

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2363

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Limited Distribution

CONTRACTING PARTIES
Twenty-Second Session

Original: English

DISPOSAL OF COMMODITY SURPLUSES

Reports by Contracting Parties

1. At the twenty-first session the CONTRACTING PARTIES reviewed document L/2152 which contained reports by contracting parties on action taken as regards the disposal of commodity surpluses, the liquidation of strategic stocks or disposals from stocks otherwise held by government agencies and agreed to maintain the established procedure (SR.21/5).
2. By document L/2334 contracting parties were invited to submit their reports. Notifications have been received to date from the following contracting parties:

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|----------------|-------------|
| Canada | 2 |
| United Kingdom | 3 |
| United States | 4 |

The Government of Sweden has advised that during 1964, 2,350 metric tons of copper were disposed of from Swedish stockpiles, all of which were consumed within the country.

3. The Governments of Australia and the Netherlands have advised that they have nothing to report.

CANADAAgricultural Commodities1. 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 methods, 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 1964, the Agricultural Stabilization Board sold from its stocks to both the domestic and export markets, commodities valued at \$44.8 million. Details of these transactions are as follows:

(i) Creamery butter

During the year approximately 74.4 million pounds of butter and 16.5 million pounds of butter oil valued at \$42.4 million were sold. The basis of sale was 52 cents per pound for First Grade butter delivered in Eastern Canada for domestic sales, with an equivalent price on domestic sales of butter oil. Included in the above sales were exports amounting to 15.3 million pounds of butter oil at a price of 27 cents per pound at seaboard, and 5.5 million pounds of butter sold to Britain at competitive market prices under a supplementary quota opened by that country. The remaining 68.9 million pounds of butter were sold on the domestic market.

(ii) Dry skimmed milk

The Board sold approximately 1.8 million pounds of skimmed milk powder, the balance of its old 1959 stocks, during the year. These holdings were sold as feed grade for export only at a price of \$5.91 per hundredweight, basis in storage Toronto and Montreal.

(iii) Pork

During the year further sales were made of the Board's stocks of canned pork and canned hams acquired in 1959. Sales of about 4.4 million pounds of canned pork luncheon meat at 16.17 cents per pound and 427,590 pounds of canned hams at 33.3 cents per pound were made for export to approved destinations. Prices were basis delivery Canadian seaboard. A relief donation of 5.6 million pounds of canned pork luncheon meat was made to Greece, and 7,020 pounds of canned ham were donated for relief purposes in Brazil.

UNITED KINGDOM

Strategic Stocks

I. INDUSTRIAL RAW MATERIALS

1. Disposals have continued on the lines described in earlier reports which covered the periods 1 October 1960 to 30 June 1961; 1 July 1961 to 30 June 1962 and 1 July 1962 to 30 June 1963. The only consultations which have been necessary since the last report, in accordance with the Resolution of March 1955, have been with Canada and Norway on magnesium and ferro-chrome. The International Lead and Zinc Study Group has been kept informed of our plans for disposal of lead and zinc.
2. Deliveries from the stockpile during the eighteen months period 1 July 1963 to 31 December 1964 were:

| | <u>Tons</u> |
|---------------------------|-------------|
| Aluminium | 9,520 |
| Ferro Tungsten (m.c.) | 59 |
| Lead | 7,039 |
| Mica | 196 |
| Pyrites | 27,445 |
| Quartz crystals | 2 |
| Rubber | 10,038 |
| Tungsten (net dry weight) | 991 |
| Zinc | 100 |
| Magnesium | 399 |
| Ferro-chrome | 1,379 |

3. These disposals were by commercial sales. Small quantities of lead and tungsten ore were used by Government departments.

II. ESSENTIAL FOODSTUFFS

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

UNITED STATESI. AGRICULTURAL COMMODITIES*A. Disposal operations in fiscal year 1964

The value of commodities programmed under all titles of the Act during fiscal year 1964 came to \$1,530.2 million. This compares with \$2,001.1 million reported for fiscal year 1963 and \$2,286.0 million reported for fiscal year 1962.

The bulk of United States disposals of surplus agricultural commodities moves under Title I of Public Law 480. In fiscal year 1964, thirty-seven agreements, or amendments to agreements, were entered into with twenty-two countries, to finance the purchase for local currencies of commodities worth approximately \$552.0 million at export market value (excluding ocean transportation costs). Included in the total are agreements entered into for the first time with Jordan and the Ivory Coast. The value of agreements in fiscal year 1964 was only about half of the value for the preceding year, primarily because of several multi-year transactions signed in fiscal year 1963.

