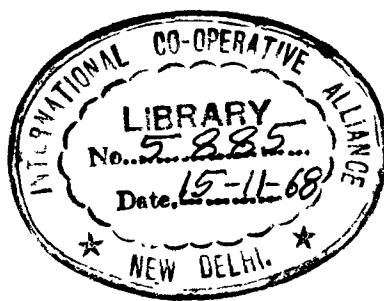


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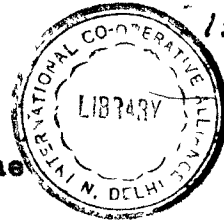


CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH EAST ASIA

TOKYO, JAPAN. JUNE 2-22, 1968

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For the ICA (5) (56)
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PROGRAMME OF THE CONFERENCE

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony
New Delhi 14. India.

pk/June 1, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO(JAPAN) JUNE 3-22, 1968

TENTATIVE PROGRAMME

Monday	June 3, 1968	1000-1200		Inauguration Introductions Working methods of the Conference
		0200-0500	1	Review of recent developments in cooperative marketing in countries of South-East Asia with special reference to exportable commodities - Statements by delegates and observers.
Tuesday	June 4, 1968	0930-1200		Statements by delegates and observers (Contd).
		1200-0230		Lunch break
		0230-0500	2	Review of present foreign trade by cooperatives in the Region - An analysis of the performance - Mr. M.V. Madane, Joint Director (TA&T), International Cooperative Alliance, New Delhi 14.
Wednesday	June 5, 1968	0930-1200		Session No. 2 (Continued)
		1200-0230		Lunch break
		0230-0500	3	Integrated cooperative marketing structure as a basis for successful international cooperative trade - Mr. J.M. Rana, Ag. Director, International Cooperative Alliance, New Delhi 14.
Thursday	June 6, 1968	0930-1200	4	Methods for assessment and collection of surpluses(both agricultural and non-agricultural commodities) from affiliates for export - Mr. T. Ishii, Chief, Vegetable Export Division, National Marketing Federation of Agricultural Cooperative Associations, Tokyo.

		1200--0230		Lunch break
		0230-0500	5	Effective link up of imports with production and distribution activities in a cooperative movement - Mr. H. Imai, Chief, Feedingstuff Material Division, National Purchasing Federation of Agricultural Cooperative Associations, Tokyo.
Friday	June 7, 1968	0930-1200	6	Some important factors governing international trade - quality control, grading, timely delivery, speedy communication, etc. - Mr. H. Nagasawa, Assistant Manager, Trading Department, UNICOOPJAPAN, Tokyo.
		1200-0230		Lunch break
		0230-0500	7	Some important factors governing international trade - transport, storage, loading and unloading facilities - Mr. H. Nagasawa, Assistant Manager, Trading Department, UNICOOPJAPAN, Tokyo.
Saturday	June 8, 1968			Local study visits
Sunday	June 9, 1968			Local sight-seeing
Monday	June 10, 1968	0930-1200	8	Promotion of foreign trade : Effective market intelligence, sales promotion, advertising, etc - Mr. I.H. Hunter, Marketing Manager, Westralian Farmers Cooperative Limited, Western Australia.
		1200-0230		Lunch break
		0230-0500	9	Promotion of foreign trade : Role of cooperatives in establishment of export-oriented industries - Mr. S. Anania, Food & Agriculture Organisation (FAO), Rome, & Mr. J.M. Rana, Ag. Director, ICA.
Tuesday	June 11, 1968	0930-1200	10	Promotion of foreign trade : Joint buying and export activities by cooperatives in the Region - A Panel discussion.
		1200-0230		Lunch break
		0230-0500	11	Promotion of foreign trade : Financing of international cooperative trade - Mr. S. Saji, Director & Chief Foreign Manager, The Fuji Bank, Tokyo.

: 3 :

Wednesday June 12, 1968 Local study visits.

Thursday June 13, 1968 0930-1200 112 Promotion of foreign trade : Recruitment and training of personnel for cooperative trading organisations - Mr. H.D. Shourie, Director-General, Indian Institute of Foreign Trade, 41-A, Friends Colony New Delhi.14.

1200-0230 Lunch break

0230-0500 113 Measures to accelerate the growth of cooperative foreign trade : Role of national cooperative federations - Mr. H. Orii, Managing Director, National Purchasing Federation of Agricultural Cooperative Associations, Tokyo, Japan.

Friday June 14, 1968 0930-1200 14 Measures to accelerate the growth of cooperative foreign trade : Role of governments - Mr. H.D. Shourie, Director-General, Indian Institute of Foreign Trade, New Delhi 14.

1200-0230 Lunch break

0230-0500 15 Development of trade relations between cooperatives in the Region with those outside the Region - Mr. M.V. Madane, Joint Director (TA&T), ICA, New Delhi.

Saturday June 15, 1968 0930-1200 16 Role of international agencies in developing cooperative foreign trade - Mr. M.V. Madane, Joint Director (TA&T), ICA.

1230-0500 F r e e

June 16-20, 1968 Study visits in Japan.

Friday June 21, 1968 . Open (Programme to be announced later).

Saturday June 22, 1968 0900 Report and conclusions.



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DRAFT REPORT OF THE CONFERENCE

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DRAFT REPORT

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

Rapporteur : Mr. M.V. Madane
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43, Friends' Colony
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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony, New Delhi.14

CENTRAL UNION OF AGRICULTURAL
COOPERATIVES
5, 1-chome, Ohtemachi, Chiyoda-ku
Tokyo. Japan.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony, New Delhi-14.

pk/18th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

DRAFT REPORT

A Conference on International Cooperative Trade in South-East Asia was organised in Tokyo during June 1968 by the International Cooperative Alliance Regional Office and Education Centre for South-East Asia in collaboration with the Central Union of Agricultural Cooperatives in Japan. The venue of the conference was the Institute for the Development of Agricultural Cooperation in Asia (IDACA), 816 Funabashi-cho, Setagaya-ku, Tokyo. The inaugural session of the conference was addressed by a number of leading cooperators including Mr. H. Yanagida, Executive Director of the Central Union of Agricultural Cooperatives, on Monday, June 3, 1968. The valedictory address to the conference was given by Mr. A. Miyawaki, President of the Central Union of Agricultural Cooperatives.

2. The conference was attended by 16 participants from Australia, Ceylon, India, Indonesia, Japan, the Republic of Korea, Malaysia, Pakistan, the Philippines, and Thailand. Observers from the Food and Agriculture Organisation of the United Nations (FAO), International Labour Office (ILO), International Federation of Agricultural Producers (IFAP) and the International Confederation of Free Trade Unions (ICFTU) also attended. Lecturers at the conference were drawn mainly from the cooperative movement in Japan, Australia and the international agencies represented at the conference. Working Papers on most of the subjects discussed at the conference were circulated in advance.

I. OBJECTIVES OF THE CONFERENCE

3. The conference was the result of a series of measures initiated by the International Cooperative Alliance (ICA) in promoting international cooperative trade. The Survey on "Trading of Cooperatives - South-East Asia", which was conducted by the ICA on the recommendations of the Cooperative Ministers' Conference held in Tokyo in April 1964, had recommended that opportunities for training be provided for managerial personnel working with cooperative trading organisations in the South-East Asian Region. The Third Asian Agricultural Cooperative Conference (3rd AACC), which was held in New Delhi in June 1967 and which discussed international trade by cooperatives, had also recommended that ICA should provide facilities for training of business executives engaged in international cooperative trade. In consequence of these recommendations and suggestions, it was decided to organise this conference in Tokyo. The Central Union of Agricultural Cooperatives very generously offered its cooperation in holding the conference at IDACA.
4. The conference was intended to bring together representatives of cooperative trading organisations in South-East Asia and to provide them with an opportunity to discuss their own experiences and explore new opportunities for trade contacts. It was also intended to give the delegates an opportunity to see for themselves the achievements of the Japanese Cooperative Movement in this field. As Japan was one of the biggest importers of several primary commodities and raw-materials from the Region, the conference enabled the delegates to initiate bilateral negotiations with leaders of the Japanese Cooperative Movement. A five day study visit to cooperatives in the Tochigi Prefecture was also organised to enable the delegates to see the working of different types of cooperatives in Japan.

