-60	89,750	35,200	175,000	35,200	175,000
Chromite, metallurgical (lav grade)/Chromite métallurgique (pauvre)	LT	8-15-59	1,700	1,700	3,000	1,700	3,000
*Chromite, metallurgical/Chromite métallurgique	LT	10-18-61	1,890	-	-	-	-
*Cobalt, carbonate/Carbonate de cobalt	LB	9-26-61	5,500	-	-	-	-
*Cobalt metal - Rondelles/Cobalt métal - rondelles	ST	1-25-61	9	-	-	-	-
*Cobalt, oxide/Oxyde de cobalt	LB	9-26-61	265,000	-	-	-	-
Coconut oil/Huile de coco	LB	6-23-59	265,000,000	70,166,402	7,531,425	155,538,771	19,257,565
*Copper, beryllium scrap/Déchets de cuivre béryllium	ST	7-19-61	11	-	-	-	-
*Cordage fibers, Abaca/Fibres d'abaca pour la corderie	LB	1-26-61	7,500,000	-	-	-	-
Cordage fibers, Abaca/Fibres d'abaca pour la corderie	LB	**	15,737,500	-	-	15,737,500	4,879,500
*Cordage fibers, Sisal/Fibres de sisal pour la corderie	LB	1-26-61	10,000,000	-	-	-	-
***Cotton (Extra Long Staple)/Coton (extra-longue soie)	HL	8-30-57	220,000	-	-	-	-
Ferrochrome Alloys Various/Alliages au ferrochrome, divers	LB	9-27-60	145,126	145,126	6,532	145,126	6,532
Ferromanganese, fines/Ferromanganèse, fines	ST	11-29-61	645	-	-	-	-
*Ferromanganese/Ferromanganèse	ST	12-5-61	63	-	-	-	-
*Ferrovandium/Ferrovandium	LB	10-31-60	65,447	-	-	-	-
Graphite (Mixed All Grades)/Graphite (mêlé, toutes qualités)	ST	3-16-60	2,647	61	4,526	61	4,526
Hyoscine/Hyoscine	OZ	7-23-58	4,070	-	-	-	-
Hyoscine/Hyoscine	OZ	4-28-61	1,500	3,515	36,869	5,567	54,776
Kyanite and Mullite/Kyanite et mullite	SDT	5-6-60	7,326	450	11,500	2,486	77,657
Magnesium oxides and carbonates/Oxydes et carbonates de magnésium	LB	8-17-61	20,000	20,000	negl.	20,000	negl.
Magnesium ingots/Lingots de magnésium	ST	3-15-62	12,500	-	-	-	-
Magnesium Scrap/Déchets de magnésium	LB	12-14-60	5,248,000	5,248,000	1,394,268	5,248,000	1,394,268
*Manganese metal, Electrolytic/Manganèse électrolytique	ST	12-5-61	4,5	-	-	-	-
*Molybdenum/Molybdène	LB	4-26-62	5,000,000	-	-	-	-
Nickel Group/Groupe du nickel:							
Arsenical, ore/Minéral arsenical	ST	8-2-60	322	322	30,460	322	30,460
Burma Speiss/Speiss de Birmanie	ST	8-2-60	1,443	1,443	364,310	1,443	364,310
*Nickel ingots/Lingots de nickel	ST	1-25-61	96	-	-	-	-
*Nickel oxide powder/Oxyde de nickel en poudre	LB	3-8-62	10,000,000	-	-	-	-
*Nickel, powder/Nickel en poudre	ST	1-25-61	4	-	-	-	-
Palm Oil/Huile de palme	LB	5-28-60	37,700,000	6,547,432	518,834	9,005,772	697,064
Platinum Group Metals/Métaux du groupe platine:							
Rhodium/Rhodium	TrOz	8-15-58	2,524	2,215	258,487	2,524	326,080
*Platinum scrap/Déchets de platine	TrOz	7-15-61	4,471	-	-	-	-
Quartz Crystals, Crude/Cristaux de quartz à l'état brut	LB	2-24-61	500,000	46,461	58,632	46,461	58,632
Quartz Crystals, partially processed/Cristaux de quartz partiellement ouverts	PC	8-27-59	1,500,000	189,685	760	1,500,000	19,024
Quartz Crystals, partially processed/Cristaux de quartz partiellement ouverts	PC	2-18-61	6,275,987	6,275,987	50,048	6,275,987	50,048
Quinidine/Quinidine	OZ	11-24-60	453,000	30,000	19,665	129,989	87,433

\*Disposal approved by Congress, June 21, 1962./Liquidation approuvée par le Congrès le 21 juin 1962.

\*\*Rotation without replacement./Rotation sans remplacement.

\*\*\*On July 13, 1962, Congress completed action on a bill to dispose of this cotton./Le 13 juillet 1962, le Congrès a approuvé de façon définitive un projet de loi sur la liquidation de ce coton.