Sales agreements signed during fiscal year 1964 provided that foreign currencies equivalent to \$319.3 million be made available for loans and grants to recipient countries for economic development purposes. Loans constitute the largest single use of foreign currency sales proceeds and comprise about 50 per cent of the total amount expected as a result of sales agreements concluded since the beginning of the programme.

Foreign donations and grants of commodities held in stock by CCC, under Title II of the Act, were made to twenty-eight countries in an aggregate amount of \$236.3 million (cost to the United States Government). In addition, almost \$56.2 million were authorized for ocean freight costs for overseas shipments by the voluntary agencies under Title III, making a total of \$292.5 million or a decrease of 17.2 per cent from the previous fiscal year.

In line with its policy of providing aid in conjunction with self-help, the United States undertook, during fiscal year 1964, an expansion of the programme of promoting economic development by using Title II grants of surplus agricultural commodities. Programmes of this kind totalled \$92.2 million, an amount that was above the level of the previous year. Earlier economic development programmes emphasized the use of United States farm commodities for payment-in-kind of wages for work performed by needy people on relatively simple public works projects, but now increased attention is being given to utilizing available surplus agricultural commodities more effectively in other ways to assist a country's sound

* Previous reports submitted by the United States concerning its disposals of surpluses give the essential information regarding the nature of the United States agricultural disposal programmes.

economic development. Programmes during fiscal year 1964 included resettlement and land reform projects, livestock and poultry production research and work programmes involving land clearing, soil stabilization, re-forestation, water impoundment, sanitation, and the construction of roads, bridges, community schools, water spreading dams and irrigation and drainage ditches.

Programmes initiated as part of the United States contribution to the World Food Programme were continued during this period. The United States pledge consisted of \$40 million in commodities and \$10 million in cash and services. Other programmes undertaken under Title II during fiscal year 1964 included \$32.4 million for child feeding and \$11.8 million for refugee relief.

Surplus foodstuffs involving a cost to the Government of \$334.6 million, an increase over the previous fiscal year of 20.7 per cent, were donated under Title III for distribution to needy persons abroad through United States voluntary relief agencies and intergovernmental organizations such as UNICEF. Foods were distributed in 112 countries and territories to seventy-three million persons.

Barter activity in fiscal year 1964 totalled \$169.7 million, a major advance from the \$39.4 million total for fiscal year 1963. Fiscal year 1964 was the first full year in which the barter programme emphasized procurements for other government agencies to help reduce the outflow of United States dollars and improve the balance-of-payments position. Of the total, contracts valued at \$64 million involved the procurement of supplies, equipment and services for the Department of Defense and \$12 million represented procurement of items for the Agency for International Development.

During fiscal year 1964, Title IV agreements covering commodities with an estimated market value of \$107.3 million (excluding ocean transportation costs) were entered into with ten countries. A major objective of Title IV programmes is to assist in the economic development of recipient countries, and the majority of Title IV agreements provide that the funds derived from the sale of commodities will be used to finance economic and social development projects as mutually agreed to between the United States and the purchasing country. To cite a few examples, the proceeds from the sales of commodities have been used by El Salvador for supervised agricultural credit; by Peru for facilities for agriculture experiment stations, financing of educational services and land colonization projects; by Liberia for loans to co-operatives and firms engaged in the production of eggs; and by Chile for the construction of houses, schools, port facilities, rural development and airports.

As amended in 1962, Title IV authorizes the Secretary of Agriculture to enter into agreements not only with foreign governments but also with United States and foreign private trade entities. Early in fiscal year 1964 the rules and regulations governing such agreements were issued and the programme was officially announced. In response to the announcement, about 500 applications and enquiries were received and were under intensive review at the end of fiscal year 1964. (Two agreements were subsequently signed, in January 1965. These provided for

the financing of commodities with an export market value of \$3.8 million. Applications under review when this report was prepared indicated prospects for continued export sales under the programme. The same third country consultation procedures followed in the case of Title I and government-to-government Title IV programmes were observed in connexion with these private sales agreements.)

B. Safeguards for commercial trade

Food assistance under Public Law 480 is extended only to countries in need of aid. As recipient countries become self-supporting, food aid is terminated. The large bulk of food aid under Public Law 480 goes to developing countries which do not have the foreign exchange for commercial imports to cover their food needs or could divert foreign exchange to food imports only with serious loss to their development programmes. In such cases, there is little danger of displacement of commercial purchases.