II. REVIEW OF RECENT DEVELOPMENTS IN INTERNATIONAL TRADE

5. Considerable interest has been developed among almost all nations of the world on the subject of international trade and several international organisations have undertaken upon themselves the task of accelerating the process of trade on a multi-lateral or bilateral basis. International trade has also been the subject of serious discussions in various forums created by these organisations. Particular mention could be made of the UNCTAD, the GATT, the ECAFE Committee on Trade and the United Nations Department of Social and Economic Affairs. The Food and Agriculture Organisation of the United Nations is also seriously concerned with the problem of trading in agricultural produce. In addition, regional economic groups such as the Commonwealth Organisation, the European Economic Community (EEC), the European Free Trade Area (EFTA) have initiated several measures to promote trade among their respective groups of nations. The Kennedy Round of negotiations which discussed tariff and non-tariff preferences have already been concluded.

6. In spite of the efforts initiated through the above organisations, the general situation remains very unsatisfactory from the point of view of trade by developing countries. Except a small increase in the trade with the socialist countries, developing countries have been losing their international trade in the market economic countries. In the Region, Japan and Australia were the only countries which showed considerable increase in their export earnings. Between 1960-66, the share of the developing countries in the total world exports was reduced from 1/4th to 1/5th. The Second Conference of UNCTAD held recently in New Delhi did not fulfil the expectations of the developing countries in the field of tariff, non-tariff, non-reciprocal and non-discriminatory preferences. As the conference failed to arrive at a decision, the matter has now been referred back to a special committee.

Also, in the field of commodity agreements, nothing much was achieved except the adoption of the scheme for supplementary finance formulated by the World Bank. The agreement in principle by developed countries to provide 1% of GNP as aid to developing countries was not supported by assurances that such target would be reached within a particular time.

7. In the context of these developments, it is not expected that trade by cooperative movements in the developing countries will show any spectacular results. Except in the case of Japan and Australia, most of the cooperatives have yet to establish themselves as important trading organisations. The marketing structure within the cooperative movements is yet to come up to a standard from which it will be in a position to enter the field of international trade. The organisations which have already initiated import-export activities are finding it very difficult to compete with the existing trade interests and because of the lack of experience in handling trade on a large-scale, they have quite often to give up their attempts in exploring trade opportunities in certain directions. The organisations also lack the facilities required for undertaking import-export activities and the facilities offered by government are not always adequate.

8. As cooperatives are rather new in this field, government restrictions further discourage their trading activities. Quota restrictions and monopoly by state trading organisations in handling certain commodities provide little scope to cooperatives who wish to enter this field. It is also difficult for the cooperatives to obtain import-export licences in commodities in which private or government agencies are already functioning.

9. One of the most serious obstacles to cooperatives in undertaking international trade is the scarcity of foreign-exchange. As the balance of payments difficulties are faced by most of the developing countries, the

governments are reluctant to provide foreign exchange for import requirements. Another reason why cooperatives are not in a position to obtain foreign exchange is the comparatively small volume of export activities undertaken by them.

10. As the cooperatives who have entered foreign trade are of recent origin, they have not been able to build up cadres of personnel required for specialised operations in different branches of trade activities. Lack of such trained personnel is a serious handicap to such cooperatives and in spite of their best efforts, they have not been able to undertake extensive operations which required skilled handling.

11. For any successful operation, market intelligence is one of the essential services which must be undertaken by the trading cooperatives. Most of these organisations do not have the facilities for providing market intelligence services and this prevents the cooperatives from being informed of the day-to-day developments in the world markets.

12. As indicated earlier, almost all the countries in the Region except Japan and Australia, suffer from the above draw backs. As will be seen from the following brief review of performance by national movements, Australia and Japan have shown commendable progress in successfully initiating cooperative trade activities and maintaining a high standard in the competitive set up of the world market.

AUSTRALIA (WEST)

13. The Westralian Farmers' Cooperative Limited (Wesfarmers) to which the Australian delegate belongs, has an impressive record of progress during the last 53 years it has been in existence. At present the Wesfarmers are engaged in the marketing of wool, skins and hides, livestock, supply of farmers, graziers, orchardists and dairy producers, merchandise of all descriptions including farm machinery, equipment and tractors, fertilizers, chemicals, hardware, fuels, farm buildings and general store-keeping lines. The Wesfarmers

are also engaged in the purchase, packing and exporting of apples and pears to Europe, Asia and Africa. A number of subsidiaries of the Wesfarmers undertake multi-farious activities such as road transport, distribution of agricultural inputs and processing of agricultural produce.

14. During 1967, cooperatives in Western Australia sold produce on behalf of shareholders and supplied goods and services to a combined value of 167 million Australian Dollars, representing an increase of over 7 million dollars on the previous year. The surplus realised from this trading amounted to 6.65 million dollars.

15. The cooperatives face intense and keen competition from foreign trading organisations based in Western Australia.

16. Though the total volume of wheat in Australia is handled by the Australian Wheat Board, it has delegated its responsibilities for collection of grain to a Western Australian cooperative. The wheat is handled in bulk by Cooperative Bulk Handling Limited. The Wesfarmers handles more than 25% of the wool at auction in the State of Western Australia, though it faces competition from large non-cooperative buyers and exporters with substantial investments.

17. The Wesfarmers offer the farmer complete service for the marketing of sheep, cattle and pigs in Western Australia. An export outlet is offered in the shipment of live sheep, cattle and pigs to various Asian countries and Kuwait. The Wesfarmers handle about 29% of sheep and 21% of cattle and sells more than 48% of the whole milk marketed in the State. In recent years, it has commenced exporting fresh vegetables mainly to Singapore and Malaysia. Limited quantities are also shipped to the Arabian Gulf states.

CEYLON

18. The All Ceylon Agricultural Producers' Cooperative Societies Union, which was formed in 1961 with the initiative of the Government of Ceylon, is at present engaged in the marketing of fruits, vegetables, vegetable seeds,

arecanut, pepper and spices. In vegetables, it accounts for 30% of the total trade.

19. At present, arecanut is the main export commodity handled by the Union. During 1958-59, India was the main importer of arecanut from Ceylon, accounting for almost 93% of the total exports from Ceylon. During recent years the export of arecanut to India has declined to a considerable extent owing to unattractive price. Efforts are being made to increase the exports at a reasonable price. The imports in India of the arecanuts are handled by the State Trading Corporation. The Union exported arecanuts to Maldives in 1962. It intends to take over from the Government of Ceylon the function of importing vegetable seeds from Japan.

20. The Northern Province Fishermen Cooperative Societies Union, which was established in 1959 has at present a membership of 45 societies. About 5,500 fishermen are organised into cooperatives out of which about 1500 are members of this Union. The Union has the monopoly in exporting beche-de-mer. About 500-600 fishermen are actively engaged in beche-de-mer fishing and the total annual production is about 2400 cwts. The other fishery product exported by the Union is conch-shells to India and Pakistan. The Union is already in touch with the East Pakistan cooperative and the West Bengal Small Industries Corporation Ltd., in Calcutta for the import of conch-shells in their respective countries. The Union is exploring the possibility of exporting shark fins and fish marines.

INDIA

21. In India, the National Agricultural Cooperative Marketing Federation (NAFED) and a few state level agricultural cooperative marketing societies are engaged in export-import activities. A few processing societies also undertake direct exports.

