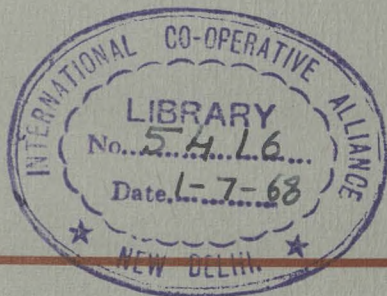


Volume II

# TRADING OF COOPERATIVES

SOUTH - EAST ASIA

A Survey made by the  
INTERNATIONAL COOPERATIVE ALLIANCE  
Published in Two Volumes £3.3s.



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**INTERNATIONAL COOPERATIVE ALLIANCE**

11 Upper Grosvenor Street  
London W1

18 Friends' Colony  
New Delhi 14

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VOLUME II

FOREIGN TRADE OF CO-OPERATIVES  
BASED IN SOUTH AND EAST ASIA

Performance, Problems and Prospects

Report of the Survey carried out

for the

International Co-operative Alliance

by

W. Eisenberg

Published in Two Volumes

INTERNATIONAL CO-OPERATIVE ALLIANCE

London - New Delhi

October 1966

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PART III

THE FACTS AND FIGURES OBTAINED FROM THE SURVEY

(A) The Countries of the Region:

Reports of information collected, country  
by country, and organisation by organisation, etc.

Note: \*\* indicates organisations not visited personally.



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Name and address of the organisation/Department

AUSTRALIA

Cooperative Federation of Australia,  
Red Comb House, Roma St.,  
Brisbane (Queensland).

Department of Trade,  
Commonwealth Government of Australia,  
Commonwealth Offices,  
232, Adelaide St.,  
Brisbane (Queensland).

Department of Primary Industry,  
Commonwealth Government of Australia,  
Commonwealth Offices,  
232 Adelaide Street,  
Brisbane (Queensland).

Committee of Direction of Fruit Marketing,  
Rocklea,  
Brisbane (Queensland).

Queensland Butter Marketing Board,  
Kingsford Smith Drive, Hamilton,  
Brisbane (Queensland).

Poultry Farmers' Cooperative Society Ltd.,  
Red Comb House, Roma St.,  
Brisbane (Queensland).

Producers' Cooperative Distributing Society Ltd.,  
Cribb and McDougall Streets, Milton,  
Brisbane (Queensland).

Cooperative Wholesale Society of Queensland Ltd.,  
50-54 Ferry Street, West End,  
South Brisbane, S.1. (Queensland).

Queensland Cooperative Milling Association Ltd.,  
Stanley St.,  
P.O.Box No.7,  
South Brisbane (Queensland)

Golden Circle Cannery,  
Northgate,  
Brisbane (Queensland).

Name and address of the organisation/department

Cooperative Federation of Western Australia,  
569 Wellington St.,  
Perth (W.Australia).

Department of Trade and Industry,  
Commonwealth Government of Australia,  
27, St.George's Terrace,  
Perth (W.Australia).

Grain Pool of W.Australia,  
569 Wellington St.,  
Perth (W.Australia).

Honey Pool of W.Australia,  
Stuart Street,  
Perth (W.Australia).

Westralian Farmers' Cooperative Ltd.,  
569 Wellington St.,  
Perth (W.Australia).

Fremantle Fisherman's Cooperative Ltd.,  
Marine Terrace,  
Fremantle (W.Australia).

Swan Settlers' Cooperative Association Ltd.,  
Upper Swan (Near Perth) W.Australia.

Cooperative Wholesale Services Ltd.,  
Grocery Group Buying Scheme,  
Ewing St.,  
Bentley (W.Australia).

Geraldton Fisheries Cooperative Co.Ltd.,\*\*  
Geraldton (W.Australia).

Australian Producers' Wholesale Cooperative Federation Pty.Ltd.,  
59 William St.,  
Melbourne-1 (Victoria)

Western District Cooperative Co.Ltd.,\*\*  
14 King St.,  
Melbourne-1 (Victoria).

The Registrar of Cooperative Societies,  
191, Queen Street,  
Melbourne, C.I. (Victoria).

Cooperated Dried Fruits (Sales) Pty.Ltd.,\*\*  
16 Jeffcott St.,  
West Melbourne (Victoria).

Name and address of the organisation/department

Cooperative Farmers<sup>1</sup> and Graziers<sup>1</sup> Direct Meat Supply Ltd.,\*\*  
McDonalds Road, Brooklyn,  
Melbourne (Victoria)

Victorian Butter Factories Cooperative Co.Ltd.,  
54-60 King Street,  
Melbourne (Victoria)

Australian Meat Board,\*\* (No direct contact)  
Ceres House,  
528 Lonsdale St.,  
Melbourne (Victoria).

Mid-Murray Dairy Co.Ltd.,\*\*  
Cohuna (Victoria)

Red Cliffs Cooperative Packing Co.Ltd.,\*\*  
Fitzroy Avenue,  
Red Cliffs (Victoria)

Australian Dairy Produce Board,\*\*  
406 Lonsdale Street,  
Melbourne (Victoria)

Producers<sup>1</sup> Cooperative Distributing Society Ltd.,  
Quay and Valentine Streets,  
Sydney (NSW)

The Registrar of Cooperative Societies,  
20-22, O'Connell Street,  
Sydney (NSW)

Ricegrowers<sup>1</sup> Cooperative Mills Ltd.,  
Yorkshire House, 14 Spring St., (Head Office: Leeton)  
Sydney (NSW)

Leeton Cooperative Cannery Ltd.,  
P.O.Box 4187, (Head Office: Leeton)  
Sydney (NSW)

Cooperative Wholesale Society Ltd.,  
The Wales House, 27 O'Connell St.,  
Sydney (NSW)

Northern Cooperative Meat Co.Ltd.,\*\*  
Casino (NSW)

Clarence River Fishermen's Cooperative Ltd.,\*\*  
P.O.Box 91,  
Maclean (NSW)

Name and address of the organisation/department

Cooperative Federation of New South Wales,  
P.O.Box 50,  
Wickham (NSW)

N.S.W. Cooperative Wholesale Society Ltd.,  
90 $\frac{1}{2}$  Hunter St.,  
Newcastle West (NSW)

Newcastle and District Cooperative Ltd.,  
Newcastle (NSW)

Norco Cooperative Ltd.,\*\*  
Corner Suxxes and Bathurst Streets,  
Sydney (NSW)

## AUSTRALIA

### General Background

In any consideration of economic activities in Australia, certain physical factors must be kept in mind. One is the tremendous size of the continent, and the relative isolation of the cooperative organisations of various states; the distance from Perth to Sydney is roughly equal to the shortest crossing of the North Atlantic. This means that cooperative activities at state level cover large areas and distances (for example, the Queensland CWS has to handle supplies over an area with a coastline of 1,600 miles); in foreign trade this size problem necessitates e.g. the dried fruit trade's "proxy" arrangement under which a foreign order, regardless of how originally secured, is executed by the state which is geographically closest to the buyer. Then there is the fact that Australia is grossly under-populated, with the bulk of the population being concentrated around the coasts.

In spite of progressing industrialisation and diversification of economic activities, Australia's foreign trade is based mainly on exports of, and income from, primary products in natural, semi-processed or processed form. In view of the paramount importance of primary industries, Australian import regulations place particular emphasis on preventing the import of any disease which might affect agricultural, forestry and fishery products. Closely connected with that trade pattern is the predominance of well-established producers' cooperatives which are very much involved in the procurement of the principal export commodities, the marketing boards which supervise these trading operations, and the formulation of foreign trade policies by the Commonwealth Government.

Consumers' cooperation, on the other hand, is relatively less developed, but was also taken into account in the attempt to assess cooperative involvement in foreign trade. One rough estimate calculates that there are about 250 consumers' cooperative retail outlets in the whole of Australia.

Cooperative legislation in Australia is a state matter, rather than a Commonwealth government concern; views as to the desirability, or otherwise, of pressing for uniform legislation to cover cooperatives throughout Australia seem to diverge in the movement, yet it appears on occasions to need a common platform or basis (which might need to be recognised in law) to make known its views on Commonwealth issues, e.g. legislation relating to restrictive practices.

#### Explanatory Note

Official Commonwealth statistical sources were not in a position to provide figures relating to the cooperative contribution to foreign trade; some estimates provided by the Australian Producers' Wholesale Cooperative Federation are quoted under their name. These must be regarded with caution, all the more so since it is particularly difficult in Australia to define a cooperative organisation, some of them being registered as cooperative societies and others as companies. Indeed, I was advised that an organisation called "cooperative" may have shares quoted on a stock exchange.

Since the cooperative movement has no prominent organisation in Canberra, the Federal Capital, and a visit to the Commonwealth Bureau of Statistics there was unlikely to be profitable, information about foreign trade policy and restrictions - as summarised below - was collected from the State representatives of the appropriate Commonwealth Government departments in Queensland and Western Australia, from a State Registrar

of cooperative societies, and from Mr. A.F.J. Smith, Manager of the CWS Depot, Sydney, who is prominently associated with government bodies concerned with the promotion of foreign trade. In addition to the general summary of foreign trade regulations and controls, reports on restrictions affecting particular commodity groups will be found in the relevant trading organisations' information.

#### My Comment

One of the most remarkable facts to emerge from the survey of Australia is that, notwithstanding the well-established export operations of various marketing boards, the domestic market is more profitable for producers of some primary products, e.g. rice, butter, etc.

#### General Points

1. More than half of Australia's export earnings come from wool, the primary commodity least suitable for any concerted cooperative activity in Australia, where foreign buyers come to buy wool and ship it abroad.
2. It is expected that Japan, which is already the biggest trade partner in some goods, e.g. wool, coal, sugar, barley, etc., will most likely replace the United Kingdom overall as the biggest partner in trade for Australia, particularly if the UK should join the EEC.
3. The recently signed Free Trade Pact between Australia and New Zealand, which is estimated to affect 60% of the trade between the two countries, is expected to have no particular bearing on any foreign trade conducted by cooperatives of either country.

#### Cooperatives in Foreign Trade in General

There are no special laws for cooperatives regarding international trade and there is no Australian Commonwealth legislation to restrict or

assist cooperative organisations in the field of foreign trade. Cooperatives are in no better, and no worse, position in foreign trade than private companies, except that cooperatives get income-tax advantages which could make them slightly more competitive. (However, these tax provisions are not easy to qualify for, as they stipulate that 90% of business must be with, or on behalf of, members. They are thus an incentive to persuade customers and suppliers to become members).

#### Foreign Trade Restrictions : Comment by a Cooperative Registrar

Barriers to foreign trade are not such as to operate exclusively or primarily against cooperatives, e.g. quarantine regulations, or limitations set by the government on goods available for exports. The quarantine regulations are said to cause delays and to entail additional expense, but no plea has ever been made for their total abolition, though modifications might be possible.

#### Australian Foreign Trade Policy

There is complete freedom and non-discrimination in foreign trade with all countries. Wheat is exported to China and USSR; wool to USSR; a "most favoured nation" agreement has been concluded with the USSR, and trade with East European countries is actively sought. So far, there has been relatively little trade between Australia and South-East Asia, largely on account of foreign exchange problems and the resulting needs of Asia to turn elsewhere for supplies obtainable on a barter basis and/or through bilateral trade agreements, e.g. with the countries of Eastern Europe.

#### GATT and Kennedy Round Talks regarding Tariff Cuts

Australia is opposed to the proposed "across the board" 50% tariff cut on imports, because this would defeat her attempts to protect developing domestic industries, whilst offering no compensating advantages



in foreign markets for her primary products. GATT is not of great value to Australia, as it does not provide any answer to problems faced by countries which export primary products (the opinion of one of the Regional Directors of the Commonwealth Government's Department of Trade and Industry).

#### Preference for Products from Developing Countries

Australia is about to implement tariff cuts recently approved by GATT relating to imports into Australia of handicrafts, handloom products, cottage industry products, etc., from the developing countries (especially in Asia). The tariff cuts will not apply to Communist countries. Australia had taken the necessary legislative steps to bring this concession into force as soon as GATT approved (the USA led the opposition to this proposal, but it was approved in March 1966).

#### COMMONWEALTH OF AUSTRALIA GOVERNMENT

##### Department of Trade and Industry - Control of Imports

Many controls over imports were relaxed in 1956. Still in operation are : Devices for control, such as quarantine regulations governing health, safety, sanitation and pest control considerations by Commonwealth and state governments, in respect of animals, fish, vegetables, fruits, wood, etc. These necessarily restrict imports.

Licences are required for imports, for the purpose of protecting domestic industries, only where tariffs cannot be applied.

Australian tobacco manufacturers have to pay full import duty on tobacco imports if they use less than 42% of the native (high priced) tobacco; as imports are duty-free if they use 42% or more of native tobacco, manufacturers tend, in view of the price difference, to use just

42% of Australian tobacco, so as to qualify for duty-free imports.

The major instrument for controlling imports are tariffs : These are imposed on imports into Australia, partly with the object of protecting domestic industrial growth, and partly to induce foreign investment of capital in place of imports of goods into Australia. Investments from many important foreign companies are in fact materialising.

Quota restrictions on imports are not used, but in the case of Japanese cars, a provision has been made for increasing tariffs if Japan exceeds a certain percentage of total Australian imports. A voluntary quota system limits imports of Japanese textiles.

The import and manufacture of lead paints is prohibited.

#### Department of Primary Industry - Control of Exports

Goods, the export of which requires the special approval of the Department of Primary Industry, include :

Barley grain;

Bone Dust;

Bran;

Breakfast foods made from, or containing, wheat;

Cattle;

Fertilizers of the following kinds : blood and bone fertilizer and dried blood fertilizer;

Flour;

Meal of the following kinds : blood meal, fish meal, liver meal, meat meal, meat and bone meal, and oilseed meal in any form;

Meat (other than canned meat) of the following kinds : beef, veal, mutton and lamb, and edible offal of cattle and sheep;

Molasses;

Phosphate rock, phosphate and superphosphate and fertilizers containing phosphate or superphosphate;

Pollard;

Rice substitutes made from wheat;

Semen;

Semolina;

Sharps;

Sheep;

Sorghum in the form of grain or in any other form suitable for stock food;

Stockfoods and animal and poultry meals or mashes containing one or more of the following : bran, pollard, blood meal, fish meal, liver meal, flaxmeal, meat meal, meat and bone meal, oilseed meal, rice meal and wheat meal;

Sugar, including plain coloured and flavoured sugar, and sugar syrups;

Wheat;

Wheat meal.

Approval is also required from the Department of Primary Industry in respect of the following items :

Canned fruit and fruit juices;

Dried fruits;

Honey;

Sauces, jams;

Fresh fruits and vegetables;

Dairy products;

Fish and fish products;

Wine.

Export of the above items is generally approved, provided preparation is undertaken in an approved establishment, and quality conforms to grade and other requirements of the particular commodity board.

Absolute prohibition : Pure Merino breed sheep, and semen of such sheep (to safeguard Australia's monopoly position).

General considerations of policy regarding permission to export :

Livestock	-	The need to ensure that breeding stocks are not depleted.
Grains <sup>4</sup>	-	(other than Wheat and Wheat products) Local and National Supply/demand situation.
Meals	-	Local and National supply/demand situation.
Stockfoods	-	Local and National supply/demand situation.
Fertilizers	-	Local and National supply/demand situation.
Molasses	-	Local and National supply/demand situation.
Phosphate Rock and Superphosphate, etc.	-	Supplies controlled by British Phosphate Commission (i.e. joint body of U.K., New Zealand and Australia).
Meat and Edible Offals	-	Exports permitted, but subject to rigid controls of hygiene, licensing requirements and quarantine controls of the importing countries.

ORGANISATIONS CONCERNED WITH VARIETY OF COMMODITY GROUPS

Australian Producers' Wholesale Cooperative Federation Pty. Ltd., Melbourne,

Role of Marketing Boards in Exporting

The various commodity marketing boards created and guided by the government largely organise foreign trading. They grant export licences and quotas, and approve bona-fide importers at the other end for Australian producers to deal with. The commodity boards also decide, though this differs as between various markets, whether to give producer-suppliers any freedom of choice in respect of customers to deal with, or whether the board(s) allocate the direction in which supplied are to be channelled. Where any marketing difficulties may arise, producers' cooperatives are free to try and find other, or additional, customers in the countries concerned, but the board still has to approve the prospective deal by

issuing the appropriate authority. The commodity marketing boards, set up in accordance with the wishes of producers and which now control the marketing of all major primary products under a system in which the producers admit to having a substantial influence, protect the interests of Australian producers overseas very effectively. It was said that in view of this manner of marketing, it could not be readily ascertained whether export supplies went to any cooperatives abroad.

#### Wool Exports

The Federation pointed out that wool was the primary commodity in Australia least suitable for any type of concerted or cooperative activity. In fact, there is no question of Australia acting as exporter, since open auctions take place in Australia, where the foreign buyers acquire the wool on the spot and then do the exporting themselves.

#### U.K. still the main market for Australian primary products

A large part of Australian produce goes to the UK, and the strongly established Overseas Farmers' Cooperative Federations Limited in London is regarded as a very important part of the marketing set-up of producers. There is a need to expand alternative business, the danger of the UK market being lost if the UK joins the EEC being very much in the minds of Australian producers who are examining other expanding markets, e.g. Japan.

#### Barriers to foreign trade expansion

It was said to be occasionally of advantage for foreign trade to operate as a "Coop". No barriers from the Commonwealth government's side whatsoever had been encountered. The principal barrier is the very widespread shortage of foreign exchange, which tends to hamper expansion of foreign trade. As to hygiene and health regulations, Japan recently

inspected some of the checking arrangements enforced in Australia in order to ensure the minimum of risks. The general trend is towards the importing country satisfying itself that arrangements of control in the country of origin are quite adequate, and then to accept the certificates issued there as an assurance of fitness of produce for import. Some dairy products are virtually banned from import into Japan, on account of a policy of protection for the domestic industry there, rather than on any grounds of inadequate hygiene precautions, etc.

#### Problem regarding inter-cooperative trade

The Chairman of the Federation referred to the "basic conflict" between producers' and consumers' cooperatives. While the producers' cooperatives were interested in securing maximum prices for their members, consumers' cooperatives were concerned with securing the lowest possible prices, and because of this a considerable difference in outlook could occur. He thought it was not in the interests of producers' cooperatives to seek contacts and trade with consumers' cooperatives. He said the producers' cooperatives had some influence as regards choice of trading partners in other countries, but the final decision was that of the boards.

#### Cooperative participation in foreign trade

The cooperative organisations which form the Federation are concerned mainly with exports. Tentatively, they assess the cooperative contribution to total Australian exports as follows : Wheat 100%; Dairy products 80%; Dried fruit 100%; though only 60% of exports are handled by cooperative packers, but the cooperative producers retain the ownership also of the other 40%, which are handled for export packing

and despatch by private packing firms. (In view of difficulties regarding interpretation of term "Cooperative" in Australia, and varying procedures regarding the transfer of ownership of the produce, these figures must be treated with caution. - My comment).

Poultry Farmers' Cooperative Society Limited, Brisbane

The Society figures prominently in the trade in farmers' requisites in Queensland, and in the marketing of poultry farmers' products. Its "Red Comb" House is a large department store in Brisbane. The Society's retail sales total £stg. 400,000 per annum.

Past and current performance in foreign trade

At present the Poultry Farmers' Cooperative Society conducts an export trade in poultry and stock feeds and lucerne meal to New Guinea. The Cooperative imports approximately 700 tons of fish meal per annum from South Africa. It also imports approx. 600 tons of soyabean meal per annum from the USA.

Barriers to foreign trade development

A lack of reciprocal exchange of know-how and information on trade matters also acts as a limiting factor in the field of exports.

## Prospects

The Poultry Farmers' Cooperative is interested in the export of chicken and stockfeeds, also small grains and seeds (bird seeds, canary seeds, millet, panicum, etc.), especially at those times of the year when these are not produced in the USA. Also for export: Lucerne (Alfalfa) meal or pellets.

It is also interested in the import of fish meal, provided supplies comply with Australian regulations. Offers, with samples, are invited. The same applies to soyabean meal.

## Producers' Cooperative Distributing Society Ltd. (PDS), Sydney, Melbourne, Brisbane and Hobart.

The PDS is a wholesale society wholly owned and controlled by primary producing interests. Its share capital is provided by cooperative butter, cheese, milk powder and kindred associations, and by individual producers of fruit, honey, grain and other primary produce. It sells on behalf of its members and purchases their requirements of fertilisers, seeds, fencing materials, farm and orchardists requirements, but not consumer goods.

Although its main trade is in dairy produce and is the largest distributor of these lines in Australia, it is also one of the largest agents of the Australian Dairy Produce Board, and the largest exporter of fresh fruit from Australia. Turnover exceeds £stg.26,400,000 annually.



## Past and current performance in foreign trade

The PDS conducts exports and imports. Following are comments on some product groups exported by the PDS from Sydney, Melbourne, Brisbane and Hobart:

### Exports

Very little trade done with cooperatives abroad, but always prepared to correspond and exchange marketing information.

Grain: Produce is received from its members and sold mainly on the local market. In the United Kingdom, the Overseas Farmers' Cooperative Federation Ltd., in which the PDS is directly interested is one of the two selling agents of the Australian Wheat Board. Onions and garlic are exported to the Pacific Islands.

Peanuts: The PDS is the sole selling agent of the Queensland Peanut Marketing Board. Exports small so far and occur only when production exceeds local requirements.

Honey: PDS is the biggest honey trader in Australia. Exports include regular shipments for bulk and retail trade. Honey is exported to U.K., West Germany, and many other parts of the world. Main business is bulk trade in 4 gallon and 44 gallon drums, but trade is now developing in retail packs, especially in United Kingdom, Europe and Japan.

Dairy Produce: Shipped to all parts of the world. Butter is packed in various size wraps and also in cans. Cheese butter oil, ghee, milk powder (skim and full cream) are manufactured and packed according to overseas buyers' requirements.

Fruit (Fresh): PDS is active in sale of fresh fruit and vegetables on Australian and exports markets. PDS use their own general brand names "Allowrie" and "Dollar Bird", but also sell under individual members' own brand names. PDS owns and controls the Tasmanian Orchardists & Producers Ltd., the largest individual exporters of apples and pears from Tasmania, and ship on their behalf under the "T.O.P." brand.

### Total Exports

For the year ending September 1965, the PDS exported dairy produce, bacon, honey, etc., valued at £stg. 1.60 million, to many parts of the world. PDS export items include i.a. stock meals, fencing materials, etc.

### Imports

Import licences are not required for agricultural and food products, though some items are subject to duty. The PDS imports: Canned fish, fishing nets, lines and hooks, other fishery materials and requisites, fruit wraps and parchment paper, and on demand also imports wire, iron articles, agricultural requisites, dates, and olive oil. In 1965-66, exceptional imports of peanuts had to be made (from China, Taiwan, USA). Matches made in Norway for the PDS are sold under its brand name "Allowrie". Imports are conducted either through Overseas Farmers' Cooperative Federations Ltd., in London, or direct.

### Trade Expansion

The PDS is interested in the import of jute bags.

My Comment and Summary

PDS handle only their own members' produce in their selling activities and also trade as a wholesale merchant. Export licences from the Australian Dairy Produce Board appear to be readily forthcoming and present no problem.

Their sales abroad tend to be handled by sole agents in the main markets. PDS had not been able to come to terms with foreign cooperatives as possible buyers or agents. Their experience with England has been the CWS which has its own buying office in Australia and does not purchase its requirements from producers' organisations like PDS.

United Kingdom and European contacts are as a general rule negotiated through Overseas Farmers' Cooperative Federation Ltd.

Westralian Farmers' Cooperative Limited, Perth, W.A.

Past and current performance in foreign trade

The Westralian Farmers' Cooperative is involved in exports and imports of various commodities. It conducts exports of:

Apples and Pears;  
Stockfeeds;  
Flour;  
Frozen milk;  
Oats and wheat;  
Livestock (Sheep, Cattle and Pigs);  
Agricultural Pasture Seeds

and imports of :

- Woolpacks;
- Corn sacks;
- Fertilizers;
- Agricultural Pasture Seeds.

Exports

Following are figures for exports of various commodities :

Apples and Pears

Consigned direct to	1963(bushels)	1964(bushels)	1965(bushels)
UK and Europe	182,684	223,018	258,001
Aden	2,128	900	5,270
Arabian Gulf	999	650	10,775
Singapore	19,427	20,276	22,828
Malaysia	6,394	7,852	9,351
Hong Kong	260	160	150
Mauritius	175	685	835
East Africa	-	-	4,562
West Africa	800	100	500

Other Commodities

Consignment direct to	1st Aug-31st July, 1962/63	1st Aug-31st July, 1963/64	1st Aug-31st July, 1964/65
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Stockfeeds

Various destinations, including Malaysia and Arabian Gulf(Kuwait)	133 tons	130 tons	349 tons
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Flour

Malaysia	-	£stg. 4,750	£stg. 5,450
Mauritius	-	-	£stg. 43,600
Arabian Gulf	-	-	£stg. 5,450

Frozen Milk

Port Louis	-	£stg. 10	-
Arabian Gulf	-	-	£stg. 2,500

Oats

	<u>1963</u>	<u>1964</u>	<u>1965</u>
Malaysia	-	£stg. 850	-
Singapore	-	-	£stg. 6,750

Wheat

Aden	-	-	£stg. 8,050
------	---	---	-------------

### Fresh Fruit Exports

At present, the only cooperative through which products are marketed overseas is the W.A. Fruit Export Cooperative Ltd., London. They handle all exports of fruits from Westralian Farmers to the UK. No negotiations are under way, or foreseen, for marketing through cooperative organisations in other parts of the world.

Exports of fruit require the approval of the Commonwealth government's Department of Primary Industry, and the Australian Apple and Pear Board allocates export quotes to organisations engaged in overseas trading. The Board also has to approve the panels of importers in the countries of destination. These importers are the only traders recognised for receiving such supplies. For Westralian Farmers, this applies in East Africa, Hong Kong, Malaysia and Singapore (This is not a matter for complaint by the Australian producers). Although Westralian Farmers state that, in general, most countries do not place total restrictions on the type of exports they handle, there are certain problems, e.g. quarantine restrictions which make profitable trading more difficult.