The United States is seeking to safeguard the normal patterns of commercial trade from interference by concessional sales consistent with the FAO Principles and Guidelines on surplus disposal. The provision in Public Law 480, that concessional sales must not "unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries", has, in practice, been extended equally to concessional sales under both Title I and Title IV (including private trade agreements).

A major device used to protect commercial sales from displacement by Public Law 480 commodities is the so-called usual marketing requirement (or commercial quota) which is included in Public Law 480 agreements whenever there is a strong presumption that commercial sales would take place in the absence of Public Law 480 sales. The exact quantity that would have been bought commercially in these circumstances is of course impossible to predict but several guides have been found useful in establishing the minimum requirement. The most frequently used criterion is the average of commercial imports during the most recent period for which complete statistics are available. The base period generally used is five years, but this period may be shortened to reflect major market trends more accurately. If there is reason to assume that because of special circumstances, the commercial imports during the coming year would be larger or smaller than in the base period, the marketing requirement may be adjusted accordingly.

Whenever a new agreement is negotiated, the usual marketing requirements are carefully reviewed. Any new developments since the previous agreement, including changes in demand for imports, in foreign exchange reserves, and in other factors, are reflected in revised usual marketing requirements. Other things being equal, if a country's external financial situation has improved appreciably the country would be expected to purchase a larger portion of its requirements commercially. Conversely, if a country's foreign exchange earnings had been drastically reduced there would be a good case for reducing the usual marketing requirements.

The interest of developing countries in multi-year programmes, stimulated by the desire for more effective planning, raises the question of how to avoid "freezing" the commercial quota for several years. In some cases this problem is met by building growth factors into usual marketing requirements established for three or four years hence, on the basis of trends in commercial imports and consumption. In addition, provision is made for an annual review which provides an opportunity to reassess the situation.

Another procedure adopted to prevent displacement of commercial sales is the insertion in Public Law 480 sales agreements of a standard clause requiring the recipient country to take all possible measures to prevent the resale or transshipment of the commodities purchased under the agreement or the export of like commodities during the period in which Public Law 480 commodities are received and utilized.

It has been found necessary to insure that the extension of food aid by the United States does not displace United States commercial sales while the recipient country maintains or increases its commercial purchases from other sources. Whereas, sometimes this potential displacement might be attributed to normal competitive forces, a more likely cause would be formal or informal bilateral understandings between the recipient country and other suppliers or that competing suppliers, working through government sales agencies or export associations, are able to undercut known United States terms of sale. Public Law 480 makes it incumbent on the United States Government to safeguard normal marketings of the United States in such cases, and this is done through a provision which requires a recipient country to maintain a given volume of commercial purchases from the United States.

In addition, the United States has continued its efforts to strengthen its system of consulting with other exporting countries on Title I and Title IV proposals. Consultations are initiated only after proposals for Public Law 480 programmes have been formulated and agreed upon within the United States Government. This process of programme formulation includes thorough consideration of the interests of commercial suppliers of commodities included in the proposed programme. A representative of the Department of State must be satisfied that adequate protection is provided for normal commercial sales before agreeing to a proposed programme.

The heart of the consultation procedure is the bilateral talks between State Department officials and representatives of third countries that have a significant record of sales of the commodity in question to the recipient country, prior to the signing of an agreement. In addition, the United States has agreed to consult with any other friendly third country that asks to be consulted on specific commodities. Consultations usually take place in Washington, but a few are conducted in the capital of the third countries concerned. Consultations aim at providing a thorough description of the specific Public Law 480 proposals and an opportunity for third countries to make known their views. This first phase of the consultation process is normally concluded within two weeks. On rare

occasions - for example, when a recipient country has an urgent need for Public Law 480 assistance - the period of consultation may have to be shortened. When this happens, as full an explanation as possible is provided and as much time allowed for the consultation as the situation permits.

Third countries are consulted not only on the basic Public Law 480 agreement but on any proposal to amend the agreement to increase the amount of the commodity being received under Public Law 480 during the given time period, even though the usual marketing requirement will ordinarily remain the same. Third countries are also consulted if Public Law 480 purchases of a commodity are to extend, without increase, into another year, the usual marketing requirement applied to the second year. In the case of multi-year agreements, third countries are consulted on the occasion of each annual review, and their comments are carefully evaluated.

In addition to the bilateral consultations, a procedure has been adopted to give countries with no or little interest in a particular proposal, the opportunity to comment on a Public Law 480 agreement before it is signed. Thus the Secretary of the Consultative Subcommittee on Surplus Disposal of the CCP is given written notice of a pending Title I or Title IV agreement at least 48 hours before it is signed, and this notice is circulated among the Subcommittee members for their comments. In practice, such comments are very rare, which suggests that the bilateral consultation procedures are effective in soliciting the views of interested third countries.