22. The export business of cooperatives has recorded a 100% increase in 1966-67 over the previous year. Bulk of these exports are handled by NAFED, the

Madhya Pradesh State Horticulture Marketing Federation and the Gujarat State Fruit & Vegetable Marketing Society. The main commodities exported were pulses, cashews, coconuts, copra cake, onions and fruits and vegetables and were directed to markets in U.K., Ceylon, Kuwait, Mauritius, U.S.S.R., Italy, Denmark, Switzerland, West Germany and Hong Kong. Pulses accounted for Rs. 1.40 million constituting bulk of the exports by cooperatives and were mainly exported to Ceylon, U.K., Kuwait, Malaysia and Singapore. Bananas, which is the next important commodity in terms of value of exports (Rs. 4.6 million), were exported to U.S.S.R., Kuwait, Iran, Bahrain, and Doha. However, as compared to the previous year, there has been a decline in the value of exports of bananas. Coconuts worth Rs.939,000 were exported to West Germany, while onions valued at Rs.882,000 were exported to Ceylon, Singapore, Doha, and Malaysia. Significant increase has also been recorded in the export of copra cake from Rs.192,000 to Rs.600,000 and of mangoes from Rs.31,000 to Rs.272,000. Vegetables are also exported to Malaysia and Singapore. As cooperatives have started solvent oil processing units, it is now possible for cooperatives in India to export de-oiled cake.

23. The Madhya Pradesh Federation has shipped consignments of bananas to a number of countries through the State Trading Corporation of India because of bilateral agreement between the two countries. Direct trial consignments of bananas and oranges are being sent by the Federation to different countries with a view to explore further trade contacts.

Sugar Cooperatives

24. Of the 77 cooperative sugar factories licensed in India with a licensed capacity of 1.48 million tons, accounting for 33.3% of the total licensed capacity in the country, 58 factories are in production and the remaining are at various stages of establishment.

25. Cooperative sugar factories have no individual role to perform in the matter of exports, though they contribute about 60% of the total export of sugar. All exports of sugar are controlled by the Government of India in accordance with international agreements, and under the Sugar Export Promotion Act. Till recently, sugar was exported on government account through the Indian Sugar Mills Association. Because of the difference in the local price and the international price of sugar, the losses on exports are subsidised by the Government of India. The National Federation of Cooperative Sugar Factories is represented on the Indian Sugar Industry Export Corporation which represents all interests and undertakes sugar export. The cooperative sugar factories provide substantial quantities of raw sugar for export since 1963-64, cooperatives supplied for export 100,000 to 150,000 tons raw sugar per year.

26. Production of sugar during the years 1964-65 and 1965-66 was at its highest and consequently production of molasses was also very high. However, there was a short-fall in the production of sugar and molasses during the years 1966-67 and 1967-68. It is hoped the production will increase next year.

27. The Federation has been instrumental in arranging for one shipment of molasses from Indian cooperatives to UNICOOPJAPAN during the year 1966-67, although the actual trade contract had to be between the State Trading Corporation of India and the UNICOOPJAPAN. Owing to reduction in sugarcane production, the export of molasses from India has at present been suspended.

INDONESIA

28. The main items of agricultural produce for export from Indonesia, inter alia, are rubber, copra, tea, coffee, pepper and palm oil. About 70% of the foreign exchange earnings are derived from export of these commodities.

29. The agricultural produce, cattle and fisheries, which have so far been exported by cooperatives are: copra and rubber to Europe, Singapore and Hong Kong, tobacco to West Germany, cows, pigs, hides and fish to Singapore and Malaysia and vegetables to Singapore.

30. Other potential export commodities are: coffee, sea products, salt, wood, forest products and other agricultural produce, batik and handicrafts. The cooperatives which are active in export trade are: (a) Copra cooperatives under the guidance of the IKKI (National Federation of Copra Cooperatives). Since 1957, the Federation had a monopoly for export of copra but since 1966 it has been withdrawn, (b) Rubber Cooperatives under the leadership of IKKA (National Federation of Rubber Cooperatives), (c) Fisheries cooperatives under the leadership of IKPA (National Federation of Indonesian Fisheries Cooperatives), (d) Federation of Tobacco Cooperatives, (e) Cattle Breeding Cooperatives, (f) Vegetable Growers Cooperatives.

Although many cooperatives are in a position to export their own members' products, their weak financial position, especially in the collection, storage, processing cooperatives, does not enable them to handle a substantial portion of export of these commodities.

31. Not many cooperatives in Indonesia are engaged in import activities although the acquisition of an import licence is not difficult. Agricultural fisheries, batik, textile and consumer cooperatives are in need of many imported goods such as raw material, capital goods, engines and spare parts, clothing material and consumer goods. Few of these items are imported by the concerned cooperatives themselves while most of them are acquired through private importers.

JAPAN

32. In Japan, the ZENHANREN (National Marketing Federation of Agricultural Cooperative Associations), HOKUREN (Hokkaido Economic Federation of Agricultural Cooperative Associations), and UNICOOPJAPAN are engaged in international trade in agricultural and other commodities.
33. ZENHANREN has exported fresh fruits, vegetables and processed farmers' products to consumer cooperatives in Germany, Sweden, etc. ZENHANREN has also exported mandarin oranges to Canada and the U.S.A. HOKUREN has exported beans, peppermint and other products of its members. UNICOOPJAPAN has exported fertilizers, agricultural chemicals, transistor radios, toys, cloth, knitwear, tyres, tableware etc. Its import mainly consist of feedstuff, such as maize, milo and molasses. About 20% of the grain imported by UNICOOPJAPAN on behalf of ZENKOREN (National Purchasing Federation of Agricultural Cooperative Associations) is from cooperative sources. All supplies of maize from Thailand are from a cooperative organisation.
34. UNICOOPJAPAN has a barter agreement with Centrosoyus of U.S.S.R. under which it imports logs, agricultural products, etc. and exports textile goods, tyres, transistor radios and vegetables, It imports tractors from UNICOOP of Czechoslovakia, and exports transistor radios and other electrical equipment. It has a yearly turnover of about US\$56 million.
35. The Japan Cooperative Trading Company (COOPTRADE), the foreign trade organ of the Japanese Consumers' Cooperative Movement, is engaged both in imports and exports.
36. Its main imports are: logs, marine products, metal products and ore, agricultural products, foodstuff, etc. and the exports are: knitwear, cloth, yarn, fishing nets and ropes, automobile tyres, wire fencing, wire rope, tin plate, fertilizers, sewing machine, medical instruments, electronic testers, porcelainware, etc.

37. Some portion of the imported goods are sold in the consumer cooperative shops or distributed after processing. However, the majority of goods imported are sold to outside markets.

38. Items for export are purchased from private manufacturing plants.

39. The cooperative organisations in Europe with whom COOPTRADE has established foreign trade relationship so far are KF of Sweden, GEG of West Germany, CWS of England, POLCOOP of Poland, and NKL of Norway. The annual turnover of COOPTRADE is about US\$8 million.

KOREA

40. In the Republic of Korea, the National Agricultural Cooperative Federation (NACF) together with its member cooperatives has been engaged in marketing of agricultural products. The marketing operations of cooperatives in Korea have largely been influenced by governmental policies. Many of the major items being marketed through the cooperative channels, such as cocoon, rice and barley, sirat potatoes, straw goods and some industrial raw materials are placed within the scope of governmental policies. However, cooperatives themselves have strived to develop their own marketing on the basis of self-financing in such commodities as grains, vegetables, fruits and eggs.

41. Although foreign trade business requires governmental licence, the NACF or agricultural cooperatives do not require it as they are authorized to engage in foreign trade by the Agricultural Cooperative Act.

42. The NACF exports red beans, rush goods, pickles, mushrooms, seed corn, etc. and imports agricultural chemicals, vegetable seeds and milk cows.

43. The total imports of NACF have decreased every year after 1964. The imports totalled US\$277,000 in 1967 as against US\$1,499,000 in 1964. The export operations were started in 1965. Total export in 1965 was US\$9,170 and it increased to US\$179,225 in 1967.

44. The total marketing operations of NACF have increased on an average of 2.48% per year between 1962 and 1967. The total sales amounted to US\$95 million in 1967 and accounted for 20% of the total sales of agricultural products in Korea.

45. The problems faced by NACF in promoting exports are: (i) the competition among the private traders who offer higher prices than cooperatives to producers, (ii) lack of adequate knowledge of techniques of export marketing of agricultural products, such as quality control, standardisation, packing etc. (iii) lack of market information, particularly with regard to trading cooperatives in other countries.