Other practical difficulties include e.g. the ban on exports to Israel passing through the Suez Canal, shortage of suitable shipping space for the shipment of fresh fruit to West Africa (via London) and the Philippines, and the resistance in some new markets to green fruit - such as certain varieties of apples - which is regarded as not ripe. In some countries, such as India, Ceylon and Burma, imports of fresh fruit are not permitted on account of a shortage of foreign exchange.

### Prospects for trade expansion

Very strictly enforced quarantine regulations in Japan at present prevent any trade in fresh fruits, but Westralian Farmers are in touch with UNICOOPJAPAN and with other organisations there, in readiness for any modification of the regulations which might enable exports from W. Australia to enter Japan. Exports to the Arabian Gulf area are expanding, and some 10,000 cases had been sent there in 1966 by mid-March.

### Stockfeeds Exports

Exports have not developed very much, as they are only economical within a certain radius. Some concentrates of stockfeeds have been shipped to Malaysia. On account of drought conditions in other Australian States, temporary restrictions have been imposed on exports of manufactured stockfeeds, the volume being restricted (in March 1966) to 50 tons per month. New Flour mills in Malaysia, Singapore and Thailand now provide raw materials for stockfeeds locally there.

### Dairy Products Exports

Approval from the Department of Primary Industry is required for exports, which are of course also under the control of the Australian Dairy Produce Board. The exports of frozen milk are dependent on the availability of cold storage facilities at the receiving end, and on suitable outlets, both of which require capital investments which cooperatives cannot always readily afford.

### Livestock Exports

Following are the figures for livestock (sheep, cattle and pigs) exports conducted by Westralian Farmers during the years 1963 to 1965 :

Year	Description	Value(£stg.)	Destinations
1963	25,458 sheep 7 cattle 182 pigs	61,100 670 3,050	South East Asia including Malaysia, Singapore, Burma.
1964	20,769 sheep 369 pigs	55,500 6,200	-do-
1965	19,271 sheep 6 cattle 320 pigs	53,950 720 5,380	-dc-

All these exports have been to private importers in the respective countries. The limited export of dairy cattle has recorded a decrease in business. Pigs for breeding purposes are air-freighted to Singapore, Burma, Malaysia, Thailand, Philippines, etc. Wesfarmers pioneered air-freighting and now pay the same freight rates to airlines as other Australian States. Lack of suitable space curtails livestock exports, e.g. to the Philippines.

It is Australian policy to restrict livestock exports where necessary, to prevent any undue depleting of breeding stocks in the Commonwealth. The export of pure Merino sheep, and of Merino sheep semen, is prohibited.

Another limiting factor on livestock exports is the need for compliance with health regulations, e.g. pig and cattle standards laid down by the Australian Breed Societies, and Certificates of Clean Bill of Health by the Government Chief Veterinary Officer.

Import licences are required for livestock in the countries concerned, and certain health, etc., requirements have to be fulfilled, e.g. regulations in Singapore require certificates that certain

diseases do not occur where livestock is imported from.

The local supply position in W. Australia acts as a barrier to livestock exports, coupled with the fact that demand for pigs is growing on home markets and prices are going up there.

#### Prospects for trade expansion

Sheep for slaughter are fairly big business in Singapore and Mauritius, and the Persian Gulf is a growing market. Westralian Farmers are awaiting confirmation of various enquiries for sheep, pigs and dairy cattle from Mauritius, Singapore, Reunion Islands, Bhutan, the Philippines and India. (My comment : The Singapore Cooperative Union thought imports of sheep from Western Australia might perhaps be channelled through a cooperative organisation).

#### Agricultural Pasture Seeds Exports

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<u>Year</u>	<u>Value (£stg.)</u>	<u>Destinations</u>
1963-64	1,800	Cyprus, Spain and Tunisia
1964-65	2,400	Israel*, Borneo, Libya, Kenya Pakistan, and Spain.
1965-66 (Aug-Jan)	1,150	Italy, Spain, Israel*, Cyprus, Spain and Syria

\* - exports to Israel via Italy, because of Suez Canal ban on goods for Israel.

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Exports are conducted partly direct and partly through private traders in the countries concerned. With most genuine export enquiries for agricultural seeds, Westralian Farmers have been successful in obtaining part of the orders, if not the complete order. They have a firm order for 18 tons of agricultural pasture seeds, valued at £stg.400, for delivery to Spain in June 1966.

One problem is the ban on exports to Israel passing through the Suez Canal, but otherwise Westralian Farmers have not experienced any practical difficulty in foreign trade which could not be overcome.



### Prospects for trade expansion

There are good prospects in respect of agricultural pasture seed exports, both for repeat orders and for new orders resulting from seed samples and quotations forwarded to various countries.

### Imports

Westralian Farmers import the following items :

Woolpacks; Cornsacks; Fertilizers; Agricultural pasture seeds.

Following are the figures for imports of the above commodities in the years 1963-65 :

<u>Commodity</u>	<u>Year</u>	<u>Quantity</u>	<u>Value(£stg)</u>	<u>Area of origin</u>
<u>Woolpacks</u>	1963 - 64	550 bales	13,900	India
	"	1,350 "	29,300	Pakistan
	1964 - 65	3,675 "	106,840	India
	"	1,240 "	35,350	Pakistan
	1965(Aug-Dec)	1,020 "	37,400	India
	"	100 "	2,500	Pakistan
<u>Cornsacks</u>	1963 - 64	1,700 "	47,100	Pakistan
	1964 - 65	600 "	22,000	India
	"	1,500 "	48,750	Pakistan
	1965(Aug-Dec)	100 "	4,200	India
	"	1,650 "	69,300	Pakistan
<u>Fertilisers</u>	1963 - 64	40 tons	2,100	USA
	"	710 "	23,300	Europe
	1964 - 65	411 "	13,250	Europe
	"	1,000 "	30,950	Japan
	1965(Aug-Dec)	20 "	1,100	USA
	"	425 "	13,350	Europe
"	1,215 "	47,450	Japan	
<u>Agricultural</u>	1963 - 64		1,500	UK, New Zealand
<u>Pasture</u>	1964 - 65		2,900	UK, USA and New Zealand
<u>Seeds</u>	1965 - 66 (Aug-Jan)		3,350	New Zealand, USA UK and Germany

### Other points regarding imports

Imports have been conducted almost invariably through local agents and, therefore, Westralian Farmers do not buy overseas direct, except that the fertilizer imports from the USA have been made direct.

Westralian Farmers also buy fruit wrapping paper from Scandinavia through Overseas Farmers' Cooperative Federations Ltd., in London. Other goods previously imported for Westralian Farmers, e.g. hardware, kitchen tools, etc., are now superseded by Australian goods.

No impediments have been encountered, except for the standard requirements affecting woolpacks and cornsacks laid down by joint arrangement between the Indian and Australian Governments.

### Prospects for Trade expansion

No changes are planned or proposed so as to deal with cooperative organisations, no approaches having been made by any such bodies to do business with Westralian Farmers, nor are the latter aware of their existence anywhere overseas, as far as jute goods and fertilizers are concerned. (Information is being made available by the ICA Regional Office to Perth).

## FRESH FRUIT

Committee of Direction of Fruit Marketing. (COD). Brisbane

### Activities of the COD

The Committee of Direction of Fruit Marketing is a non-profit making statutory organisation representing the growers, and is owned and controlled by the Queensland fruit and vegetable growers.

The COD conducts bulk transport; wholesaling; retailing in country towns; cold storage and packing of apples; procurement of growers' requisites.

Exports

The COD is engaged in the export of fresh fruits only. Trade with UK and Europe is conducted through The Overseas Farmers' Cooperative Federations Ltd., London. Apples are exported to the UK, W.Germany, Hong Kong and Singapore. UK trade accounts for 80% of the total exports of apples by the COD. Export trade in pears is small. Citrus fruits are sold to Hong Kong, Singapore and W.Germany. Bananas are also exported.

Imports

Fruit wrapping paper and pea seeds are imported from New Zealand; formerly, these items used to come from the UK and Europe. Fertilizer is imported from Germany, and lining paper from Scandinavia through "Overseas Farmers" in London or Messrs. Bowater. None of these imports come from cooperative sources or suppliers.

Prospects

The COD is looking for additional export markets for the following fresh fruits :

Apples to Hong Kong, Singapore, Japan and the Philippines.

Citrus fruits to Hong Kong, Singapore, Japan and the Philippines, UK, and Europe.


Bananas to Japan (once the right type for that market has been selected).

Pakenham Fruit Growers' and Producers' Cooperative Ltd., Pakenham, Victoria.

Foreign trade performance

The Pakenham Fruit Growers' Cooperative is engaged in the export of fresh apples, an annual volume of 15,000 cases being sold to European countries, Britain and the Middle East. Exports have been

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conducted through the Blue Moon Fruit Cooperative Ltd., Blackburn, Victoria. The present marketing arrangements are considered satisfactory.

#### Prospects for foreign trade expansion

The Cooperative is interested in the further export of fresh fruit to Europe, Britain and the Middle East through the Blue Moon Fruit Cooperative Ltd. It would also like to deal with cooperative organisations in the importing countries, and to expand export activities into South and East Asia if possible.

#### CANNED FRUIT

##### Golden Circle Cannery, Brisbane

##### Activities of the Cannery

The Golden Circle Cannery is owned and controlled by the new Cannery Board, the Queensland fruit and vegetable growers having subscribed to the capital of the Cannery.

Pineapples are grown in Australia only in Queensland and Northern New South Wales.

Although originally opened as a Pineapple Cannery, its operations have been diversified to handle all varieties of fruits and vegetables made available by Queensland growers. The Cannery packs about 80% of the pineapples processed in Australia.

The Cannery is in effect a producer-owned cooperative. However, for taking advantage of tax concession benefits, the Cannery's trade must be 90% with members, and it is anticipated that its constitution will be changes into a cooperative for those purposes.

### Past and current performance in foreign trade

The Cannery carries stocks in the UK and in Canada. In London, it has its own overseas export manager, and is not using the Overseas Farmers' Cooperative Federations Ltd., any longer. Exports to foreign cooperatives are not a significant percentage of total exports, but some sales have been made to cooperatives in Sweden, New Zealand and in the UK. Although the production range has been enlarged, exports are confined to pineapples and tropical fruit salads only.

Following are the export figures of the Cannery :

<u>Year</u>	<u>Value</u> <u>(in million £stg.)</u>
1962	1.14
1963	1.17
1964	1.12

The United Kingdom and Canada take the major share of the Cannery's exports. The Cannery imports only canning machinery.

### Problems of the Industry

The canning industry in Australia is protected by high tariffs, as Australia and South Africa have higher costs than other canners of tropical fruits. The greatest percentage is sold on the home market at prices high enough to subsidize exports from profits made.

### Barriers to trade expansion

#### Domestic

The main problem which the Cannery faces are the fluctuations in fruit growing output. Any lack of supplies of canned fruit is always the direct result of these fluctuations in output from fruitgrowers.

#### Abroad

Import restrictions in Japan and New Zealand impede sales there. Other producer countries competing in canned fruit exports are : Taiwan,

Malaysia, and the Philippines, as well as South Africa. Any sales to CWS England (when supplies permit) would depend on the Cannery's agreement to pack for CWS under their label.

#### Prospects for trade expansion

The Cannery can only increase exports when production goes up; it is, therefore, not so much concerned with finding additional markets, but rather to ensure adequate price returns. (It was stated that there was a slightly rising trend of production). As Australia has only a small surplus of canned pineapples available for export, and sales on world markets reduce the average return to the growers, the product is only competitive on world markets when there is a sizeable surplus to domestic Australian requirements.

#### Leeton Cooperative Cannery Limited, Leeton, NSW

Leeton Cooperative Cannery is engaged in the production and canning of fruit, fruit juices, jams and fruit concentrates, and tomato products. The main items are canned peaches, output of which will be 13,000 tons in 1966, with tomato products reaching just half that figure. Jam trade is substantial, but vegetable lines are being reduced.

The Government of Australia imposes an excise levy of 2d. on each can sold or kept in stock in Australia. Proceeds of the levy are used to pay towards cost of developing exports to new markets.

#### Exports

Leeton Cooperative Cannery exports 55 to 60% of its total output to UK, Switzerland, Germany, Italy, Canada and other West European countries. Sales to the UK account for 58% of all exports. Purchases by the English CWS do not go through the Cannery's UK agents, but via the CWS Depot in Sydney. (Only trade with a cooperative). Of total jam exports from Australia to Italy, 80% to 90% are exported by Leeton Cannery.

The Cannery has sole agents in all its export markets. It also does canning for an American firm, for exports to Europe under that company's label. Though the home market is growing and is more profitable (in spite of the excise levy), the Leeton Cannery cannot afford to neglect or lose big markets like the UK.

#### Imports

Canning machinery is imported from USA. Tinsplate was formerly imported.

#### Barriers

No barriers have been encountered by the Cannery during its 25 years of trading. Strict quarantine rules within Australia prevent the use of any other produce than locally grown fruit and vegetables.

#### Prospects for trade expansion

The Leeton Cannery is interested in those export areas which are not yet covered by its established agents.

#### Restriction

Canners are not free to fix export prices; the Australian Canned Fruits Board sets prices for sales in Canada, UK and Europe, and to some extent these price levels govern those for other markets as well (Canners and growers are represented on the Board).

#### Cooperative Wholesale Society Ltd.(CWS) (Registered in Great Britain), Sydney

The office established by the English CWS in Sydney serves primarily as a buying depot to procure Australian products for the British cooperative market. Its principal trade is in canned fruit; the society handles 11% of the total Australian canned fruit production, and one-sixth of all exports to the UK pass through CWS channels. This substantial share in the trade gives the Society considerable buying and bargaining power, and the ability to have fruits packed under its

own "Wheatsheaf" label. The Sydney office also plays a part in the Society's attempts to sell some of its own products in Australia.

Past and current performance in foreign trade

Whilst the major part of the business is the transfer of Australian products to the British cooperative market through the CWS in England, exports to other destinations have also been developed, and in recent years a growing trade in canned fruits has been built up with various wholesale cooperatives in Europe. In 1965, business was done with wholesale cooperatives in Europe in the following countries - Germany, Iceland, Sweden.

In 1966, Holland was added to the list.

Additionally in 1965 business was done in 13 other countries through private trade channels.

Sales to cooperatives were all to the national wholesale societies (which are members of CWC) in the various countries listed.

The value of shipments to European cooperatives in the period 1st July 1965 to 30th June 1966 was £Stg.164.430.



Past and current trade negotiations, and prospects

CWS Sydney have also negotiated with private traders in the USA, Greece, Kuwait and Japan in attempts to expand the canned fruit exports from Australia. In the case of Japan, sufficient interest has been created for samples to be sent. In the Philippines, CWS are attempting to enable Australian canned fruit to compete against American products. With the assistance of the Australian Government representative in Manila, the Society are confident that business will be secured.

Efforts to develop canned fruit exports to European cooperatives have been made for more than two years, and personal visits by the Manager of the CWS Sydney Depot to almost all the European wholesale societies are taking place during the summer of 1966, with a view to consolidating and expanding trade already entered into, or securing initial orders from societies not yet in a trading relationship with CWS Sydney. At the end of June 1966, it was reported that there were good grounds for expecting substantial progress from the talks taking place in the various European capitals.

#### Marketing system for foreign trade in Australian products

Marketing is controlled for the export of canned fruit, fresh fruit, wheat, dairy products, etc., by the respective producer appointed Commodity Marketing Boards. For many years, the marketing of canned fruits in the UK and Canada has been strictly regulated in every detail by the Australian Canned Fruits Board, and in other foreign areas by the Australian Cannery Association; the Board took control also of marketing in Northern Europe in 1966.

This policy of strict market control has been a distinctive feature of, and influence on, Australian canned fruits exports, and has resulted in Australia acquiring a good reputation for stable and orderly marketing, especially in relation to price structures. The marketing set-up is considered satisfactory. Speaking in general terms of the producer controlled Marketing Boards or producer-controlled marketing arrangements, Mr. A.F.J. Smith, Manager of CWS Sydney has said: "The present structure suits the producers' but not in all instances the consumers' cooperatives", and he adds "since the producers elect to have such arrangements, they must have their way". (My comment : Another tribute to the powerful

position of the producer and the producer-dominated Boards; particularly interesting as coming not only from a very experienced trading official, but also one who serves the consumers' movement in the producers' own territory).

#### Barriers to foreign trade expansion

Imports into Australia are impeded to a varying degree by a number of devices, including customs duties, quality standard requirements, quarantine regulations, and other stipulations.

Exports from Australia are adversely affected by different factors in various countries and markets, e.g. lack of a commercial treaty with France; competition made more difficult by domestic farm price supports in the UK; gifts or sales on a concession basis from the USA to a number of Asian markets which benefit from the application of US Public Law 480; etc.

#### Suggestion to ICA

CWS Sydney says ICA could help foreign trade promotion "possibly by encouraging cooperative organisations to communicate with each other, assisted perhaps by a register of them, and of the export/import commodities in which they are interested".

#### DRIED FRUIT

##### Cooperated Dried Fruits Sales Pty. Ltd., Melbourne

This organisation exports dried fruits, e.g. on behalf of Red Cliffs Cooperative Packing Co. Ltd. It does some trade with Farmers' Cooperative Wholesale Federation (N.Z.) Ltd., but no detailed information was furnished. The organisation also participated in the "proxy selling" arrangement, under which orders for export are executed by the trade organisation in the state closest to the buying country, irrespective

of which company in Australia secured the order in the first place.

Red Cliffs Cooperative Packing Co. Ltd., Red Cliffs, Victoria.

The export trade in dried fruits is controlled by the Australian Dried Fruits Control Board, which issues quotas to exporters of dried fruits.

Past and current performance in foreign trade

The Red Cliffs Cooperative is engaged in the export of dried fruits. It exports about 8,000 tons per annum of dried vine fruits (Currants, Sultanas and Raisins) to UK, Eire, Germany, Belgium, Holland, Italy, West Indies, Canada, East and Central Africa. The exports are conducted through Cooperated Dried Fruits Sales Pty. Ltd., with the exception of the UK, where shipments are made direct to its three agents : (1) Lovell & Christmas Ltd., (2) Overseas Farmers' Cooperative Federations Ltd., and (3) Esplanade Imports Pty. Ltd., Glasgow.

The company state that Australian agents are adequately servicing their foreign markets, and that the present marketing structure is considered satisfactory.

Swan Settlers' Cooperative Association, Upper Swan (Near Perth), W.A.

Licences are required for dried fruit exports from Australia. Trade in dried fruits is controlled by the Australian Dried Fruits Association (home trade) and the Australian Dried Fruits Control Board which controls foreign trade and export quotas. "Fixed" markets, i.e. the UK and Canada, get priority consideration for supplies (UK the number one market). Although the fixed markets' export quotas are allocated by the Dried Fruits Control Board, adjustments are possible, e.g. a part of Swan Settlers' quota for UK can be utilised for exports to S. Africa.

In other than the two "fixed" markets, though licences are needed for exports, the Swan Settlers' Cooperative is free to supply to agents or other customers. In cases where markets are very promising, the Cooperative can apply for extra allocations.

International agreements between producers

The other two main producer countries of dried fruits with foreign trade interests, viz. Turkey and Greece, along with Australia, have joint agreements to regulate foreign business. In consultation with the USA, the other major producer, they agree on minimum prices. (For constitutional reasons, the USA cannot be a direct member of the agreements).

Past and current performance

The Swan Settlers' Cooperative Association is engaged in the export of dried fruits of Western Australia, or of other states, as there is a "proxy" working arrangement, whereby organisations in different states act on behalf of each other, according to season and to nearest location to the foreign market in question. 80% of the dried fruit crops are exported,

Following are export figures for dried fruits (Currants) from the Swan Settlers' Cooperative during the years 1963 to 1965 :

Commodity	1963		1964		1965		Destinations
	Qty.	Value	Qty.	Value	Qty.	Value	
	Tons.	£stg.	Tons.	£stg.	Tons.	£stg.	
Dried Fruits (Currants)	700	72,000	1,700	179,000	1,700	193,600	UK, South Africa, Ceylon.

There is a limited trade in retail packets to Malaysia. Trade with Ceylon came to a halt some time ago.

The exports have been conducted direct, except for UK, where the Overseas Farmers' Cooperative Federations Ltd. (a representative of producers' organisations of several Commonwealth countries) handles the business.

The trade is generally conducted in 28 lb. containers, but the Association also handles 7 lb. tins. Retail trade in most Commonwealth countries is in 16 oz. packs, except for some parts of Australia and in Malaysia, where 12 oz. packs are requested.

#### Barriers to trade expansion

The Swan Settlers' Cooperative faces competition from Turkey and Greece in respect of exports to European countries, these two producer countries also having the advantage of being nearer to those markets.

Generally, no barriers or tariffs impede foreign trade in dried fruits.

Present demand for dried fruits is in excess of the supply available in W. Australia, where the state government is investigating areas for additional production. The main problems at present is the procurement of sufficient quantities of fruits, rather than finding additional markets.

#### Prospects for foreign trade expansion

Prospects for expanding production in Western Australia are limited by irrigation problems, but the outlook is better in other states of Australia. "Swan Settlers" wish to develop exports of wine grapes for wine production (contacts with European cooperatives were provided for enquiry purposes).

The Cooperative is also interested in exporting dried fruits to Singapore and Japan, but in view of the poor crop this season, may not be able to supply at the moment.

As far as exports of dried fruits from Western Australia are concerned, the cooperative position is a strong one; 99% of dried fruit processed in Western Australia are handled by cooperatives.

## HONEY

### Honey Pool of W. Australia, Perth

There are no restrictions on foreign trade in honey, since its exports are generally approved by the Department of Primary Industry. Australia's honey exports during the year 1964-65 from the various states were as under; the figures demonstrate the importance of Western Australia in this trade.

<u>State</u>	<u>Quantity (tons)</u>
New South Wales	406
Victoria	1,872
South Australia	423
Western Australia	2,626
Tasmania	56
Queensland	738
<hr/>	
Total :	<u>6,121</u>

### The various export markets

After the liberalization of trade there in 1963, exports of honey during 1964-65 to UNICOOPJAPAN amounted to 225 tons, valued at £stg. 8,600, but no more has been exported since then. There have been some exports to South Africa, but there the trade is restricted now. Limited supplies to India are not for general sale, but for certain special categories only.

For certain specialised markets, e.g. service requirements, where rough handling is likely, honey is sold in tins; Honey Pool sells 60 lb. tins through advertisements in the UK. Honey Pool also does some exporting to East Africa.

### Barriers of Competition

A ring of brokers in England have threatened to cut off Honey Pool's bulk trade with UK's virtual monopoly trader, if Honey Poole should attempt to market retail packs of honey in England, which they are very keen to do, as they believe it would be a competitive and successful item. Honey Pool

has agents in many countries, but not in UK or in Europe. Discontinuation of trade with UNICOOPJAPAN is thought to be at least partly due to cheaper competition from inferior products.

Prospects of trade expansion

Later in 1966, the Manager of Honey Pool expected to visit Japan and the UK (including a visit to CWS in London) and certain other countries to expand trade with them. It was anticipated that the question of exporting retail packs would also be investigated, at least in the UK, and possibly in consultation with the CWS there.

CEREALS, CEREAL PRODUCTS AND RICE

The Grain Pool of W. Australia, Perth

Activities of the Grain Pool

The Grain Pool, incorporated in 1932, conducts the Western Australian State Voluntary Oats Pool, and is Managing and Selling Agent for the Western Australian Barley Marketing Board. The Barley Board controls all barley exports from W. Australia, while the Oats Pool is responsible for 95% of exports of oats from W. Australia.

The Grain Pool is also a shipping agent and broker for the Australian Wheat Board in W. Australia, and in its capacity of broker arranges the sale of stockfeed wheat in W. Australia. It also arranges premium wheat sales to flour millers.

To protect growers' interests, it established a company in London to supervise wheat cargoes shipped to Europe, and acquired an interest in an overseas grain selling and ship chartering organisation to control its own selling and chartering activities. When the Australian Wheat Board was established in 1939, the Pool placed its London selling and chartering organisation at the disposal of the Board. Jointly with another organisation, these formed the London Selling Board of the Australian Wheat Board.



### Past and current performance in foreign trade

Following are the export figures\* for barley and oats for the 1962 - 65 seasons :

Country	Barley (in tons)			Oats (in tons)		
	1962-63	1963-64	1964-65	1962-63	1963-64	1964-65
China	-	18,392	-	-	99,060	-
Denmark	793	-	-	-	-	-
Greece	14,600	-	12,820	-	-	-
Italy	46,831	-	25,506	1,300	-	9,967
Japan	-	-	-	-	-152	-
W.Germany	-	-	-	101,009	58,709	62,732
UK	13,912	33,161	-	-	-	-
Total :	<u>76,136</u>	<u>51,553</u>	<u>38,326</u>	<u>102,309</u>	<u>157,921</u>	<u>72,699</u>

All exports to the UK and Europe are conducted through a sole agent, a fully-owned subsidiary of various Australian cooperatives. Exports to the Far East are conducted in Japan through a private trader, and to China direct via the government buying authority there.

The Grain Pool operates (from choice) through sole agents abroad and the present marketing structure is considered satisfactory from the cooperative point of view.

Grain Pool delegates have visited Hong Kong, China and Japan to further marketing developments.

#### Barriers and Restrictions

The only barriers encountered are tariffs or levies imposed by government of importing countries from time to time. All other barriers relate to competition, quality and price. It was mentioned specially that the South African government were clamping down on trade. Up to now, all negotiations for the lifting of tariffs against the products of the Grain Pool have been carried out through the Commonwealth Government of

Australia. The restrictions imposed by the policies of the EEC were regarded by the Pool as not quite as severe as had been feared.

#### Plans and prospects for foreign trade expansion

The Grain Pool is interested in conducting trade with India (several cooperative contact addresses were provided to the Grain Pool), Singapore, and Japan (where they would like to popularize oats for human consumption and would welcome any assistance in that respect), in addition to continuing and developing its existing trade with such areas as the UK, Western Germany and other European countries, China and (if possible) with South Africa.