Commodity/ Produits	Unit/ Unité	Published in F.R. or Public Notice/Publié par avis de la F.R. ou avis au public	Quantity Authorized for Disposal/Quantité dont l'écoulement a été autorisé	Sales Commitments/Engagements de vente			
				Current Fiscal Year/ Exercice en cours	Total Sales Value/Valeur totale des ventes (\$)	Cumulative to Date/ Total cumulé	Total Sales Value/Valeur totale des ventes (\$)
Quinine: Dosage form/En doses préparées	OZ	8-10-60	-	-	2,759,508	221,000	
Hydrochloric powder/Chlorure en poudre	OZ	8-10-60	(13,860,000	-	1,576,644	245,500	
Sulphate powder/Sulfate en poudre	OZ	8-10-60	-	7,002,492	1,445,900	1,445,900	
Rubber/Caoutchouc	LT	9-15-59	470,000	47,633	29,828,182	121,257,640	
Sapphire, natural and synthetic/Saphir naturel et synthétique	KT	1-14-61	1,781,597	1,781,597	803	803	
Shellac/Gomme-laque	LB	10-28-61	10,655,418	228,288	37,812	37,812	
*Silk, noils/Soie, blousses	LB	4-17-62	440,246	-	-	-	
Silk, waste/Soie, déchets	LB	8-24-60	1,950,000	1,248,963	513,990	1,801,243	
Silk, waste/Soie, déchets	LB	4-17-62	961,061	-	-	-	
Talc, steatite, ground/Talc, stéatite, en poudre	ST	4-15-60	6,285	-	-	2,383	
Talc, steatite, block and lump/Talc, stéatite, en morceaux	ST	1-14-61	39	2	358	358	
Totaquine/Totaquine	OZ	4-30-55	7,818,272	164,800	3,296	165,800	
*Tin/Étain	LT	9-7-61	50,000	-	-	-	
Vegetable Tannin Extracts /Extraits tannants végétaux:							
*Chestnut/Marronnier	LT	3-15-61	650	-	-	-	
*Quebracho/Québracho	LT	3-15-61	2,100	-	-	-	
*Wattle/Acacia	LT	3-15-61	650	-	-	-	
*Zinc foil/Feuilles minces de zinc	ST	7-19-61	106	-	-	-	
Zirconium Ores, baddeleyite/Mineral de zirconium, baddeleyite	SDT	3-13-59	16,533	-	-	-	
Zirconium Ores, zircon/Mineral de zirconium, zircon	SDT	3-13-59	15,902	8,417	287,806	12,784	
*Brass scrap/Déchets de laiton	ST	7-19-61	520	-	-	-	
*Bronze, silicon and copper scrap/Déchets de bronze, silicium et cuivre	ST	7-19-61	74	-	-	-	
Bristles, hog/Soies de porc	LB	7-22-58	3,524,532	9,026	180,520	3,524,522	
Feathers and Down/Plumes et duvets	LB	4-6-61	3,930,000	2,143,565	4,796,434	3,930,000	
Total National Stockpile/Total, stocks nationaux					47,660,099	5,509,521	
<u>Defense Production Act/Loi sur la production pour la défense</u>							
Cobalt/Cobalt	LB	1-24-62	250,000	-	-	-	
Columbium bearing tin slags/Scories d'étain contenant du columbium	LT	3-18-61	18,700	18,907	457,119	18,907	
Copper to Government Agencies/Cuivre (à des institutions officielles)	ST	-	27,000	9,104	5,636,248	30,039	
Cryolith (synthetic)/Cryolite (synthétique)	ST	4-3-59	38,968	4,800	729,600	11,600	
Fluorspar Acid Grade (contaminated)/Spath fluor, acide (contaminé)	SDT	5-11-62	2,300	-	-	-	
Manganese ore, low grade/Mineral de manganèse (pauvre)	LT	1-24-62	351,518	-	-	-	
Manganese, sulphate and carbonate/Sulfate et carbonate de manganèse	ST	2-9-61	14	14	168	14	
Mica Muscovite/Mica muscovite	LB	-	3,600	634	13,351	634	
Nickel/Nickel	LB	1-15-60	24,000,000	3,939,070	3,147,990	18,991,070	
Nickel to Government Agencies/Nickel (à des institutions officielles)	LB	-	2,000,000	1,204,082	1,023,470	1,704,082	
Nickel Cathodes - Contract Settlements/Cathodes en nickel (règlements de contrats)	LB	-	-	5,635,077	4,578,500	33,506,423	
Nickel Nicaro - Other Sales/Nickel nicaro (autres ventes)	LB	-	-	16,313,074	12,591,794	271,846,123	
Rare earth-bearing materials/Matières contenant des terres rares	SWT	9-15-59	3,060	-	-	50	
Rutile Briquettes/Briquettes de rutile	ST	6-8-62	3,500	-	-	-	
Thorium-bearing materials/Matières contenant du thorium	SWT	12-1-59	600	-	-	50	
Titanium Sponge (140-170 Brinell)/Mousse de titane (140-170 Brinell)	ST	-	2,228	-	-	-	
Tungsten/Tungstène	LB	1-24-62	1,700,000	1,470,721	1,068,756	1,470,721	
Federal Facilities Corporation - Tin/Étain - Federal Facilities Corporation	LT	-	3,930	3,930	10,625,762	3,930	
Total DPA and FFC-Tin/Total, loi sur la production pour la défense et FFC					39,872,758	10,625,762	

LEGEND/LEGENDE: BL - Bale/Balle  
 KT - Carat/Carat  
 LB - Pound/Livre-poids  
 LDT - Long Dry Ton/Tonne longue (poids à sec)  
 LT - Long Ton/Tonne longue  
 OZ - Ounce (Avoir-du-poids)/Once (avoir-du-poids)

PC - Pieces/Pièce  
 SDT - Short Dry Ton/Tonne courte (poids à sec)  
 S' - Short Ton/Tonne courte  
 SWT - Short Wet Ton/Tonne courte (poids humide)  
 TrOz - Troy Ounce/Once-troy