MALAYSIA

46. During 1946-47, quite a few consumers cooperative societies were established by the government. There was a shortage of consumer goods after World War II and private traders were exploiting the situation of their own advantage. In 1949, the Malayan Cooperative Wholesale Society (MCWS) was established to supply consumer goods to retail societies. Though there were varying degrees of successes and failures, the consumer cooperatives performed the useful function of making available essential items of members and thus helping to keep the cost of living at a reasonable level.

47. During the early and mid fifties, the MCWS experienced considerable difficulties in obtaining sufficient quantity and the right quality of imported items. This was due to world-wide scarcity of consumer goods and formation of groups by pre-war importers to exploit to or to create artificial shortages to justify charging of high prices. Attempts of the MCWS to import directly were not very successful as the quantity ordered was either not large enough for the exporter or if the order was concluded and goods imported, they met with keen competition and price under-cutting from the private trade. The MCWS

made several attempts to import directly from cooperative wholesales in the U.K. but the goods did not prove popular in Malaysia. Most of the imported goods stocked by the MCWS are bought from local importers as because of the small volume of its requirements, it has not been found economical to import directly.

48. Since 1960, the trading position of the MCWS has undergone some change due to a change in government policy. The government, while pursuing the policy of urbanisation, paid serious attention to the programme of rural development. The programme calls for reclaiming jungle land to be planted with either rubber or palm oil. About sixty such Federal Land Development Schemes have been planned and each scheme has an area of 4,000 to 8,000 acres. A township of about 450 to 800 families is established in each scheme according to the acreage under development. The MCWS was called upon to set up retail stores in these settlements and currently it operates 43 retail shops in as many Federal Land Development Schemes.

49. Malaysia has practically no cooperative which can undertake the export of agricultural commodities.

50. As stated earlier, the main problems faced by the MCWS in the field of marketing are the lack of finance and keen competition from private trade in the case of imported commodities. For locally produced commodities, the MCWS is on equal ground with the private trade.

PHILIPPINES

51. In Philippines, the Philippine Federation of Consumers' Cooperatives (PFCC) is the national organisation of consumer, industrial and service primary societies. The PFCC buys commodities from local and foreign sources and distributes them exclusively among its members at nominal profits.

52. The PFCC imports canned fish, canned meat, dairy products, canned fruits, paper and school supplies for consumer cooperatives from U.S.A.,

Australia, New Zealand, Holland, Denmark, Argentina and Japan. Its annual imports amount to US\$200,000. From the same countries, it imports woodcraft machines and tools, shoe making machines, chemicals, leather and rubberised canvas, furniture hardware, radio and T.V. parts, etc. for service and industrial cooperatives at an yearly average of US\$400,000.

53. The PFCC has for export leather shoes, bags, ladies and children's dresses, handkerchiefs, wood or rattan furniture, woodcraft, etc. and some of these items have been exported to the U.S.A., Australia and to the U.S. bases in the Pacific.

54. The PFCC is interested in offering its services for the export of sugar, copra and oil, tobacco, veneer sheets, cocoa, abaca, bananas, etc.

55. The problems faced by the PFCC are: (i) need for steady markets for the products of industrial cooperatives, (ii) need for strategically situated distribution centres where the member societies are concentrated as the societies are scattered all over the Islands, (iii) competition from private trade, (iv) lack of finance, as it depends on its own share capital. Due to credit restrictions, the credit facilities with the banks are limited.

PAKISTAN

56. The Provincial Fishermen's Cooperative Society Limited, Chittagong in East Pakistan is engaged both in imports and exports. The Society imports marine diesel engines, other fishing equipment and ice and cold storage plants. It exports fish maws, shrimps, shark fins and tails, and frog legs to U.K., U.S.A., Japan, Hong Kong and Singapore.

57. The Karachi Fishermen's Cooperative Society in West Pakistan is engaged in imports of fishery requisites and export of prawns.

58. The Pakistan Cycle Industrial Cooperative Society in West Pakistan is engaged in both imports and exports. The society imports iron and steel, non-ferrous metals, electroplating material, chemicals, small tools and hand

tools and finished cycle components from U.K., U.S.A., West Germany, Japan and Czechoslovakia.

59. It has exported bicycles and cycle parts to Iran, Iraq, Kenya, Nigeria, Mauritius, Hong Kong and Turkey. The society is the only organisation in Pakistan which is exporting bicycles and cycle parts.

60. The main problem faced by the society is that it is not in a position to compete in the export market with other industrialised nations, as most of the items used in bicycle manufacture are imported and high customs duties are levied on such imports.

THAILAND

61. In Thailand, the Bangkok Cooperative Farm Product Marketing Society Limited (COPRODUCT), is engaged in the export of maize, sorghum, black matpe and salt. The agricultural products have been exported to Japanese cooperatives while marine salt has been exported to private parties in Japan.

62. In 1963, the COPRODUCT got in touch with ZENKOREN, and a number of Japanese teams visited Thailand. A Joint Committee on Promotion of Cooperative Trade between Japan and Thailand was constituted in 1964. Three sessions of the Joint Committee were held in 1965, 1966 and 1967 and so far each successive year the quantity of maize exported through UNICOOPJAPAN from Thailand to Japan has increased. During 1967, the COPRODUCT exported 40,927 M/tons of maize to Japan. The Japanese Agricultural Cooperative Movement has also been rendering technical assistance to Thai Cooperatives for increasing farm productivity.

63. For the promotion of imports of farm equipment and other farm requisites including fertilizers, from UNICOOPJAPAN, which are required by Thai farmers, a study is now in progress to determine the proper commodities to be imported. COPRODUCT has already completed show-room facilities for displaying agricultural equipment and consumer goods to be sent by

UNICOOPJAPAN.

64. The Cooperative Wholesale Society of Thailand (CWST), which was established in 1952, had to import condensed milk from Holland and bicycles from CWS of England. Due to competition among importers, the CWST stopped imports for a number of years. Consumer goods were purchased from local wholesalers and importers.

65. With the formation of the Joint Committee on the Promotion of Cooperative Trade between Japan and Thailand in 1964, the CWST imported 1000 M/tons of fertilizers from UNICOOPJAPAN during 1960 and 2000 M/tons in 1967. A contract for import of 3,000 M/tons of fertilizers during 1968 was concluded with UNICOOPJAPAN and a shipment of 1,500 M/tons has already been received by CWST. It is hoped that quantity of imports from UNICOOPJAPAN will be increased to 10,000 M/tons by 1972.

III. PRESENT ROLE OF INTERNATIONAL AGENCIES

66. As indicated earlier, the International Cooperative Alliance has, during recent years, taken a keen interest in promoting foreign trade by cooperatives. At present the Regional Office in New Delhi also functions as a clearing house to provide market information and documentation to trading cooperatives. It assists in developing trade contacts and in trade negotiations without committing itself to any trade agreement. It creates forums for discussions on the subject and arranges specialised training activities. The Agricultural Committee of the ICA and the Agricultural Sub-Committee for South-East Asia are both paying considerable attention to the problem of development of trade by cooperatives throughout the world.

67. The International Federation of Agricultural Producers (IFAP) which provides a forum for discussing problems of agricultural development in the world, is also taking keen interest in the subject of trade development. It is

at present coordinating its activities with the United Nations Agencies such as the Food & Agriculture Organisation, International Labour Office and the non-governmental agencies such as the ICA. With a view to pool the resources of the United Nations and non-governmental agencies in financing agricultural cooperative projects, it has joined hands with FAO, ILO and the ICA in creating a group based in the secretariat of the FAO to explore possibilities of financing such projects. The IFAP is keen to further develop its interest in international cooperative trade and it is expected that the General Assembly of IFAP to be held in Tokyo during 1969 will devote considerable time in discussing foreign trade by agricultural cooperatives.