As a result of these consultations, Public Law 480 proposals have been substantially modified or withdrawn when the evidence indicated that the proposal would be incompatible with the United States commitment to protect normal commercial sales.

TABLE 1
Dollar value of commodities programmed under Title I, Public Law 485,
agreements signed 1963, through 1964
(In millions of dollars)

| Area and country | Total | | | | | | | | | | |
|--------------------------------|-----------------|-------------|------|--------|---------|----------------|---------------|--------------|----------------------|---|---|
| | Wheat and flour | Feed grains | Rice | Cotton | Tobacco | Dairy products | Fats and oils | Market value | Ocean transportation | Market value including ocean transportation | Estimated CCC cost including ocean transportation |
| <u>EUROPE</u> | | | | | | | | | | | |
| Iceland | - | 0.7 | 0.1 | - | - | - | 0.1 | - | 0.1 | 1.0 | 1.0 |
| Poland | 30.7 | - | 1.4 | 10.5 | 2.6 | - | 10.8 | - | 4.9 | 60.9 | 84.8 |
| Yugoslavia | 16.2 | - | - | - | - | - | - | - | 2.0 | 18.2 | 26.3 |
| Total | 46.9 | 0.7 | 1.5 | 10.5 | 2.6 | - | 10.9 | - | 7.0 | 80.1 | 112.1 |
| <u>AFRICA</u> | | | | | | | | | | | |
| Congo | 6.1 | 1.5 | 3.9 | - | 7.8 | - | - | 1.0 | 2.1 | 22.4 | 27.6 |
| Guinea | 3.8 | - | 5.0 | - | - | 1.4 | 2.4 | - | 1.4 | 14.0 | 18.5 |
| Ivory Coast | - | - | 2.5 | - | - | - | 0.9 | - | 0.4 | 3.8 | 4.4 |
| Senegal | - | 0.5 | 3.1 | - | - | - | - | - | 0.4 | 4.0 | 5.6 |
| Sudan | 11.0 | - | - | - | - | - | - | - | 2.2 | 13.2 | 18.5 |
| Tunisia | - | 0.2 | - | 0.9 | - | - | 3.0 | 0.1 | 0.3 | 4.5 | 5.2 |
| Total | 20.9 | 2.2 | 14.5 | 0.9 | 7.8 | 1.4 | 6.3 | 1.1 | 6.8 | 61.9 | 75.8 |
| <u>NEAR EAST & S. ASIA</u> | | | | | | | | | | | |
| Greece | 2.6 | 11.1 | - | - | - | - | 0.3 | - | 2.0 | 16.0 | 17.0 |
| India | - | 6.2 | - | 43.9 | - | - | - | - | 3.8 | 53.9 | 85.0 |
| Iran | 5.0 | - | - | - | - | - | - | - | 1.2 | 6.2 | 8.7 |
| Jordan | 2.5 | - | - | - | - | - | - | - | 0.5 | 3.0 | 4.2 |
| UAR | - | 5.5 | - | - | 17.7 | 2.3 | - | 0.8 | 1.9 | 28.2 | 30.3 |
| Total | 10.1 | 22.8 | - | 43.9 | 17.7 | 2.3 | 0.3 | 0.8 | 9.4 | 107.3 | 145.2 |
| <u>FAR EAST & PACIFIC</u> | | | | | | | | | | | |
| China | - | - | - | 11.6 | - | - | - | - | 0.6 | 12.2 | 25.6 |
| Korea | 50.5 | 6.5 | - | 28.0 | - | - | 1.5 | - | 10.8 | 97.3 | 150.7 |
| Philippines | - | - | 9.9 | - | - | - | - | - | 1.5 | 11.4 | 16.5 |
| Viet Nam | 5.6 | - | - | 10.3 | - | 8.8 | 11.9 | - | 2.6 | 39.2 | 50.6 |
| Total | 56.1 | 6.5 | 9.9 | 49.9 | - | 8.8 | 13.4 | - | 15.5 | 160.1 | 243.4 |

¹Includes only ocean transportation to be financed by CCC.