#### The Queensland Cooperative Milling Association Ltd., Brisbane

This is the only cooperative flour milling association in Australia. Its total turnover for the year ended June 1965 was £stg. 2.8 million.

#### Restrictions

Permits are required for the export of Wheat flour and semolina from the Australian Wheat Board, but in effect this is a formality.

Export of wheat flour to certain countries, e.g. Ceylon, Mauritius, is done on a government-to-government basis. (The Association previously exported to Mauritius and hopes to be compensated for the loss of that trade by being allotted another foreign market instead).

#### Past and current performance in foreign trade

The Association conducts exports, but is not concerned with imports. Wheat flour accounts for the major share of exports of the Association; semolina exports are relatively very small. During the year 1964-65, the Association exported wheat flour valued at £stg. 368,000, which accounted for 21½% of its total production of wheat flour. The Association used to

export offals, but prefers home selling. There are no exports from its produce section (the produce section represents one-fifth of the entire trade). In New Guinea, British West Indies and South Pacific, the Association is free to sell under its own name. To other markets, however, the products of the Association are shipped in the name of a private firm in Perth who have sole rights to market the Queensland cooperative flour milling products. That firm buys from the Association and gives shipping instructions.

Trade in wheat flour to the Philippines came to a stop after the imposition of import duty on wheat flour by that country, and that with Malaysia and Singapore by the recent commissioning of their own flour mills.

#### Barriers

No discrimination against cooperatives has been experienced by the Association.

#### Prospects

The Association is interested in exploring markets for wheat flour in the UK, East Africa, Middle East, and Hong Kong.

#### Ricegrowers' Cooperative Mills Ltd., Leeton, NSW

New South Wales claims to have a world record rice yield of up to four tons per acre. The only four rice mills in the whole of Eastern Australia are those owned by Ricegrowers' Cooperative Mills Ltd., who control 80% of the crop in NSW, the other 20% being in the hands of two private firms. Due to differences in seasons, Australian rice can be offered in some parts of the world ahead of other rice.

The "Ricegrowers" had an output of 150,000 tons of paddy rice in 1965, equivalent to 100,000 tons of edible rice, the balance being offals and broken rice. They export 75% of their output and the balance is for the Australian market. Following are the export figures of "Ricegrowers"

<u>Destination</u>	<u>Quantity (tons)</u>
Pacific Islands	35,000
Okinawa	15,000
UK	10,000
Guam	5,000
Other destinations*	10,000
<b>Total exports :</b>	<b>75,000</b>

Pacific Islands : For exports to the Pacific Islands, the following are the individual destinations :

Papua and New Guinea	30,000 tons
New Hebrides	2,000 tons
British Solomon Islands	2,000 "
Samoa	1,000 "
	<u>35,000 tons</u>

\* - "Other Destinations" : This balance could also be used for export to listed traditional markets, but is deliberately withheld from them to satisfy, and to maintain footholds in, other markets as well. There is in fact no real surplus available for additional export markets.

UK : The "Ricegrowers" used to sell through the London Rice Brokers' Association, who asked for a 1 to 1 $\frac{1}{2}$ % brokerage fee. Now the Cooperative Mills have an agent who handles everything in UK except their trade with the Cooperative Wholesale Society Ltd.

The Ricegrowers' Cooperative is in the happy position of virtually being able to pick and choose its markets. Export profitability largely depends on return journey space utilisation of ships carrying the rice abroad; in view of this, sales to the far distant UK are more profitable than to Pacific Islands.

### Prospects for foreign trade expansion

The Ricegrowers' Cooperative is interested in offers of jute bags for packing rice.

As the rice growers get a higher return for domestic sales, they are intent on building up home trade and have in fact no surplus rice available for exports to any additional foreign markets.

"Patna" rice not previously grown in Australia had to be bought from the USA, but is now being grown in Australia to meet the recently developed demand for it.

### DAIRY PRODUCTS

#### Australian Dairy Produce Board, Melbourne

The Board controls exports of dairy products. It issues export permits and fixes minimum prices which must be observed by exporters. Prices are reviewed periodically and are kept in line with New Zealand prices, both countries following world market trends. The Board is mainly concerned with the observance of price levels and also lays down minimum rates of interest to be charged in respect of credits granted to buyers, so as to prevent undue competition between producers/exporters in search of business.

In the case of the UK and Japan, the Board takes a direct interest in conducting trade, but elsewhere it simply supervises trade conducted under controlled conditions. The Board has an office in Japan, but that country is a difficult market for Australian dairy products, being greatly protected by Government measures designed to safeguard Japanese dairy farmers against competition (see also report on Japan).

On behalf of the Australian dairy industry, the Board also has an ownership participation in milk (reconstitution) plants run jointly with

local interests in certain countries of South-East Asia, e.g. the Philippines, Malaysia, Singapore and Thailand.

Mid-Murray Dairy Co. Ltd., Cohuna, Victoria

The Company is a shareholder in a cooperative organisation which acts as its Australian agent.

The Mid-Murray Dairy Company is engaged in exports; during the years 1962-65, it exported casein as under :

1962-63	492	tons	§	
1963-64	600	tons	§	to Japan, USA and Thailand.
1964-65	690	tons	§	

Only small quantities of casein have been exported to Thailand.

Exports are conducted through a cooperative company.

The Dairy is not aware of any cooperative organisations in Japan and Thailand which deal in casein.

The Butter Marketing Board, Brisbane

Queensland is the second biggest dairy producing state in Australia (after Victoria).

The operations of the Board

The Butter Marketing Board is a semi-Government Organisation, working under a State Government Act entitled "The Primary Producers' Organisation and Marketing Acts 1926-1965". Its membership consists of six producer elected representatives, together with a Government representative, and processes up to 300 tons of butter weekly. It is empowered to issue licences for the manufacture and wholesale distribution of butter. All supplies have to go through the Board for marketing. For the purposes of exports, factories can nominate another agent instead of the Board, if they so desire.

The local factories make only butter and no other products, and supply direct to local markets. Surplus butter goes to the butter Marketing Board for sale at home or abroad. The Board distributes the profits from its selling operations to all Queensland butter manufacturers in proportion to disposals.

#### Foreign Trade

The Board is engaged in limited imports and substantial exports.

#### Imports

The Board imports only dairy machinery.

#### Exports

Following are the figures for exports of Queensland butter in the years 1962-65 (Figures represent box of 56 lbs.) :

Year	Total manufacture	Exports to UK	to Other countries	Total exports
1962-63	1,458,197	436,133	228,343	664,476
1963-64	1,414,637	486,018	150,721	636,739
1964-65	1,313,294	424,140	158,520	582,660

#### The main export markets and ventures

Following are the direct export sales of various finished products by the Queensland Butter Marketing Board in the year 1964-65 :

<u>Principal Commodity Groups</u>	<u>Quantity Exported (lbs.)</u>
Pat Butter	2,449,872
Bulk Butter	541,128
Canned Butter	1,763,724
Butter Concentrate **	43,820
Ghee *	1,550,515
Pure Butterfat	1,740,526
Agents' Packing	179,714

\* - Mostly to South-East Asia, Middle East and UK

\*\* - Butter concentrate exports are mainly for Army use, e.g. British Armed Forces in tropical zones.

The Board is now developing cheese sales in the Philippines. The cheese trade developed by the Queensland Board in Japan has been taken over by the Australian Dairy Produce Board. In the UK and Europe, the Queensland Board sells through the Australian Dairy Produce Board.

Although the cost of the cans is an extra item for canned butter, that product is cheaper to ship, as it does not need refrigerated storage space, Canned butter is mostly for markets lacking refrigeration, e.g. Malaysia, Thailand, Africa, British West Indies.

Even though the domestic butter market is now more profitable to the producers, they and the Board are nevertheless looking for additional export markets. Whilst there are no impediments to trading with foreign cooperatives, no sales direct to any of them have been effected so far.

#### Butter Prices Policy

Australian and New Zealand butter prices on world markets are about the same, except in the UK where New Zealand butter was said to be a little dearer (New Zealand has the bigger export quota to the UK). The Australian and New Zealand Boards consult each other regarding prices to be charged in various foreign markets. In Australia, butter from New Zealand is subject to a high rate of import duty and is thus virtually kept out altogether.

#### Restrictions on trade with EEC

When there is a shortage of butter in the EEC countries, some imports from Australia take place, but this trade is confined to dealings between governmental organisations only, with the Australian Dairy Produce Board representing the exporters' side.



Victorian Butter Factories' Cooperative Company Ltd., Melbourne

The Company is controlled by organisations representing 20 butter factories in Victoria, the biggest dairy producers' state in Australia. The VBF, as it is known, is not concerned with any importing, only with exports. Its range of products comprises butter, milk powder, casein and certain cheeses.

No restrictions discriminating against cooperatives have been encountered in foreign trade.

Sales made to India were on "aid" basis, not on commercial basis. Markets of special interest to VBF include Peru and the Carribean area.

Western District Cooperative Company Ltd., Melbourne

A dairy producers' cooperative company from which supplies of skim milk powder have gone to the Cooperative "AMUL" Dairy in India, as reported by the latter. It was stated in Melbourne that the fact that such supplies had gone to a cooperative organisation in the receiving matter of deliberate policy. It was simply a case of channelling supplies to whoever had secured the necessary import licence.

MEAT, MEAT PRODUCTS AND BY-PRODUCTS

Australian Meat Board

The Board consists of a government-appointed chairman, 2 representatives of private traders (possibly processors), and 5 producers' representatives. No surprisingly - in view of its composition (which shows the influence the producers have on marketing and commodity boards in Australia - my comment) it was said by the spokesman of a meat producers' cooperative that producers faced no problems in their dealings with the Board. He added that the "Coop" label was no disadvantage in that respect;

indeed, cooperative bodies sometimes got (perhaps) a more sympathetic hearing. Producers are said to be working well with the Board in such matters as export promotion; the Board arranges lavish demonstrations abroad to display and advertise Australian meat. Among cooperatives in the Australian meat trade, only a few are exporters, some of which are reported on separately.

Cooperative Farmers and Graziers Direct Meat Supply Limited, Melbourne

Restrictions

The export of the following kinds of meat, other than canned meat, requires the approval of the Department of Primary Industry :

Beef, veal, mutton and lamb, edible offal of cattle and sheep.

Authority is also required from the Department of Primary Industry for the export of stockfeeds.

Past and current performance in foreign trade

Cooperative Farmers and Graziers Direct Meat Supply Ltd., claims to be the biggest meat trade cooperative in Australia (the only one in Victoria) and the biggest meat exporter to Japan; 1/3rd of F&G total exports go there. In Australia, there are 14/15 major meat exporters. Following are the export figures for the various products exported by F&G during the years 1962-65 :

Commodity	1962-63		1963-64		1964-65	
	Qty.(tons)	Value(£stg.)	Qty.(tons)	Value	Qty.(tons)	Value
Meat	3,049	475,400	3,168	538,000	3,992	685,550
Edible Offal	182	42,550	216	55,350	262	65,700
Tallow	98	4,350	1,833	87,650	1,739	99,700
Meat & Blood Meals	755	18,000	2,261	67,250	688	23,500
Total :	<u>4,084</u>	<u>540,300</u>	<u>7,478</u>	<u>748,250</u>	<u>6,681</u>	<u>874,450</u>

The above products were exported to : Canada, UK, Europe, Middle East, Africa, Malaysia, Hong Kong, Japan, Philippines, and West Indies, direct by the F&G organisation; in the case of the UK, some exports were conducted through the CWS of England and through the Fatstock Marketing Corporation of England.

F&G also export stockfeeds to the Philippines. Recently, F&G have secured authroity for exporting 250 tons of stockfeeds. The stockfeeds position in Australia has been improved by the import of soyabean meal.

Prospects

The organisation is especially interested in exporting meat (including veal) to Europe, Japan and Hong Kong. F&G plan to export meat to Switzerland, mostly to private traders, and to a cooperative organisation in Sweden; they had some discussions with Slakeriforbundet of Sweden on matters of mutual interest. F&G also plan to export stockfeeds to Japan, where they would welcome cooperative trading contacts.

Foreign meat trade promotion is supported by the Australian Meat Board which e.g. organizes displays of Australian meat abroad.

Suggestions

The F&G suggest it would be of great help if the ICA could enable them to get in direct contact with consumers' cooperatives in other countries interested in Australian meat, and also with primary producers' cooperatives in other countries interested in buying the stockfeeds manufactured by the F&G.

Manning Cooperative Meat Society Ltd., Wingham, NSW

The Society exports boneless beef and edible offals. Following are the export figures for these two commodities for the years 1963 to 1965 :

<u>Year</u>	<u>Value (£stg.)</u>	<u>Destination</u>
1963	88,000	USA
1964	172,000	"
1965	162,000	"

The exports were conducted via a private trader, and no change in this arrangement is anticipated. The Society is a member of the NSW Meat Exporters' Association.

Northern Cooperative Meat Co.Ltd., Casino, NSW

Export of the following items is prohibited without the prior approval of the Department of Primary Industry :

Meat Meal (exports restricted when in short supply), and  
Edible Offal of Cattle and Sheep.

Barriers to foreign trade

The only barriers encountered by the Company are quarantine, health and hygiene regulations applied by importing countries.

Past and current performance in foreign trade

The "Northern Cooperative" is mainly engaged in the export of animal by-products, such as tallow, offals, meat meal, etc. The following table shows the performance of exports conducted by the Cooperative during the years 1963 to 1965 :

Commodity	1963		1964		1965	
	Qty.	Value	Qty.	Value	Qty.	Value
(Quantity in tons, and Value in £stg.)						
Tallow	800	32,800	650	32,000	610	40,000
Meat Meal	700	11,200	150	3,050	100	3,000
Inedible Pet Food	-	-	-	-	290	21,800
Edible Offals	-	-	-	-	75	14,400
Sundries	-	4,800	-	4,150	-	6,400
Total of Value :		<u>48,800</u>		<u>39,200</u>		<u>85,600</u>

The following are the export markets for the products of the Cooperative :

Tallow	China and S. Africa
Meat Meals	Japan
Edible Offal	UK and France
Inedible Offal	UK
Sundries	UK and USA

Need to operate through private firms

All exports have been conducted via private traders. The major commodity which the Cooperative exports is tallow. There has been a tendency, in recent years, to purchase bulk tallow, i.e. tallow delivered in ships' tanks. This necessitates the use of tanks at port sides, a facility controlled by private merchants, and therefore exports have to be negotiated through these merchants at Sydney and Brisbane.

Prospects for trading with foreign cooperatives

The Company would be interested in developing export sales through cooperatives, but no such negotiations are in hand at present, since the volume of trade has not warranted any thinking along these lines up to now.

FISHERY PRODUCTS

Clarence River Fishermen's Cooperative Ltd., Maclean, N.S.W.

The Clarence River Cooperative has been engaged in the export of fish (Mullet) to Greece, Cyprus, Hawaii and Italy, and of Shrimps to Japan and France. The Cooperative also attempted to export Mullet to other customers in Greece and Italy, but did not succeed with them.

Suggestions

The Cooperative thinks the ICA Regional Office may have available information regarding cooperatives willing to import/export, and that such information should be supplied in Australia to the Commonwealth Department of

Trade for re-directing to interested firms.

Fremantle Fishermen's Cooperative Society Ltd., Fremantle, W.A.

Restrictions

There are no restrictions applicable to cooperative foreign trade in fishery products imposed by the Commonwealth Government of Australia, except for the possible implications of quarantine regulations.

Past and current performance in foreign trade

The Society's main export is crayfish (Rock Lobster) in different forms. It imports various requisites needed for fishery purposes.

Following are the exports and imports conducted by the Society :

<u>Exports</u>	<u>Main countries of destination</u>
Rock Lobster	USA, France, Belgium
Whole Cooked Lobsters	
Whole Cooked Shrimps	Japan, Holland, W. Germany,
Raw Headless Shrimps	Italy.
Raw Headless Tuna	
Raw Frozen Turtle Meat	
Whole Herrings	
Schnapper Fillets	

Total annual exports : £stg. 800,000.

The crayfish exports are understood to represent more than 20% of total Australian production.

Imports

Frozen Fish Heads (for bait)  
Frozen Fish Fillets  
Polyethylene and Polypropylene Rope  
Cane for Lobster Pots (Malaysian cane, 50 tons per year)  
Canned Fish  
Olive Oil  
Olives  
Peanut Oil  
Jute Bags  
Fishing Nets  
Wire  
Marine Diesel Engines  
Marine Echo Sounders

Total annual imports : £stg. 200,000.

Possible sources of supply for some items, e.g. ropes and echo sounders, might include Japan and Hong Kong. Equipment from Japan has in the past been bought mainly through the Mitsui Company.

All the import requirements of the Society are procured from private traders in W. Australia at present; attempts to procure jute bags for the crayfish season from a cooperative organisation in India have so far proved fruitless, partly on account of the price factor.

The Society's foreign contacts are largely with private business up to now; in the USA, sales have been made chiefly through Crest Brokerage Company of Los Angeles.

#### Prospects for future trade abroad

The Society is interested in obtaining supplies of fish not caught in Australian waters, in order to have a wider range for sale, and prefers any such supplies to be frozen, rather than canned. The Society has its own retail outlets for fish, where it could sell e.g. imported smoked fish. The Society also needs bait for its crayfish trade. (The bait consists of salmon, or any type of cod, fish-heads which must weigh  $\frac{3}{4}$  to 1 lb. each). Bait supplies have previously been bought from China and Canada, imports amounting to 70-100 tons per annum. Competitive offers of the items listed are invited by the Society, especially for jute bags and fish heads, but also for the other goods listed.

#### Geraldton Fishermen's Cooperative Co.Ltd., Geraldton,W.A.

The export sales of this fishery cooperative are said to be very well taken care of by a tested and tried agent.

These two cooperatives are said to play a dominant role in the fish markets of Western Australia.

CONSUMERS' COOPERATIVES

Newcastle and District Cooperative Ltd., Newcastle, NSW

The Newcastle and District Cooperative Ltd., is claimed to be the most successful consumers' cooperative in Australia. Annual sales of the Society are about £stg. 6.50 million per annum. The Society has 71,000 members, 14 retail outlets, some goods under own brand names (e.g. WESTEND) and a definite policy of "trading up".

The Society does not conduct any exports. Its purchases of imported goods come through established agents, since the Society is not a big enough importer to negotiate direct. Following are the figures of imports to the Society in a recent year :

<u>Commodity</u>	<u>Value</u> £stg.	<u>Countries of origin</u>
China, floor and lino tiles	5,200	UK
Toys, music boxes, sewing baskets, novelty ashtrays, garden tools, stainless steel tableware.	1,600	Japan
Plastic flowers, Brassieres, plastic raincoats.		Hong Kong
Glassware	2,400	Sweden and Finland
Cut Glass items	1,600	Czechoslovakia
Canned Salmon	6,400	Japan
Canned Sardines	800	Norway
Canned Herrings	800	UK
Exclusive items in crockery and glassware		Mexico and Spain
Wall fittings and luxury class ornaments		USA
Wooden articles		Philippines
Footballs and cricket bats		Pakistan
Footballs		China

(Items without value figures are handles on very limited scale only).

The Society has also handles some American cigarettes and Dutch pipe and cigarette tobaccos.



No imports have been conducted through any foreign cooperatives. Following visits to Hong Kong and Japan, the society appointed some private agents there, but they are not satisfied with the performance of these firms in various dry goods fields. Agents within Australia are employed on a 5% commission basis to supply imported goods, and this arrangement was described as satisfactory.

#### Barriers and Problems

The biggest problem with the non-food imports is said to be the lack of control or influence over the timely arrival of goods but in view of its limited buying power, the Society feels unable to contact foreign suppliers direct to make any complaint, lest this should upset relations between the foreign suppliers and the agents in Australia. No barrier or discrimination of any sort has been encountered by the Society from suppliers, trade commissioners, etc.

Knitwear and plastic raincoats imported from Hong Kong were not satisfactory, and the trade was discontinued, even though duty-paid imports were cheaper than Australian products.

#### Prospects

The Society is interested, to a certain extent, in the import of drapery and peice goods merchandise from other sources, e.g. Taiwan and China. It is also still interested in imports of china, and half its trade in toys comprises imported articles.

#### My comment

It appears that the Society is catering for a fairly affluent clientele which has shown a certain distrust of cheap imports from some sources in Asia. This affluence is also indicated by the fact that some of the imports listed above include some relatively expensive items, and

by the Society's experience in securing a ready influx of money by raising the limit on members' capital holdings from £Au.300 to £Au.1,000. Imports of non-food items become less imperative as the standard of Australian products improves, and higher prices of Japanese goods (due to higher labour costs there) make them less attractive.

NSW Cooperative Wholesale Society Limited (NSW CWS), Newcastle, NSW

The NSW Cooperative Wholesale Society conducts only wholesaling and has no own productions. The Society's departments are : Hardware, heavy hardware (appliances, kitchen equipment, etc.), produce, groceries, soft goods (clothing). The Society does not conduct any exports, and its imports are insignificant.

Imports of hardware have decreased, as Australian products replace goods previously imported. Only a few well-established and known brands of hardware for which there is a demand by name (e.g. some hand tools from UK and from Germany, and some garden implements from Germany) are imported. Even these imports may decrease as production in Australia grows.

The NSW CWS buys on behalf of those smaller retail societies which choose to trade with it. It also sells to private firms, but these sales are not significant. Imports from Japan have actually decreased, some goods having proved not entirely satisfactory.

My comment

The main barrier to expansion hopes of the NSW CWS is the larger and more powerful Newcastle and District Retail Society, which has a bigger turnover than the NSW CWS. The latter thus cannot hope to secure better terms than the local retail society in Newcastle, which does its own import business without the aid of the NSW CWS.

### Prospects

The NSW CWS does not anticipate any growth in its imports, since more and more of the goods it handles are being made in Australia.

### Queensland Cooperative Wholesale Society Limited, (QCWS), Brisbane

The Queensland Cooperative Wholesale Society Ltd., acts as wholesaling organisation for its 62 member-societies in Queensland which have 84 shops. Goods stocked by the QCWS are : Kitchenware, glassware, crockery, farm requisites and small tools, but no clothing or footwear. There is a Northern branch at Townsville in addition to the Brisbane Head Office and these two establishments service the whole of Queensland and parts of Northern NSW, with 1,600 mile stretch of coastline. The QCWS has no own productions. Of its total turnover, 60% are represented by (farmers') hardware, of which stocks are carried, and 40% are groceries, which are not stocked, but invoiced through the QCWS.

### Past and current performance in foreign trade

The QCWS does not conduct any exports. It imports goods mainly through private trade factors, except for fishing nets, samples having been obtained from UNICOOPJAPAN, Tokyo. Following are the actual imports handled by the QCWS :

Items	Approximate value (£stg.)	Country of Origin
Crockery, Handtools, Kitchenware, clothes lines, garden tools and cutlery	25,000	UK
Handtools, Scissors, Cutlery	4,000	Germany
Handtools, Arsenic	400 to 800	Spain
Crockery, Enamelware	-	China
Handtools, Cutlery	-	Italy
Handtools, Hickory handles for tools	-	USA
Screws	-	Taiwan
Torches, Handtools, Screws	-	Hong Kong
Crockery, handtools	-	Japan

The Eastern countries of supply listed above are changing, and are not constant suppliers. There has been a diversion of crockery trade from the UK to cheaper sources of supply, e.g. Japan and China.

Prospects of foreign trade expansion

The QCWS is interested in imports of the following items :

Tea Towels and Handkerchiefs

Plain, lightweight Canvas Sandshoes

Cutlery

Hessian Bags for tobacco growers, and bean bags, for which there are specific size and weight requirements. Provided these are adhered to, substantial quantities may be purchased.

A number of countries in the region are thought to be potential suppliers of these commodities.

Name and address of the organisation/department

CEYLON

Cooperative Federation of Ceylon,  
455 Galle Road,  
COLOMBO-3.

Ceylon Cooperative Industries Union Ltd.,  
455 Galle Road,  
COLOMBO-3.

Cooperative Wholesale Establishment,  
21 Vauxhall Street,  
COLOMBO-2.

Ceylon Agricultural Producers' Cooperative Societies' Union Ltd.,  
No.11 Saunders Place,  
COLOMBO-12

English & Scottish Joint C.W.S.Ltd.,  
P.O.Box 342,  
COLOMBO.

Ceylon Petroleum Corporation,  
113 Galle Road,  
COLOMBO-3.

Jaffna Cooperative Malayalam Tobacco Sales Union,  
Reclamation Road,  
JAFFNA.

Northern Province Fishermen's Cooperative Societies' Union Ltd.,  
25 Front St.,  
JAFFNA.

Northern Division Agricultural Producers' Cooperative Union,  
JAFFNA.

School of Cooperation,  
POLCOLLA.

Northern Division Cooperative Federation Ltd.,  
Main St.,  
JAFFNA.

Department of Cooperative Development,  
Government of Ceylon,  
Echelon Square, P.O.Box 419,  
COLOMBO-1.

Ceylon Coconut Producers' Cooperative Societies Union Ltd.,  
127 Grandpass Road,  
COLOMBO.



## CEYLON

### General Background

Ceylon is one of the most densely populated countries in South-East Asia. It has a population of about 11 million, which is growing at an annual rate of just over 3%.

The foreign trade situation of Ceylon is characterized by two principal features. On the exporting side, whilst Ceylon's is not a one-crop economy, some 90% of total exports come from the three main sources of wealth of the country, namely tea, rubber and coconuts. Tea alone brings in about 60% of the total foreign exchange earnings of Ceylon, something like 95% of all tea being exported. Ceylon's share of the British tea market has risen to over 30%.

As far as imports are concerned, a shortage of the required foreign exchange has persisted for a considerable period and compelled successive Government to maintain or tighten restrictions and controls.

### Restrictions on Foreign Trade

Import licences are required for all goods. All foreign exchange transactions are subject to official control. Some goods may be imported only on a letter of credit basis. (A facility not available to any cooperative who lacks any established standing in foreign trade). Trade with certain countries is restricted to Ceylonese nationals only. Luxury items and goods which can be produced in Ceylon are not imported.

### Some Aspects of Trade between Ceylon and India

Restrictions on trade between the two countries have been imposed from time to time, and some of these were based on an element of retaliation for steps taken by the other party. At the same time, there have also been amicable agreements not to trade with each other in some

goods made by both sides, such as certain handloom and handicraft products.