68. The Food & Agriculture Organisation of the United Nations is seriously engaged in promoting development of agriculture throughout the world. It provides advice and expertise for this purpose and the special Commodities Division of the FAO explores the possibility of development of production as well as marketing of these commodities. The FAO is at present engaged in evolving its work programme in such a way as to project for next 20 years the developments in different countries of the world to provide a base for national planning in the respective countries. It feels that this base can provide a broad framework for discussing the national plans. In addition, the FAO is working in close collaboration with the United Nations Development Programme (UNDP) in conducting pre-investment studies and organising pilot projects. In order to avoid the delays which normally occur in financing agricultural cooperative projects, the FAO has joined hands with ICA, IFAP and the ILO in creating a group which will soon explore the possibilities of financing agricultural cooperative projects.

69. The International Labour Office (ILO) has shown a keen interest in the development of cooperatives during the last 50 years. A significant development took place with the adoption by the ILO General Conference in

1966 and the international instrument on cooperatives, namely, "Recommendation concerning the Role of Cooperatives in the Economic and Social Development of Developing Countries (Recommendation No. 127)". This recommendation is designed to provide the governments of developing countries as well as the cooperators in the world, with the guidelines for furthering the effectiveness of cooperative institutions in the present context of the economic and social development throughout the world. This recommendation places special importance on international collaboration referring to such collaboration as "inter-cooperative exchange of goods and services".

70 The International Confederation of Free Trade Unions (ICFTU) has expressed on several occasions its support to cooperative activities and the development of cooperatives in the world. The ICFTU feels that enlargement of trade among developing countries can be a very stabilising factor in the economic and social life of these countries. It is very much aware of the fact that primary commodities are difficult to export because of the unattractive prices in the world market. The ICFTU is normally represented at the ECAFE Committee on Trade and has made statements supporting increased trade by developing countries. The ICFTU Asian Regional Office organised an Asian Trade Union Economic Conference in New Delhi before the Second UNCTAD in order to formulate its own attitude on the various items on the Agenda of UNCTAD II.

IV. INTEGRATED COOPERATIVE MARKETING STRUCTURE AS A BASIS FOR SUCCESSFUL INTERNATIONAL COOPERATIVE TRADE

71. The conference emphasized the need for providing comprehensive range of services in a coordinated fashion to the farmers in order to be able to attract, among other things, marketable surplus from the farmers. The conference felt that the cooperatives, in order to be able to undertake successfully international cooperative trade, must have an integrated cooperative marketing structure within the country. With a view to reach the stage of integrated marketing development, it was necessary to build up cooperative structure

at the primary level and integrate the various activities within the scope of work of one society. Advice and guidance given to farmers in increasing agricultural productivity can create a favourable attitude in the minds of farmers towards cooperative organisations in terms of marketing and trade. The advice and guidance activity must also be supported by supply of all agricultural inputs required by the farmer. In a few cases, it may be necessary to have a single purpose society at the primary level. However, at the secondary level, these activities will have to be coordinated with a view to achieve maximum benefits from the economies of scale. The conference noted that in the absence of such an integrated structure, most of the cooperatives in the Region are not in a position to attract agriculture surpluses for its own marketing channels. The inability of the cooperatives to provide adequate finance for agricultural operations and agricultural inputs would compel the farmers to seek loans and other services from the moneylenders and traders. In such cases the farmers have often to sell substantial quantities of their produce to the moneylenders or traders. The conference, therefore, emphasized the need for comprehensive services to be provided to farmers by a multi-purpose cooperative society and it commended to the delegates the example of Japan where multi-purpose approach has shown considerable success during recent years. It was also felt that with a view to achieve the economies of scale, these multi-purpose societies may have to amalgamate themselves and help in creating viable units.

72. The conference also emphasized the role of the federal societies supported by an integrated structure within the country. At present due to lack of adequate capital and skilled services from the federal organisations, the primary cooperatives are not in a position to fully put their trust in the federal organisations. Also, in the case of large countries such as India and Australia, coordination at the national level is difficult to achieve on account

of large geographical areas and an uneven development of regional cooperative organisations.

73. It may also be necessary in some cases to have separate federations of single-purpose cooperatives to undertake specialised functions. The federations must have good leadership which can evolve sound economic policies aimed at providing the best possible services to the affiliated units. The advantages which would accrue through coordination and integration between the federal society and the affiliates are: economies of scale, dependability of services for the affiliates and the farmer members, centralised decision-making power and effective channels of communication among the **business** units.

V. IMPORTANT OPERATIONAL FACTORS GOVERNING INTERNATIONAL COOPERATIVE TRADE

a) Methods of assessment and collection of surpluses for export :

74. The conference noted the present practice of assessing and collecting agricultural surpluses for export by cooperatives in Japan. The primary society in consultation with the farmers formulates an annual collection plan taking into consideration commodity by commodity production prepared by the individual farmers. On the basis of this plan, the prefectural federations prepare their own annual collection plans and in turn the National Marketing Federation of Agricultural Cooperatives (ZENHANREN) formulates its own annual plan on a national basis. ZENHANREN then coordinates marketing and export activities. The consignments are made by the societies to ZENHANREN without any condition. ZENHANREN markets the product on the basis of a fixed commission.

75. Another important factor noted by the conference in the operations of exports by ZENHANREN is that ZENHANREN considers it necessary to ensure that fixed quantities of produce are earmarked for exports. It does not normally allow quota to be disturbed owing to fluctuations in the production in the country. The conference felt that exports cannot be based on disposal of marginal surpluses from year to year. It is necessary to export a **said**

quantity and desired quality on a continuous basis if export markets are to be maintained.

76. Some of the agricultural commodities produced in Japan such as mandarine oranges have to be exported exclusively through the Japan Canned Goods Exporters Association, of which ZENHANREN is a member. The Association determines the quantum of export every year and allocates the quota to cooperatives for processing these oranges.

77. The conference felt that the cooperative federations should decide the manner of marketing the agricultural produce on the basis of their own local situation. As most of the organisations are selling the farmers' produce on a commission basis, this system will generally be continued in future also. It is also necessary to support these activities by providing facilities such as cold storage, warehousing for storing the commodities earmarked for export, and to ensure that the farmers are paid for their produce within a short time of the delivery of the exportable commodities. If this is not possible, adequate advances be given to the farmers to enable them to maintain their agricultural operations.

78. In order to attract the bulk of the agricultural produce through secondary or federal marketing organisations, it is necessary for these organisations to provide effective market intelligence, ensure timely credit and efficient services to the members. The conference noted the efficient and speedy communication system prevailing in the agricultural cooperatives in Japan. The conference also noted the Australian experience in exporting agricultural marketing commodities on a large-scale, and the role played by cooperatives there in securing better prices to the producers. The importance of educating the members on the need of supporting cooperatives was stressed. It was noted that in spite of a marketing agreement between cooperatives and the farmers instances are found where member sell their produce to the private traders

as some of the traders offer higher prices. Only education of the farmers can help him distinguish the short-term advantages of dealing with a trader and the long-term and permanent advantages of dealing with cooperatives.

79. In discussing the subject of collection of produce, the conference stressed the importance of producing the most suitable products in the most suitable areas. It was felt that this may entail considerable advance planning and diversification of crops according to location of markets.

b) Effective market link-up of imports with production and distribution activities :

80. The conference noted the system of imports and distribution in the agricultural cooperative movement in Japan and the facilities and services created by cooperatives in effectively channelling the imported commodities to the farmers. The supplementary efforts made by cooperatives in processing raw-material into agricultural inputs was helping the Japanese agricultural cooperatives in providing comprehensive services to the farmers as well as increasing the total handling of such products by cooperatives from year to year. Special mention was made of the processing facilities such as feedstuff factories, fertilizer mixing units, transport vessels and unloading tanks for molasses. The approach of the Japanese Cooperative Movement in coordinating the services needed for import and processing of the imported raw-material were considered by the conference as a good example worthy of emulation by others.