TABLE 1 (cont'd)

| Area and Country | Wheat and flour | Feed grains | Rice | Cotton | Tobacco | Dairy Products | Fats and oils | Other | Market value | Ocean transportation | Total | |
|--------------------|-----------------|-------------------|------|--------|---------|-------------------|-------------------|------------------|--------------|----------------------|--------------------------------|---|
| | | | | | | | | | | | including ocean transportation | Estimated CCC cost including ocean transportation |
| LATIN AMERICA | | | | | | | | | | | | |
| Bolivia | 6.4 | - | 0.8 | - | - | - | - | - | 7.2 | 1.0 | 8.2 | 11.9 |
| Brazil | 153.2 | 0.8 | - | - | 0.7 | 8.7 | 1.1 | 164.5 | 23.0 | 187.5 | 256.5 | |
| Paraguay | 1.5 | - | - | - | - | - | - | 1.5 | 0.2 | 1.7 | 2.5 | |
| Peru | 3.0 | - | 3.3 | - | - | 1.5 | - | 7.8 | 0.9 | 8.7 | 12.3 | |
| <u>Total</u> | 164.1 | 0.8 | 3.3 | 0.8 | - | 0.7 | 10.2 | 1.1 | 181.0 | 25.1 | 206.1 | 283.2 |
| <u>GRAND TOTAL</u> | 298.1 | 33.0 ² | 29.2 | 106.0 | 36.9 | 16.3 ³ | 29.2 ⁴ | 3.0 ⁵ | 551.7 | 63.8 | 615.5 | 863.6 |

¹ Includes only ocean transportation to be financed by CCC.

² Corn25.2
Barley 6.5
Grain sorghums1.3
Total 33.0

³ Condensed milk 12.5
Dry whole milk5
Nonfat dry milk4
Evaporated milk2
Butter, butter oil/or ghee ... 1.9
Cheese8
Total 16.3

⁴ Cottonseed oil and/or soybean oil 23.1
Lard 3.0
Tallow 2.8
Total 28.9

⁵ Beans and peas: Congo and Brazil 2.1
Poultry: Tunisia and UAR9
Total 3.0

TABLE 2 (cont'd)

| | <u>Thous.</u> <u>bu.</u> | <u>Thous.</u> <u>lbs.</u> |
|-------------------------|-----------------------------|-----------------------------------|
| ¹ Corn | 22,260 | |
| Barley | 5,741 | |
| Grain sorghums | <u>788</u> | |
| Total | 28,789 | |
| | | ² Condensed milk |
| | | 55,301 |
| | | Dry whole milk |
| | | 827 |
| | | Nonfat dry milk |
| | | 4,409 |
| | | Evaporated milk |
| | | 1,146 |
| | | Butter, butter oil/ or ghee |
| | | 5,765 |
| | | Cheese |
| | | <u>2,424</u> |
| | Total | 69,872 |

| | <u>Thous.</u> <u>lbs.</u> |
|---|------------------------------|
| ³ Cottonseed oil and/ or soybean oil | 205,898 |
| Lard | 22,046 |
| Tallow | <u>39,021</u> |
| Total | 266,965 |

TABLE 3

Title II, Public Law 480, Transfer Authorizations Issued,
Value of Commodities by Purpose and Country, Fiscal Year 1964

(In thousands of dollars)

| Purpose and country | Total | Ocean trans- porta- tion ¹ | Total commo- dities | Commodities | | | | |
|-------------------------------|----------------|--|---------------------------|-----------------|------------------|---------------------|--------------|------------------------------|
| | | | | Bread grains | Coarse grains | Fats and oils | Dry beans | Milk and milk products |
| Section 201 | | | | | | | | |
| <u>Refugees (total)</u> | 11,794 | 2,295 | 9,499 | 8,305 | 76 | 615 | - | 503 |
| Tanganyika | 174 | 50 | 124 | - | 76 | 5 | - | 43 |
| India | 555 | 95 | 460 | - | - | - | - | 460 |
| UNRWA (Palestine refugees) | 11,065 | 2,150 | 8,915 | 8,305 | - | 610 | - | - |
| <u>Disaster (total)</u> | 99,994 | 15,140 | 84,854 | 58,478 | 7,624 | 16,987 | - | 1,765 |
| Algeria | 20,368 | 1,535 | 18,833 | 8,700 | - | 10,133 | - | - |
| Bolivia | 56 | 8 | 48 | 32 | - | 7 | - | 9 |
| Brazil | 2,263 | 265 | 1,998 | 398 | 97 | 1,103 | - | 400 |
| China, Republic of | 1,438 | 225 | 1,213 | 1,213 | - | - | - | - |
| Costa Rica | 1,070 | 230 | 840 | - | 840 | - | - | - |
| Ecuador | 211 | 25 | 186 | - | 186 | - | - | - |
| India | 6,965 | 1,400 | 5,565 | 3,400 | 2,000 | - | - | 165 |
| Iran | 2,160 | 560 | 1,600 | 1,600 | - | - | - | - |
| Jamaica | 42 | 10 | 32 | 11 | 21 | - | - | - |
| Jordan | 10,045 | 1,575 | 8,470 | 7,870 | 600 | - | - | - |
| Korea | 14,375 | 1,875 | 12,500 | 12,500 | - | - | - | - |
| Morocco | 1,665 | 215 | 1,450 | 1,450 | - | - | - | - |
| Nepal | 1,340 | 455 | 885 | 885 | - | - | - | - |
| Pakistan | 9,250 | 1,750 | 7,500 | 7,500 | - | - | - | - |
| Viet-Nam | 24,780 | 3,850 | 20,930 | 12,000 | 2,500 | 5,530 | - | 900 |
| Yemen | 572 | 120 | 452 | 452 | - | - | - | - |
| Yugoslavia | 92 | 25 | 67 | 67 | - | - | - | - |
| World Food Programme | 3,302 | 1,017 | 2,285 | 400 | 1,380 | 214 | - | 291 |
| Total Section 201 | 111,788 | 17,435 | 94,353 | 66,783 | 7,700 | 17,602 | - | 2,268 |