Under a trade agreement signed in February 1966, India is to provide Ceylon with a credit of £Stg. 1.5 million for the purchase in India of such items as dried fish, dried chillies and certain textiles. Indo-Ceylonese trade has decreased in recent years, because of restrictions and balance of payments difficulties. During 1963, the value of trade between the two countries amounted to £Stg. 14.96 million, consisting of £Stg. 11.19 million exports by India and £Stg. 3.77 million of exports by Ceylon.

Cooperative Wholesale Establishment (CWE), Colombo

The Cooperative Wholesale Establishment is a public Corporation created by an act of Parliament with the following objects -

- (a) to procure and supply the requirements of cooperative societies;
- (b) to carry on business as wholesale and retail dealers in goods of every description required by such societies.
- (c) to carry on any such other trade or business, including any agricultural or industrial undertaking or the business of banking, shipping or insurance, as may be incidental or conducive to the attainment of the aforesaid objects; and
- (d) to carry on the business of insurance of the lives and properties of the members and employees of cooperative societies.

The CWE supplies goods to cooperatives and also does retailing through its own shops. In accordance with Government policy over 50 CWE retail shops have been handed over to be run by cooperative unions, and the CWE retail shops at present function as check points as there is a tendency in the case of scarce commodities, whether supplied through the private trade or cooperative societies to go underground for sale through the black market.



It must be pointed out that as a result of Government policy the import of certain commodities which had been undertaken previously by the private sector have been vested in CWE on a monopoly basis and the CWE has not only to supply goods to retail cooperative shops through cooperative unions but also to meet the requirements of retail traders in the country. The CWE has generally to follow Government policy with regard to the import of goods and the volume of imports and the type of goods imported will depend on the amount of foreign exchange approved and the Government policy with regard to priorities. In the case of all essential commodities the import of which have been restricted owing to limited availability of foreign exchange, cooperative unions and societies are supplied with almost the entire quantity of such imports. This is done in accordance with Government policy in order to ensure equitable distribution.

Of the true role of CWE, Mr. R. ABEYRATNE, Assistant Commissioner of Cooperative Development in Ceylon, said (in a paper to a seminar held in July 1966) that it "ended up by becoming just another commercial organisation operating on the same lines as private profit business and only theoretically being the wholesale suppliers for the cooperatives". He added "past experience with CWE shows that cooperatives get second rate treatment at the hands of the CWE instead of preferential treatment".

CWE exports tea to state trading countries to honour trade agreements made on behalf of the Government, e.g. to Iraq, China, UAR. CWE also exports coconuts.

#### My Comments

The impression was definitely conveyed that CWE is negotiating from a position of strength, as far as imports into Ceylon are concerned. As the only authorised importers, they as good as admitted that they could, within reasonable limits, determine the prices they were prepared to pay, since there was no legal way of bringing certain goods into the country except via CWE. Not suprisingly, there have been suggestions from other quarters that CWE were, on the one hand, trying to force the prospective supplier down to an uneconomic price, and on the other hand, that they were not in fact importing goods which were badly needed and in demand.

The CWE was established by the Government in 1943 and it was said that control of the organisation would, in due course, be vested in the cooperative movement; this transfer never took place and is no longer expected by the cooperatives who have therefore - and in view of what they regard as inadequate services from CWE to the cooperatives - taken steps to establish very recently another organisation to undertake wholesaling, and possibly foreign trade, on behalf of the movement (see "Ceylon Cooperative Consumers Union").

#### The Cooperative Federation of Ceylon, Colombo

Though not normally directly involved in trade, being the central organisation charged with the responsibility of representing the Cooperative Movement in Ceylon, the Federation imported (early in 1964) 750 Russian Tyres for cars and commercial vehicles from a USSR state-trading agency, in collaboration with the Nugegods Multipurpose Society in Ceylon. The imported tyres were distributed via district cooperative unions by the Nugegods MPCS. A further application for import of tyres is under Government consideration\*. In the meantime, cooperative organisations are to receive supplies of tyres for trucks from stocks imported by the CWE (July 1966).

#### Restrictions

CWE has a state monopoly for the import of many consumer goods which are generally in short supply. All foreign trade deals with state-trading countries are normally done only through the CWE.

Import controls have become more severe in the recent past.

#### Barriers

Certain goods are importable only on a letter of credit basis, which is not readily available to cooperatives, as they have virtually no standing in foreign trade. There is reluctance on the part of the

\* This application was eventually refused.

government to issue import licences to new, e.g. cooperative, entrants into foreign trade.

My Comments

Since Ceylon is a substantial exporter of rubber and the importing of tyres by the Federation could be hampered by shortage of foreign exchange, perhaps the possibilities of organising cooperative rubber exports to the only cooperative tyre and rubber goods factory (GISLAVED, Sweden) should be explored; the latter may be able to supply suitable tyres in return, provided a sufficiently large quantity were to be required.

Ceylon Cooperative Consumers' Union Ltd., Colombo

The Union was registered in October 1965 with the objects of organising and undertaking the supply, import and production of material, articles, etc. required by cooperatives and to establish business relationships with foreign cooperative organisations.

Being a new entrant in the field of foreign trade, the Union would face the usual difficulties in trying to become a licensed importer.

The Cooperative Federation of Ceylon, which has been instrumental in getting the Union registered as a cooperative organisation, says the key issue is that the Union has to prove to the government that its foreign trade is designed only to meet the needs of cooperatives, and that it will not usurp any private trade; it also has to demonstrate to the authorities that the CWE is not doing the job to the satisfaction of the cooperatives.

As to any sales abroad, handicrafts products are believed to have an export potential.

### My Comments

I got the impression that there is little disposition on the part of anyone - cooperators, the cooperative department, or the CWE itself- to deny that CWE is not fulfilling adequately the functions of a wholesale supplier to the movement, partly because of difficulties which CWE itself has to face. However, whether the Government of Ceylon will readily grant to the new Consumers' union the necessary effective powers and facilities to do that job appeared uncertain at the time of my visit (January, 1966).

The establishment of a genuine democratic cooperative wholesaling organisation was advocated in a report prepared in 1964 for the International Labour Office by Mr. E.C.F. Grubb, a British cooperative expert who was also highly critical of the performance of CWE.

#### Ceylon Cooperative Industries' Union Limited, Colombo

The establishment of the Industries' Union in May 1964 was one of the first cooperative attempts to enter the field of industrial exports. A new plant for the production of Rubberised Coir was scheduled to go into production in August 1967 and expected to reach full production by December 1967. Machinery for the manufacture of Rubberised Coir was imported from Austria and the staff trained by the Austrians. Rubberised Coir is a cushioning material, said to be two-thirds the price of foam rubber and better suited to South-East Asian climatic conditions, particularly for use in upholstery, mattresses, packing etc. When in full production, the plant is to produce 1.8 million sq. ft. of rubberised coir of 1" thickness, but it can be produced in layers of any thickness and moulded forms, e.g., for car, bus and chair seats. Coir fibre is said to be in plentiful supply from cooperative sources, but rubber might occasionally have to come from non-cooperative sources.

permission to import from India 250,000 lbs. of "Beedi" wrappers and 150,000 lbs of "Beedi" tobacco. In July 1966, the Society appealed to the Prime Minister to re-open talks with India to secure a quota for exporting chewing tobacco again to Southern India, to operate from 1967 onwards.

My Comment

With the Society's main product no longer being exportable, and apparently not in demand in Ceylon, and other crops now grown by members being marketed through other cooperatives, the Society is reduced to small scale production of hand-made cigars, and the greater part of its assets, e.g. warehousing facilities, are not being utilised, making the outlook a somewhat uncertain, not to say gloomy, one.

Ceylon Petroleum Corporation, Colombo

This Government Corporation was granted the import monopoly for internal bulk fuels from 1964 and for lubricating oil and greases from January 1, 1965. The International Cooperative Petroleum Association supplied about 95% to 98%, purely on the basis of having submitted the most competitive tenders, which are called for annually:

<u>Year</u>	<u>Supplies from ICPA</u>		
	<u>Lubricants</u> (Gallons)	<u>Greases</u> (lbs.)	<u>Value</u> (US \$)
May 1963 to April 1964	2,128,255	471,705	1,661,624
May 1964 to April 1965	3,241,108	1,114,009	2,874,868
May 1965 to April 1966	1,763,861	322,808	1,363,784

The Ceylon Petroleum Corporation hopes to erect its own blending plant and will then call for tenders for base stocks and additives. Blending of lubricating oil is scheduled to start in mid-1968. By early 1969 the Corporation hopes to have its own refinery(ies) and then to import crude oil only.



Name and address of the organisation/department

HONG KONG

Agriculture and Fisheries Department, Government of Hong Kong,  
Cambridge Court,  
Waterloo Road,  
Kowloon,  
Hong Kong.

Cooperative Wholesale Society Ltd.,  
1203 Chartered Bank Building,  
G.P.O. Box 238,  
Hong Kong.

ZENHANREN,  
1504 Liu Chong Hing Bank Building,  
Hong Kong.

Federation of Vegetable Marketing Cooperative Societies Ltd.,  
C/o Cheung Sha Wan Vegetable Wholesale Market,  
Lai Chi Kok Road,  
Cheung Sha Wan,  
Kowloon,  
Hong Kong.

Federation of Pig Raising Cooperative Societies Ltd.,  
C/o Cheung Sha Wan Vegetable Wholesale Market,  
Cheung Sha Wan,  
Kowloon,  
Hong Kong.

Fanling Vegetable Marketing Cooperative Society,  
New Territories,  
Hong Kong.

Tai Po Vegetable Marketing Cooperative Society,  
New Territories,  
Hong Kong.

A pig-raising Cooperative society in the New Territories  
was also visited.





## HONG KONG

### General Background

Hong Kong still constitutes, to all intents and purposes, a free port where goods from many countries are freely bought and sold.

Although intensive cultivation methods enable farmers to raise seven or more crops of certain vegetables per year (and this has largely caused them to turn their backs on the less economic cultivation of paddy), there are no prospects of any large-scale exports of food products from Hong Kong, with its population of nearly 4 million, of which - according to FAO - only 7% derive their livelihood from agriculture.

### The Cooperative Structure

Since the appointment (in 1950) of a Registrar of Cooperative Societies, the Cooperative Movement in Hong Kong has made steady progress. At the end of 1965, a total of 396 societies with 22,000 members were active in Hong Kong. Just over 200 of these organisations are housing cooperatives. As regards trading cooperatives, there are six federations, comprising 122 societies, and also nine consumers' cooperative societies (with 2,200 members) for which no central organisation exists so far. There are no industrial cooperatives in Hong Kong. The six federations are :

The Federation of Pig Raising Cooperative Societies Ltd.,  
The Federation of Vegetable Marketing Cooperative Societies Ltd., and  
Four Federations for Fisheries Cooperatives (centres on the different fish markets in the Crown Colony).

### Cooperative Legislation

Certain standard requirements for all types of societies are laid down by Government Ordinance. All societies are registered under the terms of the Ordinance, and the Agriculture and Fisheries Department

of the Government conducts the annual audit of accounts of cooperative societies.

#### Cooperative Foreign Trade

There is virtually no foreign trade conducted by native cooperatives, but the CWS of England, and "Zenhaanren" of Japan (Agricultural Cooperative Marketing Federation) maintain offices in Hong Kong. The Japanese are concerned only with selling their own products, whereas the CWS attempts to do both buying and selling, and also to make its services available to other cooperative trading organisations, including the various European wholesale societies.

#### Government Marketing Bodies involving Cooperative Organisations

According to the Government Department, the following two bodies are, in due course, to be handed over to cooperatives and to be operated by them, once adequate numbers of trained staff are available :

#### Fish Marketing Organisation (FMO)

Marketing of fish in Hong Kong is done by the government-created Fish Marketing Organisation. Buyers have to register with the Organisation; the total number of registered buyers is over 400. Hong Kong being a free port (with only minor restrictions on a limited number of commodities), any boat can come and sell its catch at the Hong Kong wholesale fish markets. The sales method is based on auctioning. The greatest part of fish landed is for domestic consumption. 80% of fish landed is disposed of by retail sales, and 20% go to catering institutions. Total annual exports are 300 tons of fresh and 1,000 tons of salt/dried fish, mainly to the USA and to Europe. China used to buy fish in

Hong Kong, but now exports and Chinese boats sell their catch there. 9,000 fishing boats are registered in Hong Kong, 6,000 being mechanised. The FMO has a staff of over 1,000 at the various markets and is financially self-supporting. The surplus from the operations of the FMO is used, to a certain extent, for the amelioration of fishermen's living conditions through the "Better Living" cooperatives.

The main business of fisheries cooperatives is to make loans available to fishermen for investment in capital and other equipment. The four federations of fisheries' cooperatives are based on the wholesale fish markets in the different ports of Hong Kong. The fisheries cooperatives now also concern themselves with consumer, marketing and housing developments and run some retail stores.

#### Vegetable Marketing Organisation (VMO)

The VMO is a government-created agency for the marketing of vegetables in Hong Kong. It allocates market space to the Federation of Vegetable Marketing Cooperative Societies Ltd., hence vegetable marketing societies have a substantial incentive to join the Federation, in order to secure market accommodation.

The activities of the Federation include : Supplying vegetable transportation baskets (based on a bulk system), market space allocation, insurance and printing work for, and protecting the interests of, member societies. The Federation is an accredited main dealer in agricultural machinery.

Imports into Hong Kong of Possible Interest to Cooperatives

Provided the necessarily limited scale of likely demand is kept in mind, the following categories may offer openings for supplying Hong Kong cooperatives :

Fertilizers  
Agricultural Chemicals  
Insecticides  
Pesticides  
(Flower) Seeds (e.g. gladioli)  
Health Drugs for pigs, poultry and other livestock  
Stockfeeds  
Feedingstuffs and other requirements for pig-raising  
Wheat  
Rice  
Fishery Requisites (Nets, Ropes, Engines, etc.)

Offers or enquiries relating to these commodity groups should be sent to the Director of the Agriculture and Fisheries Department (and Registrar of Cooperative Societies) of the Government of Hong Kong; the leading officers of the Department take an active interest in the trading problems facing cooperative societies in Hong Kong; a good deal of the information recorded here about Hong Kong cooperatives was furnished by senior officers of the Department.

A pig-raising cooperative advised that foreign cooperatives would be welcome to supply (limited quantities of) feedingstuffs and other requirements for pig raising; hog and poultry health products presently come from the USA, wheat from Thailand and Indonesia, and some other materials, including agricultural chemicals, from the UK. (Enquiries and offers as above).

### Hong Kong's Export Problems

A recent government investigation summed up the problems facing Hong Kong as an exporter by focussing attention on these facts :

Up to now, Hong Kong is not an established source of supplies in its main markets for any products other than textiles and plastic flowers; Hong Kong sells consumer goods, for which tastes and sources of supply are most prone to change;

It is located a long way from its principal markets, and needs to diversify its products and expand its markets;

Hong Kong has in the past largely made goods to order, rather than sold branded products, which is becoming more necessary.

### Barriers to Cooperative Foreign Trade

In practically all trading spheres, including consumer goods and various (agricultural) materials and requirements, there is keen competition from established private traders and large foreign companies with a long standing in Hong Kong, where some of them deal direct with certain cooperative societies.

There is relatively little need for cooperatives to conduct any import trade direct, unless done on such a scale as to effect savings by bulk trade, but so far the cooperative federations are not even organised for bulk buying on the domestic market, which would probably have to precede any foreign trade; one attempt at cooperative bulk buying of fertilisers was foiled by the great strength of private business in the trades of particular interest to cooperatives - e.g. fertilisers, agricultural implements and machinery, and other farm requisites. All these goods, though of foreign origin, are readily available in Hong Kong from many private trade sources.

As to cooperatives becoming engaged in export trade, there is a ready market in Hong Kong for all agricultural, food and fishery products, and little incentive to think about exporting the products with which native cooperative organisations in Hong Kong are most immediately concerned.

Another factor limiting foreign trade in agricultural, food and fishery products is the decided preference of the Chinese for really fresh foods. Consumer goods of foreign origin are so far handled by cooperative societies (e.g. canned foods from China, torch batteries from Japan, etc.) on an insufficiently large scale to warrant direct importing, even though the progress made by consumers' cooperatives has surprised local officials.

#### Restrictions on Foreign Trade

There is a system of foreign exchange control in operation, but a limited free market in foreign currencies does exist. For exchange control purposes, exporters of goods to certain areas require licences and must surrender foreign exchange proceeds to authorised banks. For imports, payment is usually readily effected by banks, except that permits are required for shipments worth more than £stg.10,000. Required foreign currency can be purchased in the free market.

Strict controls apply only to trade in strategic goods, gold and diamonds, ships, and dangerous drugs.

Import duties are levied only on alcoholic liquor, tobacco, hydrocarbon oils, table waters, and methyl alcohol, with excise duties being imposed on corresponding domestic products. A registration fee is payable on imported motor vehicles. All goods originating or consigned from Communist countries - except China - and from Tangier require import licences.

Otherwise Hong Kong is a free port and the few restrictions on foreign trade which are imposed are not of any particular concern or application to any foreign trade which cooperatives might attempt to become engaged in.

#### The Textile Trade and Restrictions on Foreign trade

Cotton still dominates the textile production activities in the Crown Colony, with synthetics being produced on a limited scale, mainly for the clothing trade. Japanese companies are interested in developing the production of synthetic fibres in Hong Kong, where it is feared that the importance of Hong Kong as a textile trade centre will diminish unless the output of synthetic fibres, and of fabrics made from them, is greatly increased.

Japanese firms are trying to become established in Hong Kong to use American licences for the production of synthetics there; raw materials from the Imperial Chemical Industries Limited (ICI) are also used in the Crown Colony, but there are restrictions on the export to the UK of finished goods based on ICI materials.

In common with other textile-producing areas in the East, the Hong Kong industry had to agree to a voluntary ceiling on exports of certain textiles to a number of Western countries where national government want to protect their domestic textile industries.

#### "ZENHANREN" (National Marketing Federation of Agricultural Cooperatives of Japan). Hong Kong

##### Purpose of Hong Kong Branch

The Hong Kong Office of "Zenhanren" was established in 1962 to popularise agricultural produce from Japanese cooperative farmers in Hong Kong. The Hong Kong office acts as a link between Hong Kong importers and its head office in Tokyo. The Hong Kong office is purely a service

department; it incurred small losses during the last few years, but these are insignificant as a proportion of the total trade of "Zenhanren".

#### Commodities handled

"Zenhanren" conducts trade in Hong Kong mainly in potatoes, tomatoes and onions, and to a lesser extent in cauliflower, mushrooms and fresh apples and pears. They have not succeeded in selling fresh tangerine oranges and water melons, because of the keen competition from China for oranges and from Taiwan for water melons. As regards canned fruits, "Zenhanren" are trying to sell white peaches in syrup, but the Chinese variety is cheaper. "Zenhanren" are also trying to sell Japanese canned pears; in most of these lines, they attempt to concentrate on seasons when products from other countries, e.g. Australia, are not as readily available.

#### Barriers to Trade

China and Taiwan being closer to Hong Kong, these two countries are keen and successful competitors of "Zenhanren". Chinese competition virtually ended Zenhanren's egg exports to Hong Kong in 1965. In the case of canned peas, they face competition from the UK, and their canned tangerine oranges are too dear for Hong Kong.

#### My Comments :

China and Taiwan have made great inroads in the Hong Kong market for foodstuffs in recent years, many of their products being competitive and attractive. Fresh and canned foods, including vegetables, fish, etc., come in from these sources in increasing volume. In 1961-63, China alone accounted for about 20% of total Hong Kong imports.



In spite of Hong Kong's long and successful trading history, the Government recently had to call for a thorough review of the situation, and the appointed committee recommended the creation of an Export Development Council, and of a new Display Centre for Hong Kong products in Kowloon.

Cooperative Wholesale Society Ltd., (Registered in Great Britain),  
Hong Kong

Foreign trade of CWS from Hong Kong Depot

The Hong Kong Depot attempts to procure consumer goods for the British Cooperative Movement, and to find export outlets for CWS products, e.g. woollen and worsted textiles, in Hong Kong, South-East Asia and the Far East. In addition to its two-way trading on behalf of its parent organisation, the Hong Kong Depot of the CWS is becoming more involved in the Far East trade of various European cooperative wholesale societies through the promotion of joint buying schemes and other coordinated activities under the sponsorship of the Cooperative Wholesale Committee. The following table shows the turnover of the CWS Hong Kong Depot with some members of the Cooperative Wholesale Committee (other than the CWS itself) during the period February 1, 1966 to May 31, 1966 :

<u>CWC Member in :</u>	<u>Commodity</u>	<u>Value (£stg.)</u>
Scotland (SCWS)	Gent's and Boys' gloves	1,340
Sweden (KF)	Gloves	2,100
	Beaded Handbags	290
W.Germany (GEG)	Ladies' woollen dresses	13,370

Trading Prospects

The CWS is interested in trading with cooperative organisations in South and East Asia, and has been in touch with some of them; various enquiries and proposals from these cooperatives have been noted, so that they may be investigated and pursued, with a view to

ascertaining any potential inter-cooperative trade openings.

COOPERATIVE WHOLESALE COMMITTEE

EUROPEAN EXPERTS' GROUP FOR KNITTED GOODS

Abridged Report on Buying Deputation to the Far East, February 1966

In accordance with a decision of the Experts' Group meeting in Stockholm in January 1966, a deputation consisting of Mr. T. Jackson, National Manager, CWS Fashions Division, and Messrs. Tornquist and Edstam (KF, Stockholm) left in February 1966 for the Far East.

The deputation were empowered to buy Ladies' Pure Wool Fully Fashioned Knitwear as indicated below :

CWS (England)	6,500 dozen
SCWS (Scotland)	1,040 "
GEG (Germany)	<u>2,000 "</u>
Total :	<u>9,540 dozen</u>

Previously, only CWS had been buying this merchandise direct from Hong Kong producers. The deputation visited fifteen factories making this merchandise, and finally placed contracts for the whole quantity as indicated below :

---

<u>Name of Manufacturer</u>	<u>Value (CIF) in £stg.</u>	
<u>Hung Ngai Knitting Factory</u>		
2,200 dozen Lumber Jackets (for CWS)	14,465	
1,000 dozen Lumber Jackets and short-sleeved Jumpers (for GEG)	<u>6,218</u>	20,683
<u>Man Kee Knitting Mill</u>		
1,800 dozen Lumber Jackets (for CWS)	11,857	
500 dozen Long-sleeved Jumpers (for GEG)	3,550	
500 dozen Long-sleeved Polo Jumpers (for GEG)	<u>3600</u>	19,007
<u>South Asia Knitting Co.Ltd.</u>		
2,500 dozen Long-sleeved Jumpers (for CWS)	<u>15,000</u>	19,007
<u>Wool Syndicate Ltd.</u>		
1,040 dozen Lumber Jackets (for SCWS)	<u>6,851</u>	<u>6,851</u>
	TOTAL:	<u>61,541</u>

---

Compared with the prices paid for the same merchandise in the previous year, a saving of about three shillings per dozen (or £stg.1,400) was effected. This reduction resulted from the bargaining power which the deputation possessed, by having a buying potential of almost 10,000 dozen garments.

The deputation enquired regarding prices of this merchandise from Formosa and China. Prices quoted appeared attractive and samples were requested to be forwarded for examination with regard to future purchasing.

As far as the commitment for GEG was concerned, the deputation learned that there is a quota restriction on the export of such goods from Hong Kong to West Germany (to protect the German textile industry). Some difficulty was experienced in finding manufacturers who had a quota available. Only because of the purchasing power of the English and Scottish Wholesale Societies was a quota obtained at all. Therefore, future orders for West Germany should be placed early in the season, to secure better prices when the quota is freely available.

The deputation examined samples of the following items which the Experts' Group may consider suitable for joint action in future :

- Nylon Anoraks;
- Ladies' Knitted Wool Dresses;
- Ladies' Cotton Rainwear.

The deputation had also been instructed to place orders for ACRYLIC KNITWEAR. Prices and qualities of Hong Kong products were examined prior to the departure for Korea of Messrs Tornquist and Edstam. Their aim was to compare qualities and prices in Korea before reaching a conclusion.

Another joint European cooperative delegation travelled to Hong Kong and Korea in July 1966 to purchase Ladies' Knitwear.



Name and address of the organisation/department

INDIA

National Cooperative Union of India,  
72 Jor Bagh,  
New Delhi-3.

National Agricultural Cooperative Marketing Federation Ltd.,  
E-11, Defence Colony, Ring Road,  
New Delhi-3.

National Federation of Cooperative Sugar Factories Ltd.,  
34 South Patel Nagar,  
New Delhi-8.

The Chief Controller of Imports and Exports,  
Ministry of Commerce,  
Udyog Bhavan,  
New Delhi-11.

Directorate of Industrial Cooperatives,  
Ministry of Industry,  
Udyog Bhavan,  
New Delhi-11.

Directorate of Sugar and Vanaspati,  
Ministry of Food, Agriculture, Community Development & Cooperation,  
Jamnagar House, Mansingh Road,  
New Delhi-1.

Fisheries Development Adviser,  
Ministry of Food, Agriculture, Community Development and Cooperation,  
Krishi Bhavan,  
New Delhi-1.

Directorate of Economics & Statistics,  
Ministry of Food, Agriculture, Community Development and Cooperation,  
Krishi Bhavan,  
New Delhi-1.

Department of Cooperation,  
Ministry of Food, Agriculture, Community Development and Cooperation,  
Krishi Bhavan,  
New Delhi-1.

National Cooperative Development Corporation,  
C-56, New Delhi South Extension Part II,  
New Delhi-16.

Name and address of the organisation/department

All-India Handicrafts Board,  
Science Pavilion, Exhibition Grounds,  
Mathura Road,  
New Delhi-1.

Indian Cooperative Union,  
Rafi Marg,  
New Delhi-1.

National Cooperative Consumers' Federation Ltd.,\*\*  
1-38, Lajpatnagar 111,  
New Delhi-14.

State Trading Corporation of India,  
Express Building,  
Bahadur Shah Zafar Marg,  
New Delhi-1.