81. The conference noted that there was considerable scope for supplying feedstuff raw-material to Japanese agricultural cooperatives such as maize, milo and molasses. It appreciated the anxiety of the agricultural cooperatives in Japan to buy greater supplies from the Region of South-East Asia. It was noted that the ZENKOREN is also assisting Japanese farmers to construct storage tanks with a capacity of 1 to 5 livestock farms so that bulk deliveries of the feedstuff could be made to the farmers. It was emphasized that gradual switch

over to bulk handling of imports and agricultural inputs will facilitate mechanisation of these operations as well as speedy transport of these items to the farmers.

c) Quality control, grading, timely delivery, speedy communication :

82. Against the background of the Japanese experiences, the conference stressed the need of following a very rigid code of conduct in specifying the commodities of export. The most important factors to be borne in mind were the specifications of quality and quantity, definite indications of price and periods of shipment, terms of insurance and payment as well as details on packing. As it was difficult for buyers to personally investigate the total quantity, it was necessary to adhere to the standards already agreed to between the parties by negotiating the trade agreements. It was therefore necessary to have a rigid inspection system within the exporting organisation itself. In addition, the facilities provided by government in quality control should be availed of by the cooperatives. In case of sales of commodities with popular brands or trade marks, it is also necessary to ensure that the continuity in quality is maintained. It was explained that in Japan the goods which are designated by law for export need a quality inspection certificate from a designated inspection authority and this certificate is required to clear the documents at the customs. In cases where no such legal requirements are necessary, inspection by cooperatives themselves has to be arranged.

83. A number of consumer cooperatives in the Region are required to buy standard brand goods as the consumers have a preference for such brands. In these circumstances, the cooperatives, even if they are in a position to manufacture their own brands, find it difficult to market the commodities against the competition of the branded goods. The conference felt that sufficient time must be given for any brand to establish in the market before expanding its production of sale.

84. While discussing the subject of quality control, the conference heard the experiences of the various delegates in their respective countries in handling quality control. While some of the organisations had their own arrangements for quality control, a few are taking advantage of the facilities provided by government. The example of rigid quality control in silk exports from Japan and facilities provided by the Commonwealth Testing Bureau (CTB) in Australia were narrated. In Australia, the activities of this Bureau are supported by private as well as cooperative organisations. The consensus was that quality control can be better ensured if measures are taken to help production of quality articles by the farmers. In other words, quality control should begin right from the planning of production and should rigidly be maintained till the goods are exported.

85. A question was raised whether cooperatives should export sub-standard goods if it is so desired by the importing countries. Some delegates mentioned that sub-standards goods were imported in their respective countries as they are acceptable to the local population. After long deliberation on this topic, the conference felt that where health and safety are involved, goods should not be exported below a certain standard. However, if the importing countries so desire, certain items could be exported as these may be required for specific purposes in the importing countries. The conference, however, felt that efforts should be made gradually to raise the quality and standard of goods exported as such goods normally help create a good image of the exporting country in the country in which they are imported.

86. The conference stressed the importance of effective packaging as an essential part of export activity. The cooperatives should make every effort to evolve packaging systems which are currently in vogue and which are demanded by the importing countries. The difficulty in obtaining raw-material was mentioned and it was felt that except in cases where alternative methods of

packing are not found, import of the raw-material may be necessary. It was emphasized that facilities for training of personnel in packaging be provided through the existing national and international organisations. In this connection, the role of the ICA and the Asian Packaging Organisation in organising training activities in this field was emphasized.

d) Transport, storage, loading and unloading facilities :

87. The conference noted the extensive facilities provided by the Japanese agricultural cooperative movement in transportation, loading and unloading of imported commodities. Special mention was made of the ships chartered by ZENKOREN on a long-term basis for importing the agricultural commodities. Facilities at present provided by cooperatives and national governments in different countries of South-East Asia were also mentioned. It was emphasized that the cooperatives should have a deliberate policy of influencing the government policies in providing facilities for import-export purpose. It was, however, necessary that the primary cooperative societies should extend their support to national federations in order to enable them to undertake such activities. The facilities provided by the cooperative themselves should as far as possible be supplemented by using the facilities provided by government and other agencies.

88. The conference noted that the cooperatives are not generally in a position to influence the freight rate as most of the merchant fleets are operated by private agencies or governments. In a few cases, it may be possible for cooperatives in two countries to collaborate in creating such facilities for import-export operations. In this connection, the example of collaboration between Japan and Thailand in establishing silo facilities at Bangkok Harbour were mentioned. In a few countries the facilities offered by government were adequate but the cooperatives have not been able to make use of them very

effectively.

89. In order to have effective imports on an economic basis, the cooperatives need a chain of facilities which would include internal transport, proper road communications, availability of railway wagons, availability of shipping facilities on time, loading and unloading facilities at port and strategies of different types for various commodities. Very few cooperatives have so far been able to own such facilities or obtain them at reasonable rates.

90. It was suggested that the ICA should conduct a study to find out to what extent the freight rates in shipping at present operate to the disadvantage of cooperatives in the developing countries and to see what could be done in this direction. In this connection, studies have already been conducted by the UNCTAD and the ECAFE to identify the disadvantages in the present rates of shipping freights to developing countries. It was also suggested that efforts be made to approach the shipping companies to request them to charge lower freight rates to the cooperatives and in case of losses the governments may be requested to provide subsidies for making up the disadvantages suffered by cooperatives because of higher freight rates. The possibility of financial assistance from United Nations and regional banking institutions be explored.

e) Market intelligence, sales promotion, advertising, etc. :

91. The conference noted the successful efforts made by the Westralian Farmers' Cooperative Limited (Wesfarmers) in Australia in exporting Granny Smith apples on the basis of a case study prepared by the representative from Australia. Owing to the special measures taken by the organisation and the government in exporting this quality of apples, they have found a ready market in U.K. and Scandinavian countries, Germany, Singapore and Malaysia. The apples are sold under the "Black Swan" brand.

92. The Wesfarmers have made consistent efforts in meeting the quality of the apples and have also increased acreage under the Granny Smith variety.

Special efforts are being made to evolve new methods of packaging to suit the requirements of the importer. Handling and treatment of apples is done through installation of very modern and up-to-date machineries and most of the handling is on mechanical basis. Extensive cold storage facilities are provided. Although lack of shipping is a serious problem, the organisation has been able to obtain shipping facilities through the Australian Apple and Pear Board and the Wesfarmers is an active member of the West Australian Fruits Shipping Committee. Extensive advertising is undertaken by the organisation through its agents in different countries and very effective market intelligence facilities are provided to the farmers.

93. The conference felt that it was necessary to adopt a marketing strategy for each item of export as the situation differs from product to product. It was also necessary to maintain constant contact with foreign markets through agents or representatives of the exporting organisations. Incentives in the form of cash rewards or prizes to the producers and cooperatives could be helpful in encouraging the production of quality items.

f) Recruitment and training of personnel
for cooperative trading organisations

94. While reviewing the need for recruitment and training of personnel for cooperative trading organisations, the conference felt that training of cooperative personnel cannot be considered in isolation from that of general international trade. By and large, the problems of management of cooperatives are the same as those relating to private export organisations. As export marketing was a highly competitive field the need for efficient and sophisticated management must be continuously emphasized. A scientific and systematic selection of personnel engaged in foreign trade is therefore a pre-requisite for a healthy executive development policy. As in the case of private business enterprises, the cooperatives must make serious efforts to

recruit highly educated persons and train them for managerial responsibilities.

95. Along with the training arrangements for high level executives, it is equally important to provide facilities for training of personnel at the lower levels. For the comparatively junior level personnel, comprehensive training must be provided to enable them to have sufficient understanding of operations in international marketing. At a little higher level than this, a somewhat different course for providing intensive understanding of the techniques of international marketing and export management will be necessary. For persons incharge of organisations, periodical short-term seminars and courses will enable them to exchange experiences and bring their knowledge up-to-date. In addition, specialised training courses for store-keepers, salesmen, packaging and grading staff would be necessary. There cannot be any hard and fast criteria for organising training courses in all the countries. The nature and type of training and the personnel to be trained will differ from country to country according to local development. The contents of training and the methods will also vary according to the level of participants and the nature of training desired.