¹Including transportation to point of entry for landlocked countries.

TABLE 3 (cont'd)

| Purpose and country | Total | Ocean trans- porta- tion ¹ | Total com- mmo- dities | Commodities | | | | |
|------------------------------|----------------|---|------------------------------|-----------------|------------------|---------------------|--------------|----------------------------|
| | | | | Bread grains | Coarse grains | Fats and oils | Dry beans | Milk ar milk product |
| <u>Section 202</u> | | | | | | | | |
| <u>Economic development</u> | | | | | | | | |
| (total) | 92,174 | 18,010 | 74,164 | 51,537 | 15,574 | 5,522 | - | 1,531 |
| Afghanistan | 20,700 | 4,700 | 16,000 | 16,000 | - | - | - | - |
| Algeria | 9,365 | 1,040 | 8,325 | 7,025 | - | 900 | - | 400 |
| Bolivia | 112 | 17 | 95 | 44 | - | 38 | - | 13 |
| Brazil | 3,807 | 1,021 | 2,786 | 149 | 2,443 | 110 | - | 84 |
| Central African Republic | 14 | 4 | 10 | - | - | - | - | 10 |
| China, Republic of | 3,765 | 451 | 3,350 | 2,620 | - | 730 | - | - |
| Colombia | 14 | 2 | 12 | 6 | 1 | 3 | - | 2 |
| Dahomey | 256 | 45 | 211 | 152 | 55 | - | - | 4 |
| Ecuador | 106 | 12 | 94 | 38 | 8 | 35 | - | 13 |
| Ethiopia | 411 | 120 | 291 | - | 291 | - | - | - |
| Indonesia | 255 | 85 | 170 | - | 110 | 60 | - | - |
| Korea | 13,488 | 3,070 | 10,418 | 8,018 | 2,400 | - | - | - |
| Morocco | 3,475 | 825 | 2,650 | 500 | 2,150 | - | - | - |
| Peru | 1,165 | 135 | 1,030 | 385 | 57 | 451 | - | 137 |
| Philippines | 1,134 | 182 | 952 | 114 | 239 | 166 | - | 433 |
| Tunisia | 13,500 | 1,500 | 12,000 | 12,000 | - | - | - | - |
| Viet-Nam | 8,750 | 2,750 | 6,000 | - | 6,000 | - | - | - |
| World Food Programme | 11,857 | 2,087 | 9,770 | 4,486 | 1,820 | 3,029 | - | 435 |
| <u>Child feeding (total)</u> | <u>32,411</u> | <u>4,359</u> | <u>28,052</u> | <u>12,773</u> | <u>282</u> | <u>9,003</u> | <u>-</u> | <u>5,994</u> |
| Brazil | 15,702 | 2,015 | 13,687 | 6,049 | 168 | 5,170 | - | 2,300 |
| China, Republic of | 7,185 | 1,100 | 6,085 | 4,150 | - | 635 | - | 1,300 |
| Costa Rica | 180 | 30 | 150 | - | - | - | - | 150 |
| Niger | 184 | 43 | 141 | 47 | 3 | 60 | - | 31 |
| Peru | 4,142 | 546 | 3,596 | 633 | 48 | 1,315 | - | 1,600 |
| Tunisia | 3,400 | 400 | 3,000 | 1,400 | - | 1,320 | - | 280 |
| World Food Programme | 1,618 | 225 | 1,393 | 494 | 63 | 503 | - | 333 |
| <u>Total Section 202</u> | <u>124,585</u> | <u>22,369</u> | <u>102,216</u> | <u>64,310</u> | <u>15,856</u> | <u>14,525</u> | <u>-</u> | <u>7,525</u> |
| Ocean freight: Title III | | | | | | | | |
| foreign donations | 56,171 | 56,171 | - | - | - | - | - | - |
| <u>GRAND TOTAL</u> | <u>292,544</u> | <u>95,975</u> | <u>196,569</u> | <u>131,093</u> | <u>23,556</u> | <u>32,127</u> | <u>-</u> | <u>9,793</u> |

¹Including transportation to point of entry for landlocked countries.