Food and Agriculture Organisation of the United Nations,  
Regional Office for Asia and the Far East (Western Zone),  
1, Ring Road, Kilokri,  
New Delhi-14.

Afro-Asian Rural Reconstruction Organisation,  
C-118, Defence Colony,  
New Delhi-3.

Hyderabad Handloom Weavers' Central Cooperative Association,  
3-5-770, Weavers' House, Narayanguda,  
Hyderabad.

Andhra Cooperative Marketing Federation Ltd.,  
Massab Tank,  
Hyderabad-28.

The Registrar of Cooperative Societies,  
Andhra Pradesh,  
Hyderabad.

Coffee Board,  
Post Box No.359,  
Bangalore-1.

Mysore State Cooperative Union Ltd.,  
32 Shanti Kutir, Race Course Road,  
Bangalore-1.

Mysore State Cotton Handloom Weavers' Cooperative Society Ltd.,  
27, Model House St.,  
Bangalore-4.

Mineowners Producers' Cooperative Union Ltd.,  
Bangalore.

Name and address of the organisation/department

Mysore State Cooperative Marketing Society Ltd.,  
No.8 Cunningham Road,  
Bangalore-1.

The Registrar of Cooperative Societies, Mysore State,  
Bangalore.

Mysore Coffee Processing Cooperative Society Ltd.,  
Vani Villas Mohalla,  
Mysore-2.

Tobacco Export Promotion Council,  
123, Mount Road,  
Madras.

Handicrafts & Handlooms Export Corporation,  
Luz Church Road,  
Madras.

The Joint Director (Industrial Cooperatives),  
Government of Madras,  
Mount Road,  
Madras.

The Registrar of Cooperative Societies,  
Madras.

Madras Handloom Weavers' Cooperative Society Ltd.,  
34/1-A, Pantheon Road, Egmore,  
Madras.

Tamil-Nadu (Madras State) Cooperative Union,  
Near Walajah Bridge, Opp. Island Grounds,  
Madras.

South Canara District Cooperative Fish Marketing Federation Ltd.,\*\*  
Goods Shed Road, Bunder,  
Mangalore-1.

Coir Board,  
Mahatma Gandhi Road,  
Ernakulam.

The Registrar of Cooperative Societies,\*\*  
Kerala State,  
Trivandrum.

Kerala State Cooperative Union,  
Trivandrum.

Hyderabad Cooperative Central Trading Society Ltd.,  
5-8-655 Nampally Station Road,  
Hyderabad-1.

Name and address of the organisation/department

Spices Export Promotion Council,  
Mahatma Gandhi Road,  
Ernakulam.

Cashew Export Promotion Council,  
Mahatma Gandhi Road,  
Ernakulam.

English & Scottish Joint C.W.S.Ltd.,  
P.O.Box 59,  
Calicut.

Travancore-Cochin Prawn Curers' Cooperative Marketing Society Ltd.,\*\*  
Cochin-2.

Gujarat Fisheries Central Cooperative Association Ltd.,  
Navrangpura,  
Ahmedabad.

Gujarat State Cooperative Marketing Society Ltd.,  
Relief Road,  
Ahmedabad.

Gujarat State Cooperative Union,  
Gandhi Road, Bank of Baroda Building,  
Ahmedabad.

The Registrar of Cooperative Societies, Gujarat State,  
Ahmedabad.

Gujarat State Cooperative Land Development Bank Ltd.,  
Ashram Road, Navrangpura,  
Ahmedabad.

Rahuri Sahakari Sakhar Karkhana Ltd., (Sugar Factory)  
Shri Shivaji Nagar,  
Rahuri, Dist. Ahmednagar.

Kaira District Cooperative Milk Producers' Union Ltd., (AMUL)  
Anand, Dist. Kaira.

Amul Cattle Feed Factory,  
Kanjri (Gujarat).

Sardar Bagayat Sahakari Mandal Ltd., (Marketing Society)\*\*  
Bardoli, Dist. Surat.

Cooperative Training Centre,  
Vallabdh Vidyanagar (Via Anand).



Name and address of the organisation/department

Maharashtra State Cooperative Union,  
9 Bakehouse Lane, Fort,  
Bombay.

State Industrial Cooperative Association,  
9 Bakehouse Lane, Fort,  
Bombay.

Maharashtra State Cooperative Marketing Society Ltd.,  
Kanmoor House, Narsi Natha St.,  
Bombay-9.

Mr. M.R.Bhide,  
Deputy Governor,  
Reserve Bank of India,  
Bombay.

Maharashtra State Fishermen's Cooperative Association,  
3, Mahatma Phule Fish Market,  
Bombay.

All-India Handloom Board,  
P.O.Box 10004,  
Bombay.

Maharashtra Rajya Wholesale Consumer Cooperative Societies Ltd.,  
P.D'Mello Road,  
Bombay.

All-India Handloom Fabrics Marketing Cooperative Society Ltd.,  
Janambhumi Chambers, Fort,  
Bombay.

The Registrar of Cooperative Societies,  
Maharashtra State,  
Poona.

Cooperative Training Centre,  
42/16-A Karve Road, Erandavana,  
Poona.

Prof.D.G.Karve, (Chairman, ICA Advisory Council)  
SUYOG, 899 Shivaji Nagar,  
Poona-4.

Nagpur Orange Growers' Cooperative Association Ltd.,\*\*  
Nagpur.

Guntur District Tobacco Growers' & Curers' Cooperative Society Ltd.,\*\*  
Guntur.

Name and address of the organisation/department

The Registrar of Cooperative Societies,\*\*  
Uttar Pradesh,  
Lucknow.

The Registrar of Cooperative Societies,\*\*  
Punjab,  
Chandigarh.

The Registrar of Cooperative Societies,\*\*  
West Bengal,  
New Secretariat Buildings,  
Calcutta-1.

## INDIA

### General Background

To appreciate any report on India, one must bear in mind the tremendous size of the Indian Union, of its population and of its problems. The total area of India amounts to 3,268,000 square kilometres and the extreme distances across the sub-continent are roughly 3,200 kilometres from North to South, and almost 3,000 kilometres from the Rann of Kutch in the West to Calcutta in the East. With an estimated 498.9 millions at mid-1966, India has the second largest population in the world.

### Population Growth and Housing and Food Shortages

The rapid growth of population - recently put at ONE MILLION NETT PER MONTH, and officially expected to reach 555 millions by 1971 - unquestionably is India's number one problem; U.N. information shows that the urban housing situation in 1966 is understood to reveal a shortfall of  $11\frac{1}{2}$  million units. The same source says the percentage of families living in one room or less is as follows: Rural areas - 34%, urban areas 44%, for four big cities - 67%, and for Calcutta alone 79%. (one-fifth of the population live in towns). The problems involved in feeding this large population are made more difficult by natural causes, e.g. the widespread failure of rain in 1965, and by the serious shortage of foreign exchange. The ready and growing domestic demand for most agricultural products also limits the availability of such products for foreign trade, including that of cooperatives.

### Devaluation and Foreign Trade

The drastic devaluation of the Indian Rupee on 6th June 1966 was generally interpreted as an attempt to give a fillip to exports; in "The Economist"

(London, 27th August 1966), the Professor of International Trade at Delhi University explains that, at the time of devaluation, the prevailing system of controls over foreign exchange transactions had become inefficient and difficult to operate, as varying exchange rates were operating for different transactions, and in many instances foreign exchange was being (at least indirectly) lost, rather than earned. He argues that devaluation was designed to streamline the system of control and to replace the de facto devaluation which had been brought about by earlier policies of export subsidies and import substitution; export subsidy schemes had covered more than 25% of the export sector and were gradually being extended to the remainder of exports, with the average subsidy being equal to what has now been effected by devaluing the Rupee, whilst import duties were amounting to an average of 50%, i.e. the entire revenue from import duties totalled an amount equalling one-half of the value of imported goods. The Professor says only a unification of exchange rates could overcome the problem, and devaluation was the most effective way of doing so, at the same time helping to reverse the significant lag between exports and export receipts which had occurred on account of foreign trade interests having awaited the devaluation for some time.

#### Devaluation and Domestic Trade - and the Consumers' Cooperatives

Following devaluation, the Government at once appealed to industry and trade "to hold the price line", yet some price increases on the domestic market inevitably followed (postal charges were raised within 14 days; by mid-September 1966, various surveys and estimates suggested that the overall increase in consumer prices had reached 10-13%). To prevent rises in consumer goods prices getting out of hand, the Government

resolved to give increased attention and support to a speeded-up programme of developing consumers' cooperative stores (retail and wholesale), particularly in the larger centres of population. Previously, the most serious Government attention to the merits and potentialities of the consumers' cooperative movement as an instrument of ensuring a more equitable form of distributing consumer goods at controlled, or at least reasonable, prices dated back to 1962, when shortages brought about as a result of the conflict with China had revealed certain problems, difficulties and malpractices in distribution which were at least partly brought about by the selfishness of private traders who exploited the serious situation for their own ends.

The accelerated programme of stores development for cooperatives has now necessarily entailed some improvisations and almost inevitable difficulties; however, a substantial number of department stores and bazaars are being set up, and a number of consumer goods industries - e.g. soap, electric bulbs, baby foods, etc. - have undertaken to provide some priority supplies for these stores. There is no prospect of any early relaxation of India's import restrictions on most consumer goods.

#### Explanatory Note re Devaluation

Since most of the information for this report was collected before, and virtually all of it covers the period prior to, the devaluation, all conversions have been calculated at the pre-devaluation exchange rate of 13.33 R. to the £ stg; the official rate now is 21 R. to the £ stg.

#### The Fourth Five-Year Plan and the Cooperatives

According to one of India's leading economic journals, the major change affecting cooperatives during the Plan for 1966-71 will be a concerted effort to link cooperative credit societies with marketing cooperatives

(less than half of them were linked in 1964-65); marketing societies are already linked to a large measure to processing cooperatives. It is also stated that the Plan envisages that more loans should be made available to the farming community through cooperatives against the security of crops, whilst hitherto they have been made largely in relation to land and fixed property values. One sector of cooperative activities due for major attention and expansion is cotton; the cooperative share is scheduled to rise from 8.8% in 1964-65 to 26% by 1971. In general, the Plan envisages investments of £ stg. 10,000 million, with great emphasis on food, fertiliser, tractor and farm equipment production. (In line with these priorities, impending assistance for Indian cooperatives from the Cooperative League of the U.S.A. will include a feasibility study of cooperative fertilizer production and provision of expert services for oilseeds production and processing).

#### General Foreign Trade Situation

The Government of India possess powers to control and direct all foreign trade; in view of the serious shortage of foreign exchange reserves, very far-reaching use is made of these powers. Exports are encouraged, provided they do not imperil essential supplies for the home market, and the goods sent abroad meet certain minimum standards and requirements; imports are severely curtailed and consist mainly of essential materials and commodities which cannot - or not yet - be produced or procured in India. Although current imports of badly needed food grains are largely provided by the U.S.A. under the aid arrangements covered by the American Public Law 480 and do not involve India in hard

currency expenditure, the new five-year plan anticipates a curtailment of these imports and substantial progress towards self-sufficiency in food production (even for the anticipated larger population) by 1971. Foreign trade policy covering each financial year (April-March) is fully documented in an annual statement.

The part which cooperatives play - or hope and plan to play - in India's foreign trade will be referred to in the following pages.

#### Foreign Trade Balance and Main Foreign Trade Trends

Throughout the 19 years of independence, India's imports have been substantially larger than exports, and the adverse balance reached its peak in the year 1957-58.

The latest statistics (for 1963-64) reveal the following facts and figures:

Total imports	£ stg. 858 million
Total exports	£ stg. 575 million
Adverse balance	£ stg. 283 million

#### Main Trade Partners

Principal suppliers\* of imports into India:

USA	£ stg. 293 million
UK	£ stg. 127 million
W. Germany	£ stg. 67 million
USSR	£ stg. 48 million
Japan	£ stg. 47 million
Iran	£ stg. 36 million

Principal buyers\* of exports from India:

UK	£ stg. 121 million
USA	£ stg. 97 million
Japan	£ stg. 44 million
USSR	£ stg. 39 million

\* figures for all other countries below £ stg. 20 million each.

### Main Foreign Trade Commodities

Principal imports\* as percentage of total imports in 1963-64:

Machinery	31.4%
Cereals and cereal preparations	11.3%
Minerals, fuels, lubricants	9.1%
Iron and steel	7.8%
Transport equipment	5.3%

Principal exports\* as percentage of total exports in 1963-64:

Jute manufactures	19.9%
Tea	15.6%
Cotton manufactures	7.7%

\* all other categories constitute less than 5% each.

### Some Foreign Trade Policy Principles

India has currently no foreign trade relations with the Union of South Africa, South-West Africa and Rhodesia.

For both importing and exporting, there are certain established categories under which interested traders can bid for a foreign trade entitlement.

No separate basic rules apply to cooperatives in foreign trade, but the Government are able to channel foreign trade through, or in the direction of, cooperatives by giving them certain exporting rights and earmarking some imports for the cooperative sector of the economy.

Foreign trade policy takes into account, inter alia, domestic requirements and stocks, exportable surpluses, protection of Indian industries, the relative importance of, and need for, various imports, and the foreign exchange position.

### IMPORTS

#### Import Restrictions

In respect of all controlled commodities, the importer has to obtain a licence from the authorities before importing. At present,



import control covers practically all articles.

The controlled commodities are subject to value or quantity limits, or both, within which import is allowed.

There is sometimes a control on the maximum price at which imported goods may be sold by established importers. So far as actual users are concerned, their import is subject to the condition that the imported goods shall be utilised exclusively by the licensee in his own factory. These are general types of restrictions; there may be others, to be specified from time to time.

Any import entitlement awarded against exports of specified commodities is given only to those registered as exporters with the authorities. The registration, once made, remains in force until cancelled. Actual users requiring goods for consumption in their factories have also to be registered. The registration does not dispense with the necessity of obtaining import licences in respect of controlled commodities each time an import is to be made.

Import trade new-comers are not allowed to import controlled commodities for stock and sale purposes, the import licences being given to established importers only. However, in the current licensing period 1966-67, newcomers may import certain specified spare parts of machinery from the U.S.A. under U.S. Aid conditions.

#### Categories of Importers

There are the following categories of importers:

- (1) Established importers;
- (11) Actual users;
- (111) Exporters receiving import licences against their exports;
- and (1V) Others

Established importers are those who have fixed quotas on the basis of past imports in the base years prescribed in the annual import policy document.

Actual users are those who require raw materials/components and spares/machinery for use in their industry.

Exporters claiming import licences against their exports are those registered with the respective authority and who export specified commodities and then claim import entitlements for raw materials, components and spares/machinery against such exports.

The category 'others' includes institutions, hospitals, individuals, etc., not covered by the above three categories.

#### Import Liberalisation after Devaluation

After devaluation of the Rupee (6th June 1966), the policy for the import of raw materials, components and spare parts and other essential items (for the period April 1966 to March 1967) was liberalised. 59 priority industries will be allowed to import raw materials, components and spares needed for production, up to full capacity, for six months. Among them are the industries making chemicals, agricultural machinery, electronic equipment, surgical and scientific instruments, sugar, cotton textiles, and motor-cycles.

Small industry units engaged in these priority industries will be granted import licences to the extent of thrice the Rupee value of licences granted for 1964-65, or twelve times the value of licences for 1965-66.

Open General Licence imports will be allowed for shipments up to 31st March 1967, of raw materials needed "primarily for export production". These include raw hides and skins, tanning substances, such as wattle bark and wattle extracts, and cashew nuts.

### Cooperatives as Importers

There are no special restrictions affecting cooperatives in foreign trade. Cooperative societies can obtain import licences, if they are eligible under the categories and terms of the official policy. In the case of established importer licensing, they can obtain licences, if they hold quotas based on the base year's import. As actual users, they can obtain licences if they are engaged in appropriate production. If they are registered exporters, they can obtain import licences under the policy for the issue of licences to such exporters.

### Import Licences for Cooperatives

Under the current licensing policy (1966-67), a few selected goods like books, drugs and medicines, dates and dried fruits, artists' brushes and hearing aids, etc., will be allowed to be imported for distribution to consumers' cooperative stores. "Actual user" licences are also issued to industrial cooperatives for the import of raw materials, components and spares required by their members for use in their factories, on the recommendations of the sponsoring authorities concerned.

## EXPORTS

### Export Restrictions

An export licence is required for exporting any controlled commodity. Where the supply position does not warrant freedom from all controls over exports, the commodities are liable to export control and listed in Schedule I to the Export (Control) Order, 1962, as amended from time to time. Goods not covered by this Schedule are free from

export control and can be shipped abroad without any permission or export licence, unless they are subject to some other form of statutory restriction. For instance, the export of narcotics is prohibited, and exports of gold need the sanction of the Reserve Bank of India. (the central government bank).

The export of coir and coir products is regulated by the Coir Board, Ernakulam; exports of tea and coffee are regulated by the Indian Tea Board, Calcutta, and the Indian Coffee Board, Bangalore, respectively. With these exceptions, the exporter is free to export any commodities not notified under the Imports and Exports (Control) Act, 1947.

Minimum export prices are fixed by the Government for certain commodities, such as tobacco, mica, wood, timber, and woollen carpets.

Restrictions have been imposed on the export of certain goods, such as metals, minerals, ores and concentrates, certain oilseeds and other seeds, wheat and wheat flour, wild life, hand-spun silk yarn, cashewnut plants, Indian plum plants, mercury, etc.

Goods allowed to be exported only by established shippers are not allowed for export by newcomers.

The Government has statutory powers enabling it to review the harvest, stocks and domestic supply position, and to alter the categories of goods available for export in the light of prevailing conditions; an annual review of the situation takes place to determine export policies for the following financial year (April-March). Where export licences are required, they are subject to value or quantity limits, or both.

### My Comment:

In some Cooperative foreign trade discussions involving Indian Cooperatives (e.g. those concerning the possibility of exporting molasses to Japan), long-term forward planning was shown to be rendered more difficult by the lack of assurance about the continuity of foreign trade policy beyond the end of any financial year.

### Categories of Exporters

Licences are generally issued to two categories of exporters, namely, (a) established shippers; and (b) newcomers.

### Established Shippers

Exporters who are able to prove exports effected by them in any part or full year of the prescribed basic period are admitted to the category of established shippers. The basic period varies from commodity to commodity; quotas are generally issued to established shippers in proportion to the volume of their export business handled in the best full year, or part of a year, selected by them from the applicable basic period. Both manufacturers and merchants can qualify as established shippers.

### Newcomers

Some provision is usually made for new firms to enter the export trade, a small percentage of the exportable surplus being set apart for "newcomers", unless the exportable surplus is severely limited. Admission of newcomers does not mean that anyone without previous experience of trade in a particular commodity can get a licence; the newcomer must satisfy certain conditions designed to ensure that he is not a stranger to the business, but possesses sufficient experience in the particular field, either as an exporter outside the basic period, or as a dealer in the internal trade of the commodity concerned.

### Open General Licences for Exports

In addition to the uncontrolled commodities, there are some commodities which, although included in the basic schedule of controlled items, are allowed to be exported freely without any licensing formalities to all permissible destinations. This is made possible by placing the selected commodities on Open General Licence (O.G.L.). When the supply position of a particular commodity placed on O.G.L. ceases to be sufficiently easy, it is removed from O.G.L., and then becomes automatically subject to export licensing procedures.

### Export Promotion Schemes after Devaluation

Consequent on the devaluation of the Rupee (6th June 1966), all the former export promotion schemes have been withdrawn. Prior to devaluation, exporters of finished goods (whether by manufacturer-exporters or by merchant-exporters) were given certain facilities for the import of raw materials, components, consumable stores, and/or machinery/spare parts under the export promotion schemes. These schemes were administered by Export Promotion Councils, Commodity Boards or Export Promotion Officers. Exporters desirous of availing themselves of obtaining import licences under the Export Promotion Schemes were required to register with the appropriate authority.

Under the current import policy for 1966-67, import licences will, however, be issued against exports made by registered exporters after 6th June 1966, for the import of raw materials, machinery components and spare parts, etc., to the extent recommended by such Government agencies as, e.g. the Directorate-General of Technical Development/All India Handicrafts Board/Coir Board/Textile Commissioner/Fisheries Adviser, etc.

### My comment

In other words, the previous, more rigid system of - in some industries - a certain known import entitlement in return for a given export performance has been replaced by a more flexible arrangement which requires individual consideration of each application for imports; the policy announcement dated 16th August 1966 says the value of import licences will have "regard to the import content of the exported product".

### STATE PARTICIPATION IN FOREIGN TRADE

State Trading Corporation of India Ltd., (STC), New Delhi.

#### Functions and Purpose of STC

The State Trading Corporation of India Ltd., a Government undertaking, was set up in 1956. The objects of the Corporation are to undertake foreign trading with state trading countries, as well as other countries, in commodities specifically entrusted to it, to explore new markets for traditional commodities, to develop new export markets, to undertake (at the request of the Government) importing and/or the internal distribution of commodities in short supply, with a view to rationalising distribution and stabilising prices. Only such commodities are entrusted to the Corporation as have peculiar problems of their own, and where the Corporation has to contend with various bottlenecks. The Corporation has certain divisions and subsidiaries for handling various commodity groups. For minerals and metals, there exists a separate state corporation.

### Principal Commodities Handled

The Corporation handles business by way of direct trade in 108 commodities, including exports, imports, and internal trade in India. The following are the major items exported/imported by the Corporation:

<u>Exports</u>	<u>Imports</u>
Woollen fabrics	Nitrogenous fertilizers
Cotton textiles	Muriate of potash
Sea salt	Chilean nitrate
Tobacco	Sodium sulphate
Groundnut oil	Caustic soda
Manioc meal	Polyester fibre
Opium	Cinema carbons
Leather footwear	

### Bilateral Trading Arrangements

The Government of India has made arrangements with the U.S.S.R., Czechoslovakia, Poland, the German Democratic Republic (GDR), Yugoslavia, Hungary, Rumania, and Bulgaria, through bilateral trade agreements signed from time to time, for the import of equipment and materials essential for India's national development; such imports are paid for by exports of Indian primary, semi-processed and manufactured goods. (In these East European countries, trade is conducted by Government trading organisations).

### Export Pioneering by STC

The Corporation has created new markets abroad for a number of commodities; important categories exported for the first time by the STC included:

U.S.S.R.	Woollen fabrics, cotton textiles, knitwear (woollen shoes, shirts, sports goods, razor blades, soaps cosmetics, cigarettes, fruit juices, nylon socks, packed tea and instant coffee, opium, handicraft
G.D.R.	Storage batteries, electric motors, shoes, art si fabrics, liquor, shrimps, surgical equipment.
Czechoslovakia	Footwear, razor blades, woollen underwear, paint brushes, handicrafts.



Yugoslavia	Sports goods, sewing machines.
Poland	Shoes.
Hungary	Woollen fabrics, shoes, woollen knitwear, cotton textiles, handicrafts.
Bulgaria	Shoes, razor blades.
Rumania	Iron ore.
Switzerland and France	Gunny bags, de-oiled cakes.
W. Germany	Sewing machines.
Sweden	Woollen fabrics, de-oiled cakes, unmanufactured tobacco, woollen carpets.
Turkey	Sewing machines, cycles, electric fans, electric bulbs, fountain pens, tiles, imitation jewellery.
Indonesia	Cotton yarn.
Hong Kong	Frozen meat.
E. Africa	Textile machinery.

The Corporation also pioneered a scheme known as the "Export Aid for Small Industries" (EASI) to develop exports of goods made by small and medium industries. The EASI scheme aims at encouraging exports of products of small/medium-scale industries by rendering advice in various respects. The units covered by this scheme are inspected and selected after considering the exportability of their products, availability of raw materials, production capacity of the units, their financial standing, and the keenness of management to enter the field of exports. Under the scheme, the Corporation has exported 27 products on behalf of 20 manufacturers, to 27 destinations in all parts of the world. These items had never been exported before by these manufacturers, nor had the buyers imported them previously from India.

The exported items covered a wide range of goods, including:

Engineering goods; Diesel engines, pump sets, agricultural implements, electric fans.

Industrial items: Soapstone powder, kardi oil.

Bicycles and

Bicycle parts: Mudguards, bells, spokes, rims, locks.

Consumer goods: Razors, razor blades, padlocks, kitchenware, charcoal and electric iron presses, basic gravy concentrates, paint brushes.

Clothing: Woollen vests and pants, ladies' and gents' cardigans, dolls' clothes.

Chemists' supplies: Gripe mixture, penicillin ointment.

Fancy goods: Brass artware, costume and gold-covered jewellery, glass toys.

(see also report on "Small-scale Industries Cooperatives").

#### Other Points

In order to develop and maintain exports of commodities which are difficult to sell (due to high internal procurement prices, by comparison with world prices), the Corporation exports even if there is a risk of losses in certain transactions, or in a particular year. Among the commodities thus exported are groundnut oil, manioc meal, sodium bichromate, de-oiled linseed cake, cement, and chemicals.

Till September 1963, the Corporation also dealt in minerals and metals, but with the establishment of the Minerals and Metals Trading Corporation of India Ltd., another Government undertaking, the work of the STC in minerals and metals was transferred to the new Corporation.

#### Direct and Indirect Foreign Trade of STC

The bulk of STC business consists of exports and imports; it conducts direct and indirect trade. In the case of direct trade, the Corporation enters into contracts and mostly invests its own funds. In

the case of indirect trade, contracts are concluded between foreign and Indian traders and implemented by the private parties; the role of the Corporation in that trade is to bring together buyers and sellers, and to assist in the conclusion and implementation of contracts.

Past Performance in Foreign Trade

The following table shows the foreign trade activities of the Corporation during the years 1961-62 to 1963-64:

(figures in million £ stg.)