96. The review of present training arrangements in the cooperative movements in different countries of South-East Asia reveal that except in the case of Japan and Australia, training facilities related mainly to general education in cooperative administration and practice. Although efforts are being made gradually to shift the emphasis from general courses to specialised courses, there are hardly any courses specially designed to meet the requirements of cooperative trading organisations. Most of the recruitment for executive posts is done from government or through open market. A few organisations have started recruiting experienced business executives from private trading organisations.

97. The conference felt that the cooperative training centres be persuaded to incorporate specialised training courses for cooperative

trading organisations. If necessary, the ICA Regional Office and Education Centre should help national movements in evolving specialised training courses and drawing up programmes and syllabi required for such courses. The facilities offered by institutions in the Region such as the Indian Institute of Foreign Trade and the Institute for the Development of Agricultural Cooperation in Asia (IDACA) should be used for this purpose.

98. Apart from the question of selection and recruitment of personnel, the conference discussed the incentives provided by cooperative organisations to educate the experienced personnel. It was generally felt that the cooperatives have not yet been able to offer the terms and conditions which are normally available outside the movement. In a number of countries, cooperative personnel often leave their jobs to join private enterprises. It was therefore necessary to ensure that fair service conditions and opportunities for higher jobs to efficient personnel are provided by cooperatives in order to maintain a cadre of management personnel on a continuous basis. The conference also emphasized the need for able leadership at the helm of the affairs of the cooperative trading organisations. Without such leadership, it will not be possible to create a good image of cooperative organisations among governments and international circles.

99. The conference felt that it was difficult to fix priority in subjects which need urgent attention from the point of view of training. Export of horticultural produce and packaging were suggested as high priority subjects. However, this will depend upon the nature of activities of organisations in different countries and the national movements may be free to fix up their own priorities in evolving course programmes. In conclusion, it was suggested that the ICA may help national movements in identifying the areas in which urgent action is needed with regard to training of cooperative personnel and later provide whatever assistance possible in organising the training .

activities. It was also suggested that maximum use be made of the existing training facilities within the country before requesting the assistance from organisations like the ICA. The assistance from government and the international organisations should also include preparation of training manuals and materials.

100. Although the conference emphasized the need of sending cooperative trading personnel abroad for higher training, it was felt that this should be done when training facilities within the country for such purpose are not available. It was also suggested that instead of sending a few persons abroad for training, the services of experts from foreign countries should be obtained for organising courses within the countries of the Region so that maximum benefit could be derived from the experience of the experts. Also, the training programmes so organised will be more meaningful as such courses will enable discussions on the most practical aspects of working and problems of different countries.

VI. JOINT BUYING AND EXPORT ACTIVITIES IN THE REGION

101. The conference discussed the need for coordinating the activities of trading organisations in the Region with a view to avoid duplication and obtain the benefits of large-scale operations. In this context, it reviewed the joint buying practices of cooperative wholesale organisations in Europe. Special mention was made of the joint buying activities conducted through the Cooperative Wholesale Committee (CWC) of the ICA and the Scandinavian Wholesale Society (NAF) on behalf of Scandinavian cooperative movements. Mention was also made of the use made by the cooperative wholesales in Europe by the facilities provided by the Cooperative Tea Society of England for buying tea from abroad. Efforts in the direction of joint buying were initiated by the ICA through a Resolution of the Central Committee held at

Helsinki in 1965. The results of the effort so far made have shown that considerable economies could be effected if a consolidated order is placed by cooperatives from the western countries through the CWC for buying things from other Regions. The NAF also has been able to obtain several benefits through collective buying. This effort also avoids duplication on the part of wholesales in sending delegates to various countries for purchases and also enables them to get very favourable terms of trade because of the large-scale orders.

102. In assisting joint buying activities the CWC of the ICA and the NAF provide clearing house facilities by supplying market information, by arranging programmes for visits abroad or trade delegations and indicating or pointing out proper contacts for trade agreements. In addition to the above activities, efforts are being made to develop common brands of tea, coffee and canned fruits and vegetables among all cooperative wholesales in Europe.

103. The conference felt that if common types of commodities are to be purchased, coordination of buying would be of use to cooperatives in the Region of South-East Asia. However, it should be borne in mind that vast distances separate the cooperatives in the Region and it may be difficult in the immediate future to initiate such activities. Action on a limited basis however could be taken on a sub-regional basis, as the sub-regional groups may have several common purchases to make from outside the Region. While fixing priorities in articles for joint import, it was suggested that preference be given to the purchases of agricultural machinery, fertilizers, seeds and other raw-materials. It was also suggested that the Japanese agricultural cooperative movement, which is at present buying fertilizers on a very large-scale from manufacturers in Japan, could provide its facilities for joint buying of fertilizers, agriculture machinery, chemicals, etc. on a large-scale on behalf of South-East Asian cooperative organisations. If a large order of

fertilizers is placed with Japanese manufacturers, it will be possible to obtain very favourable conditions for the supply.

104. Mention was also made of the difficulties which may be faced in evolving joint buying programmes. One of the important obstacle could be the governments own policies in international cooperative trade. Where such policies permit, joint action possibilities could be explored. For the time being, bilateral trade agreements should be encouraged on the Thai-Japan collaboration basis.

105. The conference discussed the effect of monopoly operations on cooperative trade and felt that serious efforts will be needed to persuade the governments to effectively control monopoly and restrictive trade practices. In this connection, efforts made by the ICA so far in bringing about a discussion on monopolies in international forums was mentioned. The conference stressed the need of strengthening the international action in this direction.

106. The conference felt that it was pre-mature to think of organising an international trading agency for South-East Asia. The present level of development would not enable national movements to support an agency of this nature. The strengthening of the clearing house functions of the ICA Regional Office will enable the cooperatives to get market information, documentation and other services needed for intensification of trading activities. It was also suggested that a periodical news bulletin be issued from the ICA Regional Office to give latest market information of interest to cooperatives.

107. A suggestion was made that a standing sub-committee be created within the broad framework of the ICA Regional Office & Education Centre to advise the cooperative trading organisations on matters pertaining to international trade. In this connection, mention was made of the Agricultural Sub-Committee for South-East Asia which is already seiged with the problem of international trade. It was therefore felt that before initiating any action on the formation of a

separate committee, the matter be referred to the Agricultural Sub-Committee with detailed terms of reference on the basis of the recommendations of this conference. The Agricultural Sub-Committee should be requested to consider whether it can function as an advisory body on problems of international cooperative trade or would it prefer the formation of a sub-group to deal with the matter. The Regional Office should prepare a paper outlining the main recommendations of this conference on this topic and send it to the Agricultural Sub-Committee for consideration. It was suggested that if a group of such a nature is to be formed, the secretariat services required for its functioning be provided by the ICA Regional Office & Education Centre.

VII. FINANCING OF INTERNATIONAL COOPERATIVE TRADE

108. To create a basis for discussing problems relating to financing of international cooperative trade, the experiences in this field of a large commercial bank in Japan, which has a trading relationship with UNICOOPJAPAN, were put before the conference for consideration. The commercial banking structure in Japan provided finance to trading organisations and the supplementary finance was given by the Bank of Japan. In order to provide sufficient guarantees for importers of Japanese goods, various types of loans were given by the bank in the form of pre-shipment finance. In addition, over draft facilities are also given by commercial banks. Quite often, the Bank provides surety documents to its clients in order to enable these clients to enter into trade agreements with firms abroad. These are in the nature of bid bond, performance bond or surety bond. The Bank of Japan provides special treatment to export finance when the application for this is processed through commercial banks. Also, loans are available on lower rates if irrevocable Letters of Credit are presented to the Bank if the maturity of the bills is below 90 days. Export finance for small and medium enterprises is provided

through special government institutions known as the Credit Insurance Corporation. Export finance after shipment is provided according to the normal trade practices. Quite often long-term credit for export is extended in order to provide incentives for export. This is done by the Export and Import Bank of Japan (EXIM Bank of Japan). The funds of this Bank are limited priority-wise and all exporters may not be able to get advantage of this system. The government does not encourage import finance on a large-scale. The usual facilities are provided by the commercial banks in Japan under import usance, freight usance and shipper's usance. Domestic finance after usance is also provided wherever necessary. The EXIM Bank of Japan limits finance for import activities which have priorities. Facilities are also provided by commercial banks in order to enable the Japanese business firms abroad to have a standby credit. This Bank also provides finance investments abroad. The Overseas Economic Cooperative Fund provides finance to make investments for economic development in the South-East Asian countries.