TABLE 4

Dollar Value of Commodities Programmed under Title IV, Public Law 480,
Agreements Signed 1 July 1963 through 30 June 1964
(In million dollars)

| Area and country | Total | | | | | | | Estimated CCC cost including ocean transportation | | | | |
|--------------------------------|-----------------|------------------|------|--------|---------|------------------|--------------------|---|--------------------|-----------------------------------|---|-------|
| | Wheat and flour | Feed grains | Rice | Cotton | Tobacco | Dairy products | Oils and oil seeds | | Other Market value | Ocean transportation ¹ | Market value including ocean transportation | |
| EUROPE | | | | | | | | | | | | |
| Iceland | 0.6 | - | - | - | 0.5 | - | - | - | 1.1 | 0.2 | 1.3 | 1.6 |
| Portugal | 9.7 | - | - | - | - | - | - | 9.7 | - | 1.1 | 10.8 | 16.1 |
| Yugoslavia | 17.5 | - | - | 15.3 | - | - | 8.4 | 1.6 | 42.8 | 3.2 | 46.0 | 67.8 |
| Total | 27.8 | - | - | 15.3 | 0.5 | - | 8.4 | 1.6 | 53.6 | 4.5 | 58.1 | 85.5 |
| NEAR EAST & S. ASIA | | | | | | | | | | | | |
| Iraq | 9.7 | - | - | - | 2.5 | - | - | 0.3 | 12.5 | 2.3 | 14.8 | 19.6 |
| Syrian Arab Rep. | - | - | 1.2 | - | 0.4 | - | - | - | 1.6 | 0.2 | 1.8 | 2.5 |
| Total | 9.7 | - | 1.2 | - | 2.9 | - | - | 0.3 | 14.1 | 2.5 | 16.6 | 22.1 |
| FAR EAST & PACIFIC | | | | | | | | | | | | |
| China | - | 0.8 | - | - | 1.6 | 0.2 | 2.7 | - | 5.3 | 0.6 | 5.9 | 6.0 |
| Total | - | 0.8 | - | - | 1.6 | 0.2 | 2.7 | - | 5.3 | 0.6 | 5.9 | 6.0 |
| LATIN AMERICA | | | | | | | | | | | | |
| Bolivia | 1.2 | - | - | - | - | - | - | - | 1.2 | 0.1 | 1.3 | 1.7 |
| Chile | 9.8 | - | - | 3.2 | 1.8 | 0.8 | 1.4 | 2.2 | 19.2 | 1.7 | 20.9 | 26.4 |
| Dominican Rep. | - | 0.6 | 7.2 | - | 6.0 | - | - | - | 13.8 | 1.2 | 15.0 | 18.1 |
| Paraguay | - | 0.1 | - | - | - | - | - | - | 0.1 | - | 0.1 | 0.1 |
| Total | 11.0 | 0.7 | 7.2 | 3.2 | 7.8 | 0.8 | 1.4 | 2.2 | 34.3 | 3.0 | 37.3 | 46.3 |
| GRAND TOTAL | 48.5 | 1.5 ² | 8.4 | 18.5 | 12.8 | 1.0 ³ | 12.5 ⁴ | 4.1 | 107.3 | 10.6 | 117.9 | 159.9 |

¹ Includes ocean transportation to be financed by CCC.

² Corn 0.8 and corn and mixed feed 0.7.

³ Butter 0.8
Condensed milk 0.2
Total 1.0

⁴ Cottonseed and/or soybean oil
Tallow 10.7
Total 12.5

⁵ Beans 1.6
Beef 2.2
Total 3.8

II. STRATEGIC AND INDUSTRIAL MATERIALS

The legislative and administrative basis for disposal of surplus strategic and critical materials from United States Government inventories remains substantially as described in previous submissions. The policy of long-range disposal planning has been actively pursued. Long-range disposal plans for various commodities are in various stages of development or operation.