	<u>1961-62</u>	<u>1962-63</u>	<u>1963-64</u>
<u>Exports</u>			
Direct	26.20	24.44	14.47
Indirect	3.80	7.90	14.48
<u>Imports</u>			
Direct	31.00	39.28	25.10
Indirect	32.20	32.98	16.85
<u>Total Foreign Trade</u>	<u>93.20</u>	<u>104.60</u>	<u>70.90</u>

Cooperative contribution to exports

One of the few export monopolies held by the STC is in leather footwear. According to the STC, cooperatives had been given "something of a privileged position" and some contribution is being made by leather footwear manufacturing cooperatives at Agra and Delhi. At present, 4 leather footwear cooperatives in Agra and 6 in Delhi are working with the Corporation. The STC entered the export trade in leather footwear in 1956 when it got an order for 250,000 pairs of Indian hand-made shoes from the U.S.S.R. During the last nine years, the Corporation had introduced hand-made shoes to other countries in Eastern Europe, the G.D.R.

Hungary, Poland, Bulgaria, etc. The following figures show the increasing exports of Indian footwear through the Corporation since 1956:

<u>Year</u>	<u>No. of Pairs</u> (thousands)	<u>Value</u> £ stg.
1956-57	105	158,175
1960-61	543	1,159,200
1964-65	662	1,260,975

(My Comment: Figures in respect of the export contribution made by cooperatives at Agra and Delhi could not be secured).

According to the STC Chairman, cooperatives have, on occasions, received favourable consideration from the Corporation and some concessions regarding foreign trade (for instance, the National Agricultural Cooperative Marketing Federation was granted a monopoly of exporting pulses to U.K., Ceylon and Mauritius by the Corporation), yet the limited foreign trade conducted by cooperatives had diminished in scope; they had not made much headway, except for the export of pulses, onions, chillies, fish products, etc.

#### AGRICULTURAL PRODUCE

##### Export of agricultural produce by cooperatives

Indian cooperatives have been engaged in the agricultural export trade only during the past few years. In a few selected commodities, such as pulses, bananas, onions and some oilcakes, etc., the cooperatives have gained a foothold. The National Agricultural Cooperative Marketing Federation (NAFED) has been exporting pulses for some time past, whilst the Maharashtra State Cooperative Marketing Society and the Gujarat State Cooperative Fruit and Vegetable Marketing Federation Ltd., have played the most prominent part in developing the exporting of bananas, mangoes,

onions, other vegetables, etc. However, the agricultural exports by cooperatives have been of strictly limited proportions so far; their total value during the year 1964-65 was only about £ stg.660,000.

National Agricultural Cooperative Marketing Federation Ltd., (NAFED), New Delhi. (Member of ICA).

NAFED is a federation of State-level agricultural marketing societies in India. The primary function of NAFED is to promote cooperative marketing and processing of agricultural produce, and the procurement and distribution of farm requisites. Another function of NAFED is to undertake exports of agricultural commodities and imports of production requisites for its members. NAFED has branch offices at Bombay and Calcutta. Another branch may be opened in Madras in due course for trade in Southern India and Ceylon.

Past and Current Performance in Foreign Trade

The following commodities have been exported and imported by NAFED:

<u>Exports</u>	<u>Imports</u>
Pulses <sup>4</sup>	Fertilizers (ammonium sulphate)
Lac	Cauliflower seeds
Hessian (jute) bags	Chicory seeds
	Dried and wet dates
	Dried fruits.

Following are the figures of exports of pulses during the years 1962-63 to 1965-66:

Export of Pulses by NAFED

<u>Year</u> <u>to June 30th</u>	<u>Value</u> <u>£ stg.</u>	<u>Destinations</u>
1962-63	302,750	U.K., Ceylon, Mauritius, East Africa, Middle East, Fiji.
1963-64	93,000	-do-
1964-65	92,000	-do-
1965-66	219,800	-do-

Although the policy of NAFED has been to export only quality goods, and most of the commodities which NAFED handles are covered by quality control schemes, the prospects for maintaining and expanding exports of pulses were not regarded as too bright, according to comments made in mid-September, 1966. It was stated that the currency devaluation in June had not sufficiently restored the export competitiveness of Indian pulses. Lower-priced pulses are marketed by e.g. Burma, Ethiopia, Lebanon, Syria and Thailand.

For some time past, the State Trading Corporation of India Ltd., had permitted only NAFED to export pulses to the U.K., Ceylon and Mauritius. Earlier, the exports had been conducted by private traders and cooperatives. Prior to the Federation coming on the scene, various State-Level cooperative marketing societies were allowed to export pulses direct. Later on, exports to those three destinations were restricted through the Federation only, with a view to ploughing the benefits of the export price back to the producer, and to avoiding wasteful competition.

Export of Jute Bags by NAFED

Under a barter deal, NAFED exported hessian bags to the U.S.S.R. between 1959-60 and 1961-62:

<u>Year</u>	<u>Value</u> £ stg.
1959-60	15,000
1960-61	24,900
1961-62	63,250

More recent attempts to export jute bags to a cooperative organisation in Australia were not successful.

### Various Imports by NAFED

The following table shows imports conducted by NAFED during the years 1961-62 to 1965-66:

<u>Year</u>	<u>Commodities</u>	<u>Value</u> £ stg.	<u>Countries of origin</u>
1961-62	Cauliflower seeds	1,500	U.K., Holland, Denmark.
1962-63	-do-	1,100	-do-
1963-64	Dried fruits	19,450	Iran
	Dates	99,650	Iraq
1964-65	Dried fruits	88,500	Iran
	Dates	167,200	Iraq
1965-66	Dates	110,600	Iraq

NAFED also imported one tone of chicory seeds from W. Germany.

Under the above-mentioned barter deal, NAFED imported ammonium sulphate from the U.S.S.R. during the years 1959-60 to 1961-62, as under:

<u>Year</u>	<u>Quantity</u> (tons)
1959-60	1,000
1960-61	2,000
1961-62	5,000

Imports of fertilizers, seeds, etc., have been conducted through the Government-sponsored State Trading Corporation of India. In respect of wet and dried dates, and dried fruits, NAFED received quotas for imports from Iraq and Iran respectively.

In its foreign trade plans and endeavours, NAFED aims at the development of new trade deals, additional to those already being executed by some State marketing cooperatives which e.g. export bananas.

### Some Barriers to Foreign Trade Expansion

Some countries apply import controls to a minimum extent only, while others apply very comprehensive controls through quantity restrictions, foreign exchange limitations, quality requirements, quarantine and health regulations, etc.

In some countries, import trade is conducted only through State trading organisations, or nationalisation of all foreign trade, and some difficulty often arises thereby, with the monopoly importing organisation being in a strong bargaining position, as it cannot be by-passed. (Examples are Burma, Ceylon and China).

In international markets, there is competition not only from other exporting countries, but also from established private organisations in India which have in their possession vital facts connected with import and export regulations, as well as having long-standing connections with business concerns in the importing countries.

#### Prospects for Foreign Trade Expansion

NAFED is interested in developing trade with Europe, including Eastern Europe. It hopes to export fresh/canned fruits and vegetables, and other products, e.g. spices, pulses, oilcakes, onions, bananas, short-staple cotton, etc., whilst maintaining its interests in potential imports of e.g. dried fruits and some machinery, etc.

NAFED is aiming to secure a 5% share of cotton exports to Japan for the Indian cooperatives; at present, all the cotton export trade is in private hands.

In September 1966, negotiations took place with ZENKOREN and UNICOOPJAPAN concerning the possibility of NAFED exporting groundnut extraction meal (de-oiled cake) to Japan at a rate of 2,000 tons per month. At about the same time, NAFED were invited by CCE of the Philippines to submit an offer in respect of jute bags to be exported from India to Manila.



In September 1966, NAFED had firm orders in hand for the export of 1,630 tons of pulses valued at £ stg. 112,500 to Ceylon, Malaysia, Kuwait, and Singapore. Ceylon will alone account for most of this trade, importing over 1,500 tons of pulses valued at £ stg. 104,800 from India.

There is a very sizable export trade in Indian onions to Ceylon, an annual volume of 30-35,000 tons being handled mostly by private Indian traders. NAFED is currently negotiating with Ceylonese buyers for the export of substantial quantities of onions, for which purpose the Government of India has recognised it as a specialised agency. (To all permissible destinations, other than Ceylon, onion exports from India will continue to be allowed freely to all categories of shippers, including cooperative societies).

Andhra Cooperative Marketing Federation Ltd., Hyderabad.(A.P.)

Exports

The Federation conducted the following exports during 1957-58 and 1958-59:

<u>Year</u>	<u>Commodity</u>	<u>Quantity</u> Tons	<u>Value</u> £ stg.	<u>Destinations</u>
1957-58	Onions	1,938	66,000	Ceylon & Malaya.
1958-59	Onions	3,000	98,250	-do-
	Chillies	84	8,750	-do-

The above exports took place when the Federation first commenced its activities. These commodities are now free for exporting, as the supply position has improved. During the last two years, the Federation has done more domestic business, and it is thus not very interested in exporting.

The Federation has not been allotted any cotton export quotas. A tentative enquiry regarding cotton was received and passed on to local societies, but yielded no definite results. The Federation has also supplied samples of chillies and onions to NAFED for possible exports. NAFED also enquired about pulses for export, but Andhra pulses are too dear for exports, because of competition from Ethiopian and other African pulses of lower price, yet similar quality.

#### Imports

The Federation does not conduct any direct imports. It obtains its supplies of tractors and components (from the U.S.S.R. and East European countries) through the State Trading Corporation of India. Cooperatives cannot influence the choice of sources and types of supplies, but merely buy from the S.T.C. whatever is available in the way of imported goods, according to the Andhra Federation.

#### Barriers to Foreign Trade Development

The real barrier is the lack of incentives to export; there is plenty of scope for expanding domestic trade. (My comment: An instance of the basic policy issue how far national considerations demand the provision of incentives and inducements for exporting, or whether domestic needs take precedence).

#### Prospects for Foreign Trade Development

Tobacco and cotton growing and vegetable marketing societies are not yet eligible for membership of the Federation. Once the rules are changed to admit these societies, the Federation may look at export possibilities, but it is not very hopeful about prospects at the moment.

Copra Producers' Cooperative Crushing Society Ltd., Alleppey (Kerala).

Copra oilcake from the Society has been exported to Western Germany and to Denmark. (No further details were supplied).

Gujarat State Cooperative Marketing Society Ltd., Ahmedabad

Foreign Trade

The Society does practically no foreign trade in South-East Asia. It is reluctant to trade abroad direct, being unfamiliar with markets, conditions, risks, requirements, etc.

Exports

During 1961-62, the Society directly exported some Bengal Deshi cotton to Japanese traders. It also exported, via the State Trading Corporation of India, 8,500 tons of groundnut oil and 12,000 tons of oilcakes. Exports of bananas are conducted direct by the Gujarat State Cooperative Fruit and Vegetable Marketing Federation Ltd., Bardoli; that Society holds monopoly rights in the field of banana exports from Gujarat State.

Imports

In response to its specific request, the State Trading Corporation of India imported some Japanese power tillers for the Society. It also gets the occasional supply of camphor from the S.T.C. Some chicory seeds were imported by the Society from W. Germany through NAFED.

Prospects for Foreign Trade Development

Some Gujarat cooperatives are said to have a great export potential in cummin seed (spice), onions, etc., if NAFED can find the necessary markets. The Gujarat State is now moving towards self-sufficiency in cotton, with subsequent export possibilities.

The Society generally looks to NAFED to establish foreign contacts and trade deals, to get the necessary Government authorisations and to make itself responsible for the handling and transport, etc. of goods destined for foreign trade.

Though de-oiled cake is not restricted for exports, the Gujarat cooperatives have no processing plant so far, but the Society hopes to put up the necessary plant for processing and subsequent exports of de-oiled cake (which is needed for animal and poultry feeds) to countries like the U.S.A., U.K., and Japan. Other possible export items are: cottonseed cake; raw, unrefined salt, which now goes to Japan; special native "bidi" tobacco for the Persian Gulf, Hong Kong, Malaysia, the Philippines and Pakistan; spices, chillies, onions, groundnut oil, cummin seed, all mainly for the countries of South-East Asia.

(My comment: The Japanese agricultural cooperatives negotiated about purchases of de-oiled cake with NAFED in New Delhi in September, 1966.)

The Society is also interested in the import of small tractors, small items of agricultural machinery, etc. (provided the necessary import licences can be secured).

#### Maharashtra State Cooperative Marketing Society Ltd., Bombay

##### Past and Current Export Performance

The Society conducts exports of agricultural produce and fresh fruits, but is not engaged in importing. All exports were shipped direct by the Society. Following are the export figures of the Society for the years 1962-63 to 1964-65:

Commodities	1962-63		1963-64		1964-65		Destinations
	Qty. M/T	Value £ stg.	Qty. M/T	Value £ stg.	Qty. M/T	Value £ stg.	
Bananas*	2,405	108,150	4,354	149,750	3,853	193,400	Kuwait, Bahrain, Doha, Iran, Iraq, USSR.
Onions	229	7,700	1,734	34,700	4,032	72,300	Kuwait, Bahrain, Doha, Singapore, Ceylon, Malaysia.
Pulses	3,519	236,200	12.5	1,000	-	-	U.K., Ceylon, Mauritius.
Mangoes	-	-	Crates 7,485	21,000	-	-	Kuwait, Bahrain, Doha, Italy.
			M/T				
Other fruits	-	-	1	300	2.5	350	Kuwait, Bahrain, Doha.
Other vegetables	-	-	9	2,500	7	1,100	Kuwait, Bahrain.

\* One trial consignment each of bananas was sent to the U.S.S.R. and Italy during 1963; details follow below.

#### The Export of Bananas

Since 1961, the export of bananas has been conducted by both the Maharashtra State Cooperative Marketing Society and the Gujarat State Cooperative Fruit and Vegetable Marketing Federation, generally divided in the proportion of 60-40 between the two societies. At first, the Maharashtra Society bought the bananas from primary societies at Bombay market prices, but since 1962, they are consigned direct by the primaries, with the State Marketing Society doing the negotiating, contracting for refrigerated vessels, securing payment, representing the cooperatives in export policy talks with Governments, etc.

Following a study of European markets, 1,000 tons (600 tons from Maharashtra and 400 tons from Gujarat) of bananas were exported to the Italian Banana Trade Monopoly in November 1963, but only 40% arrived in an acceptable condition, the rest having to be destroyed at the expense of the marketing societies. (My comment: The Italian Banana Trade Monopoly has been abolished since, and FAO expect this to lead to greater imports into Italy). Reasons for the failure were: The variety chosen was too ripe for a 15-day trip; incorrect packing; loading and rail transport facilities and handling methods were not geared to this type of operation, and needed to be improved.

At about the same time 1,100 tons (supplied in proportion of 60-40 by the Maharashtra and Gujarat Societies) went to Odessa (USSR), where 67% were found to be in an acceptable condition.

Bananas were not exported to Italy and USSR during 1964. However, in 1965, the State Trading Corporation of India concluded a deal with the U.S.S.R., and the Maharashtra and Gujarat Societies supplied 1,000 tons to the U.S.S.R. in 3 consignments, of which 93% were acceptable. The Cooperatives in both Maharashtra and Gujarat enjoy monopoly rights for exports of bananas from their respective States.

#### Barriers to Expansion of Foreign Trade

The Society faces stiff competition from private traders who have been in the export trade for years and have established good trading relations abroad. They fear that the entry of cooperatives into foreign trade would not be in their interests, and hence they intensify the already severe competition by cutting prices.

Export risks of perishable produce have to be borne by the cooperatives which constitute a relatively weak sector of the economy.

The Society also faces competition from African countries which offer lower prices than India. This price difference grew to a point where Kuwait and Persian Gulf contracts for 1965/66 for supply of Indian bananas became null and void, foreign prices being below those the Society could agree to.

There are difficulties in obtaining limited refrigerated shipping space (up to 500 cub. ft.) in fast steamers at the appropriate time, which is required, because of the perishable nature of the cargo; whole shiploads are too large for the consignments from cooperatives.

Sanitary and quarantine regulations imposed by European countries and by Singapore make exporting more difficult.

The Government of India does not make any concessions in granting import licences to any cooperatives which are new applicants. Only established importers get import licences, even in the case of agricultural commodities like copra, etc.

The Society is not knowledgeable about foreign cooperative contacts who may be interested in importing commodities which the Society handles.

#### Other Problems relating to Foreign Trade Development

The growers, because of their lack of education, are not aware of modern techniques of, and need for, attractive packaging of fruits and vegetables.

Higher prices of packing materials in India, e.g. plain and corrugated paper, render exports less rewarding than had been hoped.

Due to inexperience of the growers in harvesting, e.g. bananas, at the correct maturity stage for exporting, cases of over-ripening of cargo en route have come to the attention of the Society.

Mangoes have still to be introduced in European markets. For that purpose, the Society must sell these at a low price, to compare favourably with local fruits. (My comment: To introduce an unfamiliar product into a new market is a costly and prolonged operation).

#### Prospects for Foreign Trade Development

The Society is at present negotiating for the export of onions to Ceylon. A tender for the supply of 10,000 tons of bananas to the U.S.S.R. has been received and the Society is submitting its offers (maintaining the ratio of 60% and 40% between the Maharashtra and Gujarat Societies.)

#### My Comment

Both these marketing societies and NAFED were advised by the Regional Office in the summer of 1966 that negotiations for the export of Indian bananas to Japan were about to begin.

The Society is also interested in the export of the following fruits and vegetables to the areas noted against each commodity:

<u>Commodities</u>	<u>Destinations</u>
Onions	Ceylon, Singapore, Malaysia, Kuwait, Bahrain and Doha.
Vegetables	-do-
Bananas	Arabian Gulf, Iraq, Iran, U.S.S.R. Italy. (My comment: Exports to J: become possible).

The Society would like to import Copra from Ceylon in exchange for the exports of onions, in order to utilise the surplus crushing capacity



of cooperative groundnut oil mills. (My comment: Certain types of onions are in fact at least a potential export from Ceylon as well; see report on Ceylon).

Mysore State Cooperative Marketing Society Ltd., Bangalore

Exports

During 1963-64 and 1964-65, the Society did not conduct any exports. It did export 2,000 tons of groundnut oil and 1,900 tons of oilcake, via the State Trading Corporation of India, in 1962-63. The importing countries were; Burma, U.K., U.S.A., and Denmark. It collected groundnut oil, etc., for supplying to the STC, but is not doing so now, following losses caused by price fluctuations which resulted from the action of private merchants in bringing down prices.

Imports

The Society is not engaged in any direct imports at present. Three years ago, alarm clocks, milk powder and other consumer goods were imported, any such imports being conducted via cooperative consumers' federations.

Two years ago, seed potatoes were imported from Burma, and also 10 tons from Holland. The Society receives its supply of camphor (used for burning as incense and for medicines) from the STC, who import it from W.<sup>G</sup>ermany and the USSR, and that of dates, almonds, raisins, other dried fruits, etc., from NAFED who conduct the importing. The policy of the Society is to channel all its imports through NAFED, who are better equipped to take all the risks, responsibilities, etc., involved in foreign trading.

### Prospects for future Foreign Trade

The Society is interested in the export of honey, cardamoms, pepper, cashewnuts, coffee, silk, tea, coconuts, and mangoes. It is also interested in the export of chillies, onions and potatoes, to Ceylon (i.e. the nearest foreign market).

On the imports side, the Society is interested in the import of pesticides, copper sulphate, rock phosphate, sulphur, potassium nitrate, etc.

### CITRUS FRUITS

#### Nagpur Orange Growers' Cooperative Association Ltd., Nagpur

##### Activities of the Association

The Association was established in 1936. Its area of operation extends beyond Nagpur district to cover eight districts of Vidarbha. The Association is engaged in the marketing and processing of oranges, other fruits and vegetables. The sale of oranges in the up-country markets is arranged through approved dealers, to whom despatches are made on a consignment basis. The Association has also started retail selling of oranges in Nagpur City.

Since 1958, the Association has been undertaking the processing of oranges, etc., in a processing unit with a production capacity of 15 tons per day. The Association has established a reputation in the sphere of orange juice, orange concentrate, lemon squash and canned fruits.

##### Domestic Trade Figures

The following figures show the sale of the products of the Association to the Army and the civil population during the years 1961-62 to 1963-64:

(figures in Kgs.)

	<u>1961-62</u>	<u>1962-63</u>	<u>1963-64</u>
Army	562,000	2,141,000	1,748,400
Civil	1,005,000	1,099,900	1,569,000

#### Foreign Trade Performance

The following exports were conducted by the Association during the years 1961-62 to 1963-64: (All processed fruits):

<u>Year</u>	<u>Quantity</u> (Kgs.)
1961-62	49,000
1962-63	31,200
1963-64	152,900

During 1963-64, the Association exported 5,000 cases of its canned products to the U.K. During 1964-65, the Association had exported 250 cases of its canned produces by March 1965, and it then had an additional order for 650 cases in hand. According to STC, there is a substantial market for processed fruits in the USSR.

#### DAIRY PRODUCTS

##### Kaira District Cooperative Milk Producers' Union Ltd., ("AMUL" Dairy), Anand.

The Union, established in 1946 with two milk producers' societies, now has a membership of 70,000 farmer-families organised in 393 village cooperatives. The activities of the Union extend over an area of 2,000 sq. miles. The Union now handles 500,000 lbs. of milk daily. The Union manufactures baby foods, milk powder, butter, cheese, ghee and sweetened condensed milk. The quality of the products manufactured by the Union, it is claimed, is equal to the world's best.

### Foreign Trade Achievements

The Union conducts only imports, and has no direct export experience, but some supplies of its skim milk powder and of baby food in powder form have, in the past, gone to Nepal and to the SAJHA organisation there. Following is the list of items imported by the Union:

<u>Commodity</u>	<u>From</u>
Parchment paper	West Germany
Pharmaceuticals	-do-
Filter pads	Denmark
Skim milk powder	Australia, New Zealand.
Dairy chemicals	Denmark
Artificial insemination catheters	U.K.
Artificial insemination ampoules	U.S.A.
Laboratory testing equipment	Switzerland, West Germany, U.S.A.
Aluminium foil	West Germany
Amyl-Alcohol	Denmark
Dairy machinery and spare parts	Denmark, Sweden, West Germany, Switzerland, U.S.A.

Skim milk powder has also been imported from cooperatives in Australia and New Zealand, e.g. the Western District Cooperative Co. Ltd., Melbourne.

### Prospects for future foreign trade

The milk shortage, and need for imports into India of skim milk powder, is likely to continue for some time. Export of milk products is decontrolled, but the shortage of milk and milk products in the

country is the deciding factor. The Union is interested in exporting the following dairy products:

Ghee (to South-East Asia, Africa, Middle East)

Buffalo cheese

Butter

Sweetened condensed milk.

Foreign buyers who have checked samples of the Union's products are said to have been pleased with the quality and prepared to place orders if the Union could offer competitive prices. Government subsidies would be needed, however, to make Indian dairy produce competitive abroad, as India's production costs are relatively high. (My comment: It is understood that defence contracts and other commitments to Government purchasing orders are taking up a large part of the Union's output).

#### FISHERY AND MARINE PRODUCTS

Ministry of Food and Agriculture, New Delhi.

Foreign trade of fishery cooperatives

##### Exports

Five cooperative organisations are engaged in the export of fish and fish products. The trend in exports is shifting from dried and cured fish to canned and frozen products, which are more and more in demand. Though it is costlier to produce canned and frozen products, these can be transported over greater distances. Cooperatives are only just beginning to become geared to the requirements of this new and changing situation.

Cooperative export of fish and fish products is small, and its growth is rather slow, but steady. Cooperatives export to Ceylon, Mauritius, Singapore, E.Africa, U.K., U.S.A., etc. Access to Burma has been lost, due to Chinese competition and to Burma state trading practices. Cooperative fish exports are largely traditional, and no new markets are being opened up.

#### Imports

Imports of fishery requisites comprise marine engines, nets, refrigeration equipment, ropes, twine, boats, etc. The cooperatives do not conduct any direct imports; they make their needs known to the Ministry and the latter decides, in the light of foreign exchange and aid facilities, the items to be imported, the quantities, and the countries of origin. Thus cooperatives have no direct influence on import policy. The imports are effected via the State Trading Corporation of India, which passes goods on to the various States for distribution, and cooperatives get their requirements from the individual States, except the Gujarat Fisheries Central Cooperative Association (the most developed and the best organised one) which gets its supplies direct from the STC.

#### Barriers Impeding Foreign Trade Expansion

Cooperatives own very few fish processing plants so far; among them, the Gujarat Fisheries Central Cooperative Association owns a freezing plant at Bombay, and one fish canning establishment at Ahmedabad. This lack of processing, freezing, and canning plants on the part of cooperatives is partly responsible for the very small quantum of foreign trade. Another factor responsible for their limited foreign trade is the lack of adequate marketing arrangements.

Lack of capital is another impediment; this restricts their ability to prepare and establish markets, which is an expensive process. (My comment: See also observations made by the Indo-Pacific Fisheries' Council).

Gujarat Fisheries Central Cooperative Association, Ahmedabad & Bombay.

The Association was established in 1956; till 1960, it only dealt in dried fish, but then also started dealing in fresh fish. The Association has its own net making, fish freezing, and fish canning plants. Nylon netting is now accepted and accounts for 80% of all fishing nets used.

60 to 80% of all Gujarat fishermen are organised in cooperatives, but fishermen being individualistic, and because of backward educational conditions, cooperative development initiative has to come largely from the Government Department of Fisheries.

The Association buys the catch outright at guaranteed prices which are determined periodically by the Finance Committee of its Board. The Association operates banking, credit and other services for fishermen.

Past and Current Performance in Foreign Trade

The Association is engaged both in exports and imports, of fish and fishery products, and of requirements of the fishery trade respectively. The Association exports the following products:

Fish Maws (isinglass)  
Shark fins  
Laminated Bombay ducks )  
Bombay ducks ) (fish)  
Cat fish  
Sharks  
Frozen fish  
Frozen frog's legs  
Frozen shrimps

Following are the figures for total exports conducted direct by the Association during the years 1961-62 to 1965-66 in respect of the above-mentioned products:

<u>Year</u>	<u>Quantity</u> (Kgs.)	<u>Value</u> £ stg.	<u>Destinations</u>
1961-62	26,300	5,250	U.K., Ceylon
1962-63	244,445	30,900	Mauritius, Indonesia, U.K., Ceylon, Singapore.
1963-64	340,146	59,400	Pakistan, U.K., Singapore, Ceylon, Mauritius, Kenya.
1964-65	100,000	16,550	U.K., Singapore, Ceylon, Mauritius.
1965-66 (6 months)	73,500	15,000	Mauritius, U.K., U.S.A., France, Singapore.