109. In the context of Japanese experiences, the conference stressed the need for easy facilities in obtaining credit for import-export purposes by cooperatives. As in the case of Japan where the Central Bank of Agriculture and Forestry has been able to provide adequate finances for various activities, the cooperatives in other countries of South-East Asia should strengthen the relationship between the existing credit institutions and draw maximum benefits from the present facilities provided. It was pointed out that in some countries cooperatives may not be able to deal with private banks as such dealings may be prohibited by law. In case of Japan, a relationship between UNICOOPJAPAN and a private bank was possible because UNICOOPJAPAN has been registered as a company owned by cooperatives.

110. Suggestions were made that in order to avoid problems of financing, barter agreements may be encouraged for trade among cooperatives. The barter system will create a mutuality of interest and help flow of commodities between two countries. It was, however, pointed out that under barter, it may be necessary sometimes to import commodities which are not required in country.

111. Several measures were suggested to relieve the pressure on foreign exchange for cooperative trading operations. It was suggested that an Asian Payments Union could be worked out to meet payments requirements for import export activities. Possibilities of obtaining finance from the World Bank and the regional banks like the Asian Development Bank should be explored. The conference noted that the International Cooperative Bank located in Basle is gradually expanding its activities to cover more countries in the world. It was suggested that possibility of obtaining finance from the bank for cooperative trading activity be explored.

VIII. PROMOTION OF FOREIGN TRADE

a) Role of national cooperative organisations :

112. The conference noted the role played by a few national cooperative organisations and a few regional organisations in promoting international trade. In this connection, comprehensive net work of services and facilities provided by the Japanese Movement were mentioned. The joint efforts of the national cooperative federations in establishing UNICOOPJAPAN as an international trading organ for the Japanese Agricultural Cooperative Movement and of the Consumer Federation in establishing the Japanese Cooperative Trading Company were commended as good examples.

113. The conference felt that centralisation and coordination of trading activities by cooperatives would help in creating, on a systematic basis, channels of communication and operation among various parties involved in trade operations. This also will facilitate strengthening the relationship

amongst primary, regional and national cooperative organisations. For effective distribution of imported commodities and export of national products facilities for processing, grading and storage could be established by the central organisations. They will also be in a position to organise market intelligence, research and documentation facilities.

114. The coordinated activities by national federations would help farmers in getting supplies at cheaper rates and in bulk as the large-scale operations are bound to result in economies of scale. In addition, production and processing in cooperatively owned plants will reduce the expenditure and will reduce reliance on international agencies for these services. In addition to the multi-farious services needed by the national organisations, the coordinated activities will enable the national federations to deal with foreign cooperatives or other enterprises on a consolidated basis and from a position of strength. The central organisations would also be in a position to view at the export-import position from the point of view of the movement as a whole. This will avoid duplication of efforts and may help in diversification of crops production and processing activities according to the location of the markets. The central organisations would also be in a position to initiate special measures which may help stabilise prices in the country. This could be done, for example, in creating a price stabilisation fund which could help subsidise import-export activities when the international market situation is not so favourable to the trading cooperatives.

b) Role of governments :

115. The conference discussed the possible role of the governments in respective countries in helping the cooperatives in the field of international trade. As international trade was a very competitive field, it needs expert handling and a large-scale operation. The cooperative organisations may not

be in a position to raise resources and finance required for all these activities. It must therefore have the support of the respective governments in strengthening its services and facilities in order to increase its effectiveness and competitive ability.

116. In discussing the role of governments, the conference noted that there would be several areas in which government assistance would be necessary. These areas could be viewed from the points of view of production and marketing. In the fields of production, government assistance would be needed in identifying the product for export, in conducting feasibility studies, in securing machinery and equipment, raw-materials, both imported and indigenous, training personnel, evolving designs, providing packaging and quality control facilities and securing coordinated ~~infra~~-structure which could secure facilities such as land, factory, water, electricity, transport and finance.

117. In addition to the facilities which the government may provide in obtaining the above services and facilities, it was suggested that the international organisations like the ICA may help in identifying the areas most suitable for export promotion, in conducting feasibility studies and in providing facilities for training etc. In the field of marketing, the areas which need immediate attention are information including market studies, organising trade missions abroad, appointment of agents and correspondents and establishment of offices abroad and information from agents and offices regarding tenders in foreign countries, participation in exhibition and trade fairs, training of personnel, invitation to foreign trade missions, sending out samples, providing quality inspection, storage and finance both for pre-shipment and post-shipment. It was felt that facilities for this purpose be obtained from government and wherever necessary from the international organisations.

118. In the field of financing, the conference felt that there should be no discrimination against cooperative organisations in the provision of finance by government and other financing institutions. It is likely that in some countries the cooperatives may not have been able yet to create a good image of themselves among government and other circles. However, every effort must be made to persuade the government to put confidence in the cooperatives to enable them to build up their financial strength to enable them to initiate activities on a larger scale. It was also suggested that international organisations like the ICA and IFAP may give some thought to the problem of financing of cooperatives trading activities.

IX. ESTABLISHMENT OF EXPORT-ORIENTED INDUSTRIES

119. The conference stressed the importance of establishing export-oriented industries by cooperatives in order to convert the primary commodities into marketable items and also to create self-sufficiency in the various operations required to be undertaken for efficient trade operations. So far very few cooperatives have been able to initiate activities of this nature and the conference felt that there is an urgent need of intensifying activities in this direction. In a few countries of the Region, however, a few processing industries have already been established on a cooperative basis and efforts are being made to link this activity with export promotion.

120. Various studies conducted by international organisations like the FAO and ILO on agricultural processing industries have shown that cooperative generally suffer from structural deficiency in mobilising resources and maintaining efficient management. These studies have emphasized the need for increasing financial and managerial resources of the cooperatives. For establishment of export-oriented industries, the availability of technical know-how and market analysis is a pre-requisite. In addition, serious studies

for identifying priority-areas in which such industries could be established will have to be undertaken and followed by feasibility studies for the establishment of the projects.

121. As cooperatives have very limited resources for the establishment of such industries, assistance from government and national financing institutions will be needed. In this connection, the example of the cooperative sugar industry in India was mentioned. In this case, it has been possible for the cooperatives to develop the sugar industries on a very large-scale with active assistance and participation by the government and the cooperative and national financing institutions. The conference noted the offer from the representative of India to provide expertise in establishing cooperative sugar factories in other countries of the South-East Asian Region.

122. Efforts made during recent years for coordinating activities of the United Nations Agencies and the non-governmental organisations were mentioned. The conference welcomed the initiative taken by the ICA in a joint programme with FAO, ILO and the IFAP for exploring possibilities of financing agricultural processing industries. The need for such a group was felt very strongly as the formalities to be completed by the respective organisations for obtaining financial and technical assistance were too many involving considerable delay. It is expected that the coordination of activities among these organisations will not only avoid duplication of efforts but also ensure a speedy flow of technical assistance and finance from advanced countries and international agencies to the developing countries. The group so far will be located in the FAO in Rome with secretariat facilities provided by that organisation. A representative of each of the above organisations will be nominated on the group which will meet frequently to discuss problems from time to time. The conference welcomed the information given by a representative

of the FAO that this group would later consider the possibility of securing finance for projects submitted through the ICA Regional Office & Education Centre from the South-East Asian Region.

123. Efforts made by the ICA during recent years in promoting agricultural processing industries were mentioned. Reference was made to the Bournemouth Congress Resolution of the ICA and the consequent measures