There has been introduced into the new Congress basic stockpiling legislation substantially the same as that which was introduced but not acted upon during the previous session. The administration has not sponsored, but may be expected to support the legislation, since it will serve to simplify and strengthen the procedures involved in managing the stockpiles, without sacrificing the necessary safeguards for interested parties. It would bring into one inventory the three separate stockpiles that now exist and prescribe uniform disposal procedures. In this change, the present requirement for a six-months' waiting period after public notice of a disposal plan, which has proved somewhat cumbersome, would be replaced by a provision based upon a sixty-day period. It is United States policy to hold consultations with substantially interested governments in advance of public announcement of a proposed disposal plan.

The paragraphs below give information on disposal programmes which may be of special interest.

Rubber

In May 1964 during the Tokyo meeting of the International Rubber Study Group, the United States presented to natural rubber producing governments proposals for revising the existing rubber disposal procedures. Consultations and exchanges of views carried out during the summer of 1964 through the Natural Rubber Committee of the IRSG culminated in an announcement on 28 August 1964 of the revised procedures which became fully effective on 1 October 1964. In summary, the new procedures raised annual disposals through commercial sales from 60,000 tons to 72,000 tons, a step taken with the knowledge of the termination in July of the British programme which had been disposing of about 10,000 tons of rubber annually. The revisions further provided that United States Government sales for both direct and indirect Government use would be unlimited; new sources of disposal through Government activities are to be developed wherever possible. Releases during the fourth quarter of 1964, the first full period under the new procedures, totalled 28,751 tons including 10,751 tons for United States Government programmes.

During the autumn of 1963, the United States Government initiated a review of stockpile requirements for natural rubber. As a result, the stockpiling objective was reduced from 750,000 tons to 130,000 tons. The new objective, which was publicly announced in March 1964 and discussed at the Tokyo meeting of the IRSG had the effect of adding 620,000 tons to the stockpile surplus. Under applicable law, this surplus is not available for disposal until this has been expressly approved by Congress and certain other requirements have been complied with. Although somewhat over 112,000 tons of the 470,000 tons originally authorized

remain for disposal, it seems prudent to initiate very shortly the time-consuming measures to authorize the disposal of the new surplus and so assure that it will, in fact, be available for disposal when needed. Governments of rubber producing countries were informed during November 1964 of the need to take these steps and the desirability of initiating them soon.

Tin

During the year ending 30 June 1964, the United States tin disposal programme, which commenced at a low rate in September 1962, moved along successfully in accordance with carefully developed plans which have been periodically discussed in advance with interested foreign governments. Although the long-range disposal plan is keyed to the problem of getting rid of unnecessary surpluses, the world-wide tin shortage, which has been developing for several years, has made the additional tin supplies welcome. Not only consumers, but producers, who desire that their regular customers not be forced to seek substitutes, have been assisted by these sales. Between 1 July 1963 and 30 June 1964, the United States General Services Administration sold 21,793 tons of tin. Its conservative sales policy prevented undue downward pressures on prices and during this period the settlement price for tin on the London Metal Exchange rose from £899 per long ton to £1,250. The United States Government continues to operate an orderly disposal programme and will consult with interested governments whenever appropriate on changes or extensions in the present programme.

The United States believes that its tin disposal policy and programmes will achieve their objectives, i.e. to promote an orderly disposal of unneeded stocks in such a way as to protect the United States against avoidable loss; put no undue pressure on the usual markets; help meet necessary industrial requirements for tin during a period of world-wide shortage; and give the necessary assurance to producers and investors who are preparing to meet future increased requirements for tin.

Although the United States is not a member of the International Tin Council, it has found it useful to keep in close touch with this organization, which is concerned with stabilizing the tin market and which represents most of the world's producers and consumers.

Extra Long Staple Cotton (ELS)

As has been previously reported, legislation enacted in 1962 provided that the 172,500 United States bales equivalent of foreign-grown ELS then held in the strategic stockpile should be transferred to the Commodity Credit Corporation, United States Department of Agriculture, for export sales. Since the spring of 1963 this stock of foreign grown ELS has been sold under an active export programme. Throughout this period ELS has been in tight supply on the world market and substantial price increases have taken place.

Under the programme, various quantities have been offered for sale on a periodic basis. A monthly limit of 15,000 bales was set for the second half of 1964. The limit was reduced to 2,000 bales equivalent a month for the period, January-July 1965. Total sales to date amount to slightly more than two thirds of the original quantity of about 172,500 United States bale equivalent.

The United States Government consulted the interested governments at the time the legislation was being examined by Congress. It has also consulted with them prior to each periodic sales programme.