With the exception of Ceylon, all the export trade has been conducted with private firms in various countries. In Ceylon, the Association is compelled to trade with the State trading organisation, the Cooperative Wholesale Establishment, which is the monopoly importer there.

Prior to the devaluation of the Rupee (6th June 1966), the then operating export promotion schemes of the Government of India had partially helped the Association's objective to compete in export markets.

Following are the import figures of the Association for the years 1961-62 to 1964-65:

<u>Year</u>	<u>Commodity</u>	<u>Quantity</u>	<u>Value</u> £ stg.	<u>Countries of orig</u>
1961-62	Nylon twine	36,635 Kgs.	93,700	Japan
	Outboard engines	174 Nos.	12,250	U.K.
	Inboard engines	68 Nos.	58,900	U.K., Denmark



<u>Year</u>	<u>Commodity</u>	<u>Quantity</u>	<u>Value</u> £ stg.	<u>Countries of origin</u>
1962-63	Nylon twine	25,883 Kgs.	58,500	Japan
	Outboard engines	135 Nos.	11,550	U.K.
	Inboard engines	83 Nos.	86,150	Japan, Denmark, UK.
1963-64	Nylon twine	31,350 Kgs.	93,400	Japan
	Outboard engines	48 Nos.	4,800	U.K.
	Inboard engines	90 Nos.	97,000	Japan, Denmark, U.K.
1964-65	Nylon twine	27,955 Kgs.	81,400	Japan
	Outboard engines	35 Nos.	4,100	U.K.
	Inboard engines	57 Nos.	84,550	Denmark, Yugoslavia.

Following the abolition of export promotion schemes with effect from 6th June 1966, the Government will issue import licences for items permissible for those engaged in the processing/manufacturing of exportable fish and fish products to the extent recommended by the Fisheries Development Advisor to the Government of India.

#### Barriers to Foreign Trade Expansion

Prices offered by some importing countries do not even meet the cost of production. This applies mainly to Ceylon and Burma. In Burma, due to present Government policy to effect all imports through a State-controlled organisation only, the Association has not been able to export any fish products to that country. (My comment: Experience in attempts to trade with Burma and Ceylon shows the powerful position of the monopoly importers there).

In Pakistan, imports from India (including fishery products) have been banned since the hostilities between the two countries.

The Association finds it difficult to get steamer space for the shipment of fish maws to the U.K. and for fish exports to Mauritius. Freight charges are also not uniform, and cargo space is not always available at the appropriate time to conform to time schedules.

Competition from China is severe in the case of exports (to Singapore) of frozen fish and other fishery products.

Canned pomfrets are unfamiliar in many countries, and the production cost of this product is high in India.

#### Hopes and prospects for Trade Expansion

The Association is interested in exporting fishery products to Indonesia, the Philippines, Thailand, Malaysia, etc. Negotiations are now under way with Japan, Belgium, Germany, etc., for the export of frozen shrimps, frogs' legs and canned fish products. These negotiations are with private agencies.

The Association is interested in the import of equipment for net-making, rope-making and net-dyeing, possibly from Japan, France, Germany, etc.

#### Suggestions to ICA

The Association feels that introduction of well-established cooperatives or other trading organisations in foreign countries to cooperatives in India may lead to the promotion of international cooperative trade.

#### Maharashtra State Fishermen's Cooperative Association, Bombay

The Association is engaged both in the field of exports and imports, of fishery products and requirements of the fishery trade respectively.

#### Exports

Following are the figures of exports conducted by the Association during the years 1961-62 to 1965-66:

<u>Year</u>	<u>Commodity</u>	<u>Quantity</u> (Kgs.)	<u>Value</u> £ stg.	<u>Destination</u>
1961-62	Shark fins	2,107	850	Singapore
	Fish maws	1,615	2,500	U.K.
	Frozen pomfret fillets	2,208	900	U.S.A.
1963-64	Fish maws	6,838	5,850	Singapore
1965-66* (till Jan'66)	Bombay ducks(fish)	13,750	2,700	Mauritius

\*Seven months.

The above exports were conducted direct by the Association. None went to any cooperative organisation abroad.

#### Imports

Following are the import figures of the Association for the years 1961-62 to 1963-64:

<u>Year</u>	<u>Commodity</u>	<u>Quantity</u> (Kgs.)	<u>Value</u> £ stg.	<u>Country of origin</u>
1961-62	Hemp twine	9,636	3,750	Italy
1962-63	-do-	5,410	2,250	-do-
1963-64	-do-	16,320	6,900	-do-

No imports were effected from any cooperative organisation abroad.

#### Attempted Foreign Trade Deals

In addition to foreign trade done, the Association attempted to export/import during the last three years, as detailed below, but did not succeed in these instances:

#### Exports

<u>Year</u>	<u>Commodity</u>	<u>Destinations (Intended)</u>
1962-63	Fish maws	U.K., Singapore
	Frozen pomfret fillets	U.S.A.
	Dry Bombay ducks	Ceylon, Mauritius
	Small dry prawns	Burma

<u>Year</u>	<u>Commodity</u>	<u>Destinations</u>
1963-64	Frozen pomfret fillets	U.S.A.
	Dry Bombay ducks	Ceylon, Mauritius
	Small dry prawns	Burma
	Frozen prawns	U.K., U.S.A.
1964-65	Fish maws	U.K., Singapore
	Dry Bombay ducks	Ceylon
	Frozen pomfret fillets	U.S.A.
	Small dry prawns	Burma
	Frozen prawns	U.K., U.S.A.

### Imports

<u>Year</u>	<u>Commodity</u>	<u>Country of origin (Intended)</u>
1963-64	Hemp twine	Italy
	Nylon twine	Japan
	Marine engines	Japan, U.K., Netherlands.
1964-65	Hemp twine	Italy
	Nylon twine	Japan
	Marine engines	Japan, U.K.
	Spare parts for Marine engines	-do-
	1965-66	Hemp twine
	Nylon twine	Japan
	Marine engines	Japan, U.K.
	Textile machinery for twine-net making factory	-do-

### Some Barriers to Foreign Trade Expansion

There is no quota system as far as export of fish and fish products from India is concerned, though the import licences in various countries are governed by limited quotas, and there are also quality control requirements, but the latter are in fact welcomed by the Association.

Prices offered by the Government-controlled Ceylon Cooperative Wholesale Establishment are much below average, and it is very difficult for the Association to export dried fish to Ceylon on the terms offered. Delays in inspection at the port of destination in Ceylon, and the unduly long time in receiving payments for exports, have also acted as a dis-

incentive to Indian exporters of fish products to Ceylon.

The U.K. Brewers' Association has been offering very low prices for isinglass, which was a flourishing export trade some time ago, but has now come down to a very low figure.

#### Hopes and Prospects for Trade Expansion

The Association has been endeavouring, with some hopes of success, to export frozen prawns to the U.S.A. U.K., and France; pomfret fillets to the U.S.A. and U.K., dry Bombay ducks to mauritius, Ceylon, U.K., Singapore and Burma; fish maws (isinglass) to the U.K., Singapore, Hong Kong and Australia; dried prawns to Burma, Hong Kong and Nigeria; and shark fins to Singapore. The Association is also interested in the export of fish meal to Japan or to any other country desiring to import that commodity from India. (My Comment: Cooperatives in Australia, Japan and the Philippines are interested in buying fish meal).

#### Suggestions

The Association says ICA should use the evidence collected by the present enquiry to point out to Governments and other organisations the "heavy odds" faced by cooperatives (in foreign trade). Joint round table consultations and mutual negotiations between the cooperatives concerned might be conducive to international cooperative trade.

#### My Comment

In two discussions, and in a lengthy written submission, the representatives of the Association showed their very serious intention to overcome obstacles to foreign trade (including trade with cooperatives abroad); they stressed the difficulties faced in securing fishery requisites. Many of the points made call for preferential treatment for cooperatives by the authorities in India.

South Canara District Cooperative Fish Marketing Federation Ltd.,  
Mangalore, (Mysore).

#### Foreign Trade Performance

The Federation is engaged only in the field of imports, and has not conducted any exports so far. The Federation imported nylon twine valued at £ stg. 1,900 from Japan via a private trader in 1963. During 1964 and 1965, it imported spare parts for marine diesel engines from the U.K. and Denmark via a private firm.

In India, licences are required for conducting both export and import trade, in fish and marine products, and fishery requisites respectively.

#### Barriers to Foreign Trade Expansion

The Federation is not aware of cooperative organisations (in other countries) which could supply nylon twine and spare parts for marine diesel engines. The Federation is also not knowledgeable about the names and addresses of cooperative marketing organisations in other countries engaged in the fishery trade.

#### Prospects for Future Foreign Trade

The Federation is interested in the export of frozen and canned shrimps and fish to U.K., U.S.A., Canada, Australia, and other countries which may be interested in importing from India.

The Federation is also interested in the import of marine diesel engines and spare parts from U.K., Denmark, Yugoslavia and Japan.

#### Suggestion to ICA

The ICA should intensify direct contacts between (principal) cooperative organisations all over the world, and formulate methods of working between cooperative organisations so as to develop mutual trade in accord with the policies of the respective governments.

Travancore Cochin Prawn Curers' Cooperative Marketing Society Ltd.,  
Cochin, (Kerala).

Foreign Trade Performance

The Society is engaged in exports of prawns, etc., and in importing the requirements of the fishery trade.

Exports

Following are the figures of exports conducted by the Society during the years 1963 to 1965:

<u>Commodities</u>	<u>1963</u> £ stg.	<u>1964</u> £ stg.	<u>1965</u> £ stg.	<u>Destinations</u>
Shrimps	60,650	74,050	72,200	U.S.A.
Frogs' legs	-	850	800	U.S.A.
Lobster tails	-	-	200	U.S.A.
Dried prawns	166,450	142,950	94,550	U.S.A.U.K., Hong Kong, Burma, Singapore.
Total	<u>227,100</u>	<u>217,850</u>	<u>167,750</u>	

The exports were made direct by the Society on behalf of its members.

Imports

Following are the consolidated figures of imports conducted by the Society in the three years 1963 to 1965:

<u>Commodities</u>	<u>Value</u> £ stg.	<u>Countries of origin</u>
Fishing hooks	550	Norway
Nylon yarn and twine	14,450	Japan
Fishing twine	50	Japan
Terylene polyester fibre	9,700	U.K.
Acetate yarn	3,500	Italy
Marine diesel engines	14,200	Japan, Norway
Spare parts, accessories, etc., for marine diesel engines	3,500	W. Germany, Norway
Polythene granules	5,300	Japan
Miscellaneous items	4,300	Thailand, Singapore
Total	<u>55,550</u>	

The above items were imported with licences received under the Special Export Promotion Scheme for Fish and Fish Products, as imports are

normally strictly controlled. (Since June 6th 1966, the Export Promotion Scheme has been discontinued, in view of the devaluation of the Indian Rupee, but some import licences are still granted).

#### Barriers to Foreign Trade

Exports of dried shrimps/prawns have been hard hit by restrictions imposed by the Government of Burma. As no private firms in Burma are allowed to enter the import trade, exporters seldom get good prices and terms.

The Society is exporting, especially to the U.S.A., on a consignment basis. If the Society would have been linked direct with any consumers' cooperative society in the U.S.A., the commission paid to the middlemen could have been saved.

#### Prospects for Trade Expansion

For some time past, the Society has been trying to extend dried shrimp exports to Japan, Europe and Africa. Negotiations were by direct correspondence with prospective buyers who were all private firms. The Society has finalised negotiations for the supply of frozen shrimps to a Japanese firm (through an Indian firm acting on behalf of their Japanese principals).

#### Suggestion to ICA

The Society suggests the I.C.A. could put it in touch with cooperative organisations in other countries which deal in the commodities the Society exports.



## SUGAR

### The Indian Sugar Industry and the Cooperatives

#### Development of Exports

The Indian sugar industry has gradually built up its exports; for ten years, Indian sugar has been in the export field and in the last five it has made its mark on world sugar markets. In earlier years, main markets for Indian sugar were in nearer areas like Malaysia, Burma, Ceylon and various destinations in Africa. Since 1961, Indian exports increased not only in volume, but also began to go to developed countries like the U.S.A., Canada, the U.K. and Western Europe; they now go to some 30 countries and recent deliveries have gone to inter alia Japan, Malaysia, Hong Kong, Korea, Vietnam, etc. Exports have in fact developed more rapidly since India started to produce raw sugar in 1962-1963.

#### The Cooperative Share

As regards white sugar output and production capacity, the cooperative factories represent now one-third of the industry, but the share of cooperative sugar factories in the total export production of raw sugar is no less than 70% (280,000 tons out of a national total of 400,000 tons). Raw sugar from 18 cooperative mills in Maharashtra goes mainly to Japan, Canada and the Middle East.

#### Responsibility for Handling Exports

All exports have hitherto been conducted on behalf of the Government of India via the Indian Sugar Mills Association (ISMA), and not direct by the sugar factories. The ISMA is the trade body of private sugar trade and gets the sugar from various factories for exporting. The cooperative sugar factories have objected that ISMA

is not looking after cooperative interests in export activities, and have requested Government permission to conduct their own exporting; whilst this has not been agreed to so far, a Government enquiry commission has recommended that sugar exporting should be entrusted to an organisation other than the ISMA.

#### India a High-cost Producer

To earn foreign exchange, India is keen to increase exports of sugar, but so far this trade has been conducted at a loss, as Indian sugar prices are well above world market prices, which are in any case exceptionally low at present. First the industry itself, and then the Government of India, have had to meet the deficiency by a subsidy. India has no sugar refining facilities; direct plantation white sugar is produced for home consumption, and raw sugar for exporting only. Export pricing is a government responsibility.

#### International Sugar Agreements

The United States pay much higher prices for sugar than the world market prices, but purchase only from members of the International Sugar Agreement. When India became a member of the Agreement, she was given a quota for exporting to the USA. India, represented by the Indian Sugar Mills' Association, is also a member of the Commonwealth Sugar Agreement, which assures a certain access to Commonwealth markets for member signatories.

#### Raw Sugar as Foreign Trade Commodity

Most countries prefer to import sugar in its raw form and refine it in their own factories. So long as India was producing only white sugar, many markets were not accessible to her. Among leading importing

countries, Japan imports up to 1½ million tons of (raw) sugar annually, mainly from Cuba, Taiwan, Okinawa, South Africa and Australia. As white sugar was practically banned for import into Japan, India had to produce raw sugar for the Japanese market, and for other foreign markets she wished to supply.

(My Comment: Japanese cooperatives are interested in importing raw sugar).

National Federation of Cooperative Sugar Factories Ltd., New Delhi.

The Federation is the Central representative body of cooperative sugar factories for the purposes of negotiating with Government and trade interests, and for forward planning of developments. The Federation assists members in the promotion and organisation of new cooperative sugar factories, etc. It has a membership of 7 State Sugar Federations (representing 66 sugar factories) plus 8 individual sugar factories which are located in States with no state sugar federations.

The Cooperative Sugar Factories

74 cooperative sugar factories are licensed, of which 51 were in production in 1965-66. Altogether, 227 sugar factories were licensed during 1965-66, and their licensed capacity was 4,335,000 metric tons of sugar, of which the cooperatives account for 1,363,000 representing 31.4% of the licensed capacity.

The following figures show the actual production of white sugar, both for the cooperative and the private sector, during 1964-65 and 1965-66 (to May 31st for both years):.

	No. of factories in production		Total production	
	1964-65	1965-66	1964-65 (thousand M/tons)	1965-66
Cooperative	50	51	736	884
Private	147	147	2,360	2,517
Total	197	198	3,096	3,401
Cooperative percentage of national total	25.38	25.76	23.77	25.99

The cooperative sugar factories were also asked to develop the manufacture of raw sugar for export, as it had become an important foreign exchange earner; 18 cooperative sugar factories now produce raw sugar for export.

#### Cooperative Utilisation of By-Products (Molasses and Bagasse).

For profitable utilisation of molasses, industrial licences have been issued to five cooperative sugar factories, and to the Madras State Federation of Cooperative Sugar Factories, for the manufacture of industrial alcohol; their total licensed capacity is 4.64 million gallons per annum.

Four cooperative sugar factories in Maharashtra have jointly formed a cooperative paper mill, which has been granted a licence to establish a bagasse-based newsprint-cum-paper factory, with an initial capacity of 100 tons of paper per day. This capacity is to be increased to 300 tons.

Another group of sugar factories in Maharashtra has also applied for a licence for setting up a bagasse-based paper plant with a capacity of 300 tons. That proposal is under consideration by the Government.

Some cooperative sugar factories are contemplating to undertake also the manufacture of hardboard and chipboard from bagasse, which is unsuitable for export anyway.

#### Current Foreign Trade Negotiations for Molasses

The Federation has not conducted any direct export trade so far. In September 1966, the Federation was negotiating with UNICOOPJAPAN the export of 20,000 M/T of molasses to Japan during 1966, for which the Federation had obtained an export licence. However, due to the lack of import licences into Japan, and of Japanese vessels (arrangements for which are to be made by UNICOOPJAPAN), this import of molasses into Japan may not be completed this year, but seems certain to begin in 1966. ZENKOREN and UNICOOPJAPAN would be willing to import 30,000 M/T of molasses per year during the years 1967-68-69 from India. The Indian Federation has expressed its willingness and ability to supply that quantity or even a larger volume, and is interested in working out an even longer term arrangement with UNICOOPJAPAN, say for five years, subject to agreement being reached on outstanding issues, and to licences being available.

#### My Comment, and summing up of prospects

#### By-Products and the General Problems of the Trade

The last item referred to above, i.e. a long-term contract for cooperative trade in molasses between India and Japan, highlights the problem facing the cooperatives in trying to plan foreign trade on a large scale and for a long period ahead; both sides are dependent on licences which are issued (or refused) by their governments in the light of foreign trade policies subject to annual review and to prevailing - and possibly changing - conditions. Molasses being used

for feedingstuffs and for industrial utilisation purposes, India is constantly reviewing the balance of availability as between domestic needs and the need to export. (Cooperative sugar factories in India produce 400,000 tons of molasses annually; the export licence for the second half of 1966 is the first one ever secured by the cooperatives). The foreign buyers, such as the Japanese cooperatives, naturally seek an assurance of continuity of supplies and are reluctant to place all their orders in one country. The other by-product, bagasse, is not suitable for export, being too bulky for handling, but the economies of sugar production demand the optimum use of all by-products, either at home or abroad.

#### Import Prospects

As to imports, all the sugar milling machinery requirements are now met from within India, also for the further factories yet to be built and equipped. Some machinery for industrial plants utilising the by-products may, however, need to be imported.

#### Sugar Exports

The responsibility for sugar exports from India is virtually certain to remain that of the Government, even though there may be some change in the handling arrangements in due course; the producers' main concern continues to be the provision of supplies of (raw) sugar for export, if at all possible at a more competitive price than hitherto. Cooperative involvement in these activities is likely to increase, rather than decrease, as it is present Government policy to licence the opening of additional cooperative mills, but not of any further private factories.

With the number of cooperative factories in production (September 1966) having reached 52, and the Federation in possession of licences for another 24 factories, cooperative expansion seems to be assured. Partly due to substantial assistance from the Government and the Government-created National Cooperative Development Corporation, progress of this cooperative processing activity, viz. its sugar industry, constitutes one of the most remarkable achievements of the Indian Cooperative Movement.

## TEA

### Cooperative Tea Factories

(Information from Director of Industrial Cooperatives, Madras, and other sources).

There are at present 12 factories in the field of tea production in the cooperative sector. Eight cooperative tea producing units were set up in Madras during 1965-66; two such units have been set up in Punjab, while Kerala and Assam have one each. A central society has been organised in Madras to coordinate the activities of the eight factories in that state; of these eight, two process tea in the Nilgiris area, with a total output of 3,000 kg. The other six factories were scheduled to be in production by June 1966.

Five units out of 12 organised so far have definitely gone into production, while the remaining ones are under various stages of construction.

### Government Finance for Factories

11 of the units organised so far have been assisted by the Tea Board as regards capital requirements, etc., apart from the normal assistance available from State Governments and other financing agencies.

(All the tea industry machinery is now made in India). To the extent of two-thirds of the capital needed, the Tea Board provides loans which are guaranteed by the State governments concerned.

#### Tea Sales and Expansion Prospects

The tea is sold to foreign buyers at the public tea auctions; the top two qualities are destined for export and these account for half the total output, the two lowest quality grades being for domestic consumption.

The development programme envisages the establishment of another eight cooperative tea processing factories - at a cost of £ stg. 50,000, at post-devaluation exchange rates - by 1967-68, and then a further eight again by 1970-71.

#### English and Scottish Joint Cooperative Wholesale Society Ltd., Calicut (Kerala).

With the object of growing and marketing primary products including tea, coffee, cocoa, etc., on behalf of British retail societies, tea estates were purchased by the British cooperative wholesale societies in the North and South of India (and Ceylon), and the tea produced on these estates was sent to the Society in London up to 1939. Between 1939 and 1946, tea was controlled and purchased by the British Ministry of Food. After the War, shipments to the Society in London were resumed, but since 1959, tea grown on the Society's estates has been sold at public auctions in Calcutta, Cochin and London, the London auctions accounting for 15% of the total tea sold by the Society at various auctions. Thus the Society is now a tea producer in India, just like many others.



Annual sales of the Society total about 10 to 11 million pounds of Indian tea, valued at approximately £ stg. 1.5 million.

Except for very limited imports of specific non-indigenous items under the actual users' licensing regulations, the Society does not conduct any other export or import business. Foreign trading activity was flourishing years ago, but with ever increasing licensing and import controls, this agency business came to an end.

#### International Tea Agreements and Trade Promotion

No international agreement is currently in force in respect of tea. There was an International Tea Agreement (covering India, Pakistan, Ceylon and Indonesia) which restricted production years ago; this lapsed in March 1955 after 17 years of existence, and has not been revived, though there are suggestions for its resumption, from time to time, as producers grow alarmed at the possibility of over-production, and the consequent disastrous effect on prices.

According to the Society's General Manager for India, the absence of an international tea agreement is not felt, although the general situation of unrestricted production and export renders tea highly competitive, and tends to depress prices.

Some limited international cooperation exists in respect of publicity and trade promotion. India and Ceylon recently concluded an agreement to share the costs of tea promotion in Europe and America. The Tea Board of India undertakes publicity and promotion of Indian tea (sales) abroad.

#### Indian Cooperatives as Tea Exporters

If the selling of tea abroad through Indian cooperatives is contemplated, Indian cooperative trading organisations should consult the Tea Board and make use of that organisation in the first place,

according to the Society's General Manager who is of the opinion that the Tea Board would welcome such a move and would be prepared to examine prospects. It might be that there are markets which could be developed with the aid of the ICA and the Tea Board would certainly be interested. The Society itself, being a seller of tea at public auctions, has no particular facilities for assisting Indian Cooperatives in the sale of tea abroad.

Note: Information regarding recent tea purchases by the various European wholesale cooperatives from different countries and sources has been summarised in Appendix No. 4 to the Report.

## COFFEE

### The International Coffee Agreement

The current International Coffee Agreement has been in force since 1962. It covers most of the producing and consumer countries of the world; at the end of 1965, its 57 members (35 producer and 22 importing countries) accounted for 97 $\frac{1}{2}$ % of world exports. Under this agreement, each year the total quota for coffee trading is fixed and individual allotments of the quota are made to various producing countries. No country can over-step the quota fixed for it without incurring penalties provided for in the Agreement. For 1966-67, India has been given an export quota of 23,77 $\frac{1}{4}$  tons, the September 1966 meeting of the International Coffee Organization Council having approved a 4% cut in the export quotas of all countries outside Africa and Central America but after a series of cuts effected from the original quota, the present quota stands at 21,27 $\frac{1}{4}$  tons for 1966-1967). However, this world quota covers only certain specified importing countries. There is a separate list of countries where the per-capita consumption of coffee is low and exports to which by any producing country are not counted against the respective quotas,

as it is felt that consumption in these countries should be raised. Iran, Japan and Thailand are among these low-consumption countries. Though any producing country can export any amount of coffee to these countries, the total exports from each producing country to all such low-consumption countries together should not exceed the quota fixed for the producer country in question.

The Agreement originally contained no specific price provisions, but in March, 1965, an arrangement for adjusting quotas automatically in response to price changes was adopted, and this resulted in a reduction of total export quotas from 47.5 million bags at the beginning of the trading year 1964-65 to 43.7 million bags at the end of that year. In view of supplies tending to outstrip requirements, the International Coffee Organisation's Council is faced with having to arrange quotas so as to hold some supplies off world markets, to be followed by any necessary adjustments of production. In the long run, a diversification of the economies is called for in those countries which depend to a large extent on their earnings from coffee exports. To finance such diversification projects, 20% of any producer country's income from exports above the basic quota are to be lodged with the International Coffee Organisation in future.

#### Coffee Board, Bangalore

##### Functions and Agents of the Board

The Coffee Board was constituted under the Coffee Act, and is responsible for the collection and marketing of all the coffee grown in India. Under the provisions of the Coffee Act, owners of coffee estates are obliged to deliver the coffee grown by them to the 'Pool' administered by the Board. Delivery is effected through the curing

establishments which are appointed as agents of the Board and the departmental collecting depots located in coffee growing areas. The agents collect the coffee from the growers and cure it accordingly to standards prescribed by the Board, store it and effect delivery to the buyers as per instructions of the Board.

The Board claims to regulate marketing, both in India and abroad, in such a way that the planter is assured of a minimum return and the consumer in India gets his coffee at fair prices.

#### The Role of Cooperatives

Besides running departmental depots for collecting coffee, the Board has also authorised the curers to open collecting depots for the convenience of small growers, and cooperative institutions operate in this field. The Goorg Coffee Growers' Cooperative Society at Mercara has opened at least 18 coffee collecting depots in the Goorg district, the principal coffee growing region in Southern India. Three more cooperative organisations operate as agents of the Board in the States of Madras, Kerala and Mysore respectively.

Of 30 factories engaged in coffee curing during 1966, only three are run by cooperatives. The cooperatives do about 10% of the total coffee curing in India.

#### Export Trade Arrangements

##### (i) Raw Coffee:

The coffee surplus available for export from each season's crop is determined by the Board in October/November each year, based on estimates of the crop and after making provision for the needs of the internal market. Coffee allocated for export is sold periodically

in open export auctions which are normally held every three weeks. Only firms registered with the Board (under terms and conditions laid down by the Board) can participate in these auctions. Foreign importers can also be registered and participate in the auctions, either direct or through their agents in India. Exporters who purchase coffee at the auctions are free to export the coffee to any country.

(ii) Manufactured Coffee:

In addition to the sales of raw coffee for export, the Board permits exports of manufactured coffee. The Board, with the concurrence of the Government, makes annual allocations of the quantity of manufactured coffee to be allowed for exports. Sales for export are made only through normal trade channels and the Board does not normally make any direct sales to importers abroad.

Export Trade Performance

Destinations	<u>Exports of raw coffee from India</u>		
	<u>1962-63</u> (£ stg.)	<u>1963-64</u> (£ stg.)	<u>1964-65</u> (£ stg.)
U.S.A.	111,050	623,900	1,127,100
Canada	=	1,800	36,650
U.K. and Ireland	71,800	142,350	560,000
Europe	5,533,000	5,495,650	8,615,700
Asia	38,800	81,100	168,700
Australia	7,250	9,000	32,750
New Zealand	700	5,100	5,950
<b>Total</b>	<u>5,762,600</u>	<u>6,358,900</u>	<u>10,546,850</u>

Although coffee production and exports are of importance to India, it must be remembered that India accounts for only 2% of world production and 1/2% of world exports.

### Imports

The Board imports curing machinery and other ancillary plant, e.g. sprinklers, raw materials for Indian-made fertilizers, etc. Imports are authorised on a global basis and equal 1% of the total foreign exchange earned by exports of coffee from India.

### Future Prospects for Cooperatives-

30% of total output comes from small growers who could form cooperatives. The curing activity needs a minimum annual capacity of 3,000 to 6,000 tons for a factory (The Mysore Society's curing activities are based on an annual capacity of 3,500 tons). The Board sees little prospects for cooperative expansion in curing. No cooperatives are engaged in foreign trade so far.

### Mysore Coffee Processing Cooperative Society Ltd., Mysore.

#### Functions of the Society and Relations with Coffee Board

The Society, registered in 1959, started coffee curing in 1962, to meet the curing (processing) needs of small growers (with less than 25 acres each), who were not catered for by private processors. The Society is a processing and storage agent for the Coffee Board; it handles coffee, but does not own it. The Board pays the growers direct for the coffee, some of which it exports. The Board selects the export types and domestic market types on the basis of samples. Rates for various grades are fixed by the Board.

The processing capacity of the Society has been raised from 2,500 tons to 3,500 tons per annum. The balance of a total cooperative output of 60,000 tons is processed by private traders, and goes direct from growers to private processors, and not through the Society.

### Barriers to Foreign Trade Development

The Society has not done any foreign trade so far. The Coffee Board is responsible for the conduct of domestic and foreign trade. The Society says its application for export registration was left unanswered by the Coffee Board, which is largely representative of private traders, who do not welcome competition from cooperatives. The Board is also still considering the Society's application for a soluble coffee plant which might also be utilised for domestic and foreign trade. (The initial coffee curing machinery was imported from U.K. and W. Germany).

### Economic Problems

The Society has a machine for grading superfine quality coffee - which is an additional refinement of grading that is not internationally required and thus of no interest to the Coffee Board for foreign trade. (Grading to these more precise standards is done to benefit the growers).

Increased usage has led to very serious shortages of fertilizers, fungicides, insecticides, pesticides, etc., and to higher prices, which the Society simply cannot afford to pay. Also, plantation crops are given a lower import priority than food crops for allocations of fertilizers, etc. The cooperative coffee growers are faced literally with a survival problem because of the shortage of sulphuric acid for potash and phosphate fertilizers, and of copper sulphate for fungicides. Copper sulphate has doubled in price and there is said to be no substitute for it.

This problem involves the allocation of certain imports of either finished products or the required raw materials to coffee growers who require fertilisers and fungicides on the plantations.

### Prospects for Foreign Trade Development

According to the Society's President, exports by cooperatives might be possible, and they could become export agents of the Board, if they can sell to cooperatives abroad. If Indian coffee cooperatives were registered exporters, they might get advantages (from the elimination of middlemen) by cooperative-to-cooperative trade.

### My Comment

The President of the Society was most emphatic in his assertion that the question of adequate supplies of fertilisers and fungicides, etc., which involves the use of some imported ingredients, was really a matter of life and death for the cooperative coffee growers. It was inferred that, in this matter and in others, e.g. export licences, and approval of the acquisition of machinery for producing soluble coffee, the Coffee Board appeared to be not fully sympathetic towards the cooperatives. Since these are internal issues within India, the written follow-up submission from the Society to the Regional Office was referred to the National Cooperative Union of India for attention.

In the course of the survey work, one or two export possibilities for Indian coffee, e.g. to Nepal, were ascertained and referred to the Mysore Society which always followed these matters up with an appropriate enquiry, copy of which was received by the Regional Office. (Results not known by mid-September, 1966).

### SPICES

#### Spices Export Promotion Council, Ernakulam (Kerala)

The Spices Export Promotion Council undertakes export promotional work for spices by conducting market surveys, sponsoring trade delegations, arranging propaganda and publicity and maintaining active liaison with the importers abroad and Indian exporters on the one hand and with the Government and exporters on the other.



Over 50% of spice growing is small-scale farming. Pepper, cardamoms, etc., are often grown on tea and coffee plantations. For ginger, chillies and turmeric a lesser degree of specialisation is required. Other spices are also grown as secondary crops.

#### Cooperative Contribution to Production and Foreign Trade

The Council registers exporters, and some cooperatives are registered, but no exporting done by any cooperatives is known so far, except for one cardamoms society.

Following are the cardamoms export figures of the Coorg Cardamom Cooperative Marketing Society Ltd., Coorg (Mysore), for 1963 and 1964:

<u>Year</u>	<u>Quantity</u> (M/Tons)	<u>Destinations</u>
1963	2.50	Sweden
1964	4.50	Sweden
-do-	2.27	Kuwait
-do-	1.02	Aden

Co-operatives, on the whole, market grower-members' spices locally. In the production of most spices, cooperatives are still rather insignificant. In cardamoms, the cooperative contribution rose, in the last ten years, from a 2-3% share to about 5% of total production.

Cooperative organisations which have imported Indian spices are; KF, Sweden; NKL, Norway; and GEG, W.Germany. (Japanese cooperatives are interested in buying certain spices; my comment).

#### General Foreign Trade Situation

India along with Indonesia is one of the leading exporters of pepper. A recent phenomena in the export pattern of pepper is the steady increase in exports to Eastern European countries. With the devaluation of the Indian Rupee, the prices of Indian spices are quite competitive in world markets. The percentages of import of Indian spices by various countries during 1965-66 were as under:

East European countries	25%
Middle East Zone	24%
East Asian Zone	20%
American Zone	16.5%
E.C.M. Countries	5.8%
U.K.	2%
African Zone	3.2%
Australia & Oceanic Zone	0.7%
Other countries	2.8%

directed to new markets (e.g. Eastern Europe) than to traditional markets.

The Arab countries import 40% of the total exports of spices from India. Scandinavia and U.S.A. are the next biggest buyers of Indian spices.

### CASHEWNUTS

#### Cashew Export Promotion Council, Ernakulam (Kerala)

The Council promotes exports of cashewnuts with the aid of market surveys, trade delegations, exhibitions, propaganda, publicity, quality control, etc. There is no cooperative representative on the Council; only one member of the Council is elected by trade interests.

No cooperative is engaged in the growing of cashewnuts in India; in processing too, cooperatives are insignificant. Recently, two cashewnut processing societies were registered with the Council, but no exports took place so far as is known.

India produces 60,000 to 70,000 tons of cashewnuts and imports another 200,000 tons from Africa for processing and re-exporting. Cashewnuts are currently brought into India under O.G.L. conditions, at least for the period of the financial year to 31st March 1967. Of the total, only 2 to 5% are for internal consumption in India. Cashewnuts are exported to 50 to 60 countries from India.

#### Prospects for Cooperative Participation in Trade

New cashewnut development is more likely in States other than Kerala, where cashewnut is now mostly grown and processed. The Maharashtra and Madras State Government have plans for cooperative cashewnut processing units on a fairly big scale, to be located near the plantations.

## TOBACCO

### Tobacco Export Promotion Council, Madras.

The Council undertakes the promotion of exports of tobacco. Quality control is applied to tobacco exports.

There is no cooperative representation on the council, and no significant exports have been conducted by tobacco cooperatives. Most export varieties of tobacco are grown in Andhra Pradesh. During 1963-64, the Guntur District Tobacco Growers' and Curers' Cooperative Society exported (through the State Trading Corporation of India) virginia tobacco valued at £ stg. 37,500 to the U.S.S.R. Total annual tobacco exports from India amount to £ stg. 16.5 million.

According to the Council, there are no foreign trade barriers specifically applicable to cooperatives; their contribution depends on their efficiency and expertise in handling tobacco cultivation and trade. The government offers the services of grading officers/inspectors, and better prices are obtainable for properly graded tobacco.

### Prospects for Cooperatives

If cooperatives can build up a reputable trade, they will be free to export direct, says the Council.

### My Comment

There are two distinct and separate sectors of the tobacco growing, curing and export business in India - the commercially and internationally more widely accepted Virginia tobacco, and the native type of e.g. "bidi" tobacco for which there appears to be a ready market only in a limited area centred mainly on Ceylon, India and Pakistan.

## CONSUMER GOODS

### National Cooperative Consumers' Federation (NCCF), New Delhi

The Federation was established in October 1965 as an apex organisation of the consumers' cooperatives in the country. Its objectives are to assist and advise its members to facilitate their working and, generally, to act as the spokesman of the consumers' cooperative movement in India. In furtherance of these objectives, it may undertake one or more of the following activities:

Render technical guidance and assistance to its members in business techniques and management methods, hold seminars, conferences, meetings and undertake publicity and propaganda and similar other activities for developing the consumers' cooperative movement; establish trade connections with suppliers and manufacturers and arrange for the procurement of consumer goods; establish, run or sponsor processing and manufacturing units for the production of consumer goods; import and export consumer goods; and co-ordinate the working of its members.

It will thus be seen that the Federation has been assigned an important role in the development of consumers' cooperatives in India.

### Foreign Trade

The Federation is engaged in importing generally, but at a later stage when the area of its activity expands sufficiently, there may be chances of exporting as well. The size and nature of imports very largely depend upon the import policy of the Government of India which at present is very restrictive because of the country's adverse balance of trade. Recently, the Federation has been granted licences for imports of scientific and mathematical instruments, books, stationery, photographic films, contraceptive drugs, medicines and artists' materials. Dates are being imported from Iraq and dried fruit from Iran.

### My Comments

In response to an enquiry from NCCF, the Regional Office helped to put the Federation in touch with cooperatives abroad which might supply some of the above imports or others which NCCF may hope to bring to India in due course. A representative from UNICOOPJAPAN was informed of the NCCF interest in importing consumer goods during his visit to New Delhi in September, 1966. This trade is more likely to materialize since NCCF already has the import licences, but on the whole the foreign exchange position of India makes an early expansion of consumer goods imports unlikely.

The Federation hopes that the Government of India will take a policy decision in the near future nominating the Federation as the sole agency to import consumer goods on behalf of the Cooperative Stores in India, including the recently opened cooperative Super Bazar in New Delhi.

### Advisory Committee for Consumers' Cooperatives

Late in September 1966, the Government of India decided to set up a Central Advisory Committee for Consumers' Cooperatives to advise on the implementation of the accelerated consumer cooperatives' development programme and on the provision of the necessary supplies; the Regional Officer was invited to be a member of that Committee.

## HANDLOOM AND HANDICRAFT PRODUCTS

### All-India Handloom Board, Bombay

Of a national total of 3 million looms, 1.5 million looms are in cooperative hands, and cooperatives account for half the production of handloom fabrics.

### Assistance to Cooperatives

The government has given some incentives to handloom cooperatives; advantages given only to cooperatives include home market subsidies on sales amounting to 5% on retail sales and 3% on wholesale trade values. Also, subsidies are granted for opening cooperative emporia. Working capital is made available at low interest rates by the Reserve Bank (the official bank of the Government of India) for production and marketing. (This is the only cottage industry financed direct by the Reserve Bank). Subsidies for looms and accessories are given, and technical development services and design advice are available free to cooperatives, whilst other users have to pay for such services.

### Cooperative in Foreign Trade

Cooperatives have only recently entered foreign trade. The State level handloom societies in Madras and Andhra Pradesh are the main procurers of those exportable fabrics which are not used in India. Exports are conducted by the All India Handloom Fabrics Marketing Cooperative Society Ltd., and the Madras State Handloom Weavers' Cooperative Society Ltd. Some cooperative exports also go through the Handlooms and Handicrafts Exports Corporation, a subsidiary of the State Trading Corporation of India. Silk fabrics are exported to Europe, U.S.A. and Australia. Attempts to popularise "Bleeding

Madras" in such markets as Sweden, France and Switzerland have not yet been successful. No exports are known to have been made to any foreign cooperatives.

#### Prospects for Foreign Trade Development

In the opinion of the Board, the All India Handloom Fabrics Marketing Cooperative Society at Bombay is still developing its export activities. The establishment of business relations with foreign cooperatives would help, but this avenue has not so far been explored very much. The ability to secure foreign markets, and efficiency and competence of management will determine the progress of the All India Handloom Fabrics Marketing Cooperative Society. Some designs and types of characteristic handloom fabrics cannot be machine-made, and this is some safeguard for the continuation of the handloom industry.

#### Handicrafts & Handlooms Export Corporation of India Ltd., Madras

The Handicrafts and Handlooms Export Corporation of India Ltd., has been set up by the Government of India as a subsidiary company of the State Trading Corporation of India Ltd., for purposes of promotion and actual exports of Indian handloom fabrics and garments and handicraft goods. It secures export orders directly. Production is arranged through individual manufacturers like cooperative societies, master-weavers, etc. Essential and scarce raw materials are supplied by the Corporation to the manufacturers to produce the goods required by it. Such goods are directly paid for, bought and exported by the Corporation. The Handicrafts and Handloom Exports Corporation of India plays a significant role in the export activities of India

During the last ten years, cooperatives have gone into direct exporting, since the Madras State Handloom Weavers' Cooperative Society was asked to go into exporting by opening retail sales depots in some established foreign markets, e.g. Ceylon, Singapore, Malaysia, Thailand, Aden, etc. These depots were subsequently taken over by the All-India Handloom Fabrics Marketing Cooperative Society at Bombay, and that Society now does bulk exporting direct to certain countries.

### Barriers to Foreign Trade Expansion

#### Tariff Barriers:

In the U.S.A., handloom textiles are faced with the same duty as other manufactured textiles (25 per cent), even though handloom fabrics, unlike mill textiles, are not manufactured in the United States. (My comment: According to a recent news item, Indian embroidered fabrics can be imported into W.Germany free of quota, but face a 22% tariff and competition from products made in countries which adjoin W.Germany).

#### Protection of domestic industries:

Some countries near to India have also introduced import restrictions to protect their domestic handloom industries. In the case of Ceylon, only the very cheapest varieties of handloom fabrics, not exceeding 3 sh. per yard, are permitted to be imported.

### All India Handloom Fabrics Marketing Cooperative Society Ltd., Bombay

#### Functions of the Society

The Society is engaged in selling Indian handloom fabrics and procures members' requirements. It buys goods (for cash) from members only, then sells them in India or abroad. Members include cooperatives and private traders, this being the only cooperative permitted to have



private traders as members. The Society is free to place orders with any of its members. Often it finds it advantageous to place bulk orders direct with primary weaving societies and to channel only large bulk orders through State Marketing Societies. These State Marketing Societies are free to export direct, but only the one in Madras has done so. The All-India Society has sales depots in Aden, Kuala Lumpur, Singapore, Hong Kong, Lagos, Beirut (since closed) and Nairobi (there have been some changes regarding location of depots originally taken over from the Madras State Society).

#### Foreign Trade Performance

During the last three years, the export of handloom fabrics by the Society has been as follows:

<u>Year</u>	<u>Value</u> (£ stg.)
1962-63	209,200
1963-64	479,400
1964-65	695,770

The items exported were, Silk fabrics and cotton fabrics, the biggest item being "Bleeding Madras" ( a fashion fabric made for export markets and not used in India) for Africa, Aden, Singapore, the Middle East, Malaysia, Europe, U.K., U.S.A., etc. The Society has now lost some markets altogether, notably Ceylon, Burma and Indonesia.

The Society imports yarn and dyes from W. Germany and the U.K., and small volumes of silk yarn from Japan; these goods are allocated to meet members' requirements in proportion to the export orders they have on hand.

### Barriers to Expansion of Exports

Ceylon has at present banned the import of handloom goods. In 1956 Ceylon imported 21.74 million yards of handloom fabrics from India. This figure came down to 0.82 million yards in 1964-65, and even that figure is still decreasing.

Due to considerations of foreign exchange and protection for domestic industries, Burma and Indonesia have stopped imports of Indian handloom fabrics.

### Hyderabad Handloom Weavers' Central Cooperative Association Ltd., Hyderabad (A.P.).

The Association is the apex society for primary weavers' cooperatives in the State of Andhra Pradesh, with a membership of 150 such societies. The Association supplies raw materials to weavers and collects the end products from them for sale.

### Restrictions on Foreign Trade.

Licences are required for importing dyes, chemicals, art silk, etc., and for exporting handloom cloths.

### Foreign Trade Performance

#### Exports

The Association has exported handloom cloth (value £ stg. 2,300) to Kenya and the U.S.A. through the All India Handloom Fabrics Marketing Cooperative Society Ltd., Bombay. The Association does not conduct any direct exports.

### Imports

Following are the import figures of the Association for 1961-62 to 1964-65:

<u>Year</u>	<u>Commodity</u>	<u>Value</u> (£ stg.)
1961-62	Dyes	5,600
	Hydrosulphite of Soda	550
1962-63	Hydrosulphite of Soda	900
1964-65	Art Silk	2,250

The above items were imported from Germany, U.K. and Switzerland.

### Barriers to Trade Expansion

Private traders have been able to undercut cooperatives by lower prices, based on lower wages to producers. Cooperative export of "Bleeding Madras" to the U.S.A. have suffered badly at the hands of private competitors.

### Prospects for Future Foreign Trade

Provided the necessary licences are granted, the Association is interested in the export of handloom cloths, and in the import of dyes, chemicals, art silk, etc., from Japan, Germany, U.K., and Switzerland.

Madras State (Tamil Nadu) Handloom Weavers' Cooperative Society Ltd., Madras.

### Foreign Trade Activities

The Society is engaged in exports and imports. It markets the finished products of its members, and procures their requirements of raw materials, such as yarn.

### Export Performance

Following are the export figures of the Society for 1963-64 to 1965-66:

<u>Year</u>	<u>Commodity</u>	<u>Quantity</u>	<u>Value</u> (£ stg.)	<u>Destinations</u>
1963-64	Garments:			
	Sarees	10,000 units	8,650	Ceylon
	Dhoties	15,000 units	7,300	Ceylon
1964-65	"Bleeding Madras"			
	Fabric	911,218 yds.	175,900	U.S.A.
1965-66 (6 months)	-do-	4,997 yds.	950	U.S.A.

All exports have been conducted direct. Contacts in the U.S.A. are already well established.

### Imports

The Society imports direct, for use by its primary societies, art silk yarn, Japanese raw silk, chemicals, dyes, etc.

### Competition and Prospects

The Government of India grants quotas to exporters of "Bleeding Madras" and the cooperatives get favourable consideration; this is not a real problem to the Madras Society, but the Society has to face competition from Japanese mill-made products.

The Society has decided to earmark 3,000 looms specially for the production of export varieties, mainly shirtings, and also "Bleeding Madras", next year (1967), although there is a ready domestic sale for many of its productions.

Mysore State Cotton Handloom Weavers' Cooperative Society Ltd.,  
Bangalore.

### Exports

The Society does not conduct any direct exports. During 1964-65,

the Society exported traditional Indian garments to Ceylon, valued at £ stg. 1,850, through the All India Handloom Fabrics Marketing Cooperative Society at Bombay. During 1965-66, the Society exported, through the Handloom and Handicrafts Exports Corporation, Madras, check pattern material and "Andhra" cottons, valued at £ stg. 1,650. (Export destinations are known only to the Corporation, which conducts the exporting). Samples are made to definite specifications from the Corporation, and these are not the types used in the home market.

#### Imports

The Society imported art silk (value £ stg. 20,600) from Germany during 1964-65. It secured a licence for the import of art silk from Italy (value £ stg. 19,800) for 1965-66.

#### Foreign Trade Problems

The main problems are the complexity and costs of the changeover from traditional work for domestic orders to the work on orders for exports which are small; the products made for the export markets are not used at home. The other problem faced by the Society is the search for foreign markets for traditional items, e.g. sarees, dhoties, etc. Some of the 450 primary weavers' societies affiliated to the Mysore State Society remain largely idle, because the home market is slack and the potential foreign market for the traditional items is limited to South-East Asia.

#### Foreign Trade Prospects

The Society hopes for more regular orders from the All India Fabrics Marketing Cooperative Society at Bombay, and the Handlooms and Handicrafts Exports Corporation at Madras, in the near future; it states that it is capable of manufacturing and supplying handloom goods to any specifications received from these two exporters of handloom fabrics.

## COIR PRODUCTS

### Coir Board, Ernakulam.

The Board promotes exports of coir yarn and coir products. Its functions include the fixing of grade standards and the inspection of coir fibre, coir yarn and coir products. It conducts market surveys for coir goods in various countries. The Board undertakes the registration of coir spindles and coir industrial establishments, as well as of exporters. Only registered exporters may export coir goods and goods are subject to pre-shipment quality inspection and approval.

Domestic consumption of coir products is less than 1/3rd of total production. Main export markets are U.K., U.S.A., Australia, Germany, and France. No exports are known to have been made to cooperatives abroad.

### Cooperatives as Exporters

In India, the contribution of cooperatives to the export of coir products represents a limited percentage of total exports of such products. Six cooperatives in Kerala State export coir yarn, coir fibre, coir mats and mattings, carpets, rugs, etc. These exports are conducted direct by the societies. The cooperatives account for an export share of £ stg. 2.5 million, out of total national exports of coir yarn valued at £ stg. 60 million, and in the case of coir products, the cooperative share is £ stg. 1.5 million out of a total of £ stg. 34 million of exports.

### Barriers to Trade Expansion

The price of coconuts in India is 100 to 200% higher than in other producer countries, and big profits are made by the raw material (husks) suppliers who keep up prices.

### Prospects for Development

The Board would welcome any cooperative expansion in coir yarn spinning as a lever to force down raw material prices by weakening the privilege and power position of the big private traders.

The development of rubberised coir would be welcome, as it would not compete against existing coir goods, but rather be an additional coir using activity. It would be cheaper than foam rubber, which it could replace. There is no cooperative venture in India in the field of rubberised coir. (My comment: Such a cooperative venture is under way in Ceylon - see report on that country).

In the coir industry itself, powerlooms in place of handlooms will be worthwhile installing for matting, bringing not only economies of large-scale production, but also quality improvement. In the case of mats, while the economies of scale would apply, there could be no quality improvement resulting from using machines.

### SMALL SCALE INDUSTRIES COOPERATIVES

Joint Director, Industrial Cooperatives, Government of Madras, Madras.

#### Range of Productions for Export

Small scale industries cooperatives operate undertakings up to a defined maximum scope/size. These cooperatives are engaged in the manufacture of handicrafts, handloom fabrics, electric fans, sewing machines, brass and copper utensils, cycles, leather footwear, etc. According to the Joint Director for Industrial Cooperatives, except for handicrafts and handloom fabrics, all the other items are exportable only to under-developed countries for the time being, as they are not yet

sufficiently competitive for other markets abroad, Handicrafts and handloom fabrics are of course exported more widely.

#### Other Foreign Trade Potential

The small scale industries cooperatives are also interested in the export and import of the following items:

##### Exports

1. Straw mats to the Middle East.
2. Hand-made matches (of good quality; as good as machine-made, it is claimed).
3. Leather footwear manufactured by cooperatives at Agra, Kanpur and Madras. (See also report on State Trading Corporation of India).

##### Imports

1. Scarce raw materials for the above-mentioned industries.
2. Spare parts/components, tools, jigs, etc., not made in India

##### My Comment

In addition to the various export markets for Indian consumer goods and small scale industries' products referred to above, trade and credit negotiations taking place in New Delhi in September 1966 suggest that a market for some of these products may open up in the foreseeable future in Indonesia (ICA contacts with that country's Cooperative movement have also recently been re-established). Very recently, a Federation of Industrial Cooperatives was established in India and this new body is expected to give some attention to the question of exports of cooperative products.



## MINERALS AND METALS

Mineowners' Producers Cooperative Union Ltd., Bangalore,

### Government Control of Trade

The government has imposed certain restrictions on the export of metals, minerals, ores and concentrates from India. The Minerals and Metals Trading Corporation of India Ltd.,\* a State-controlled organisation, is responsible for foreign trade in metals and minerals; it also organises and procures stocks, and sells within India minerals, ores and concentrates, metals (including iron and steel) and their alloys and semi-manufactures.

### The Union's Foreign Trade

During 1960-61 and 1961-62, the Union exported 40,000 tons of manganese ore through the State Trading Corporation of India. The Union tried to import power sprayers from Germany and Japan, but met with no success.

### Barriers to Foreign Trade Development

The Minerals and Metals Trading Corporation\* is said to be under the influence of strongly entrenched private trade interests and reluctant to let cooperatives enter into foreign trade.

### Prospects for Foreign Trade

The Union said if cooperatives could point to potential foreign partners in metals and minerals trading, e.g. cooperatives in France, the U.K., U.S.A., Japan, the situation might improve. The Union feels barter deals should be possible with the above-mentioned countries, in exchange for certain chemicals needed for fertilizer production in India.

\* established in October 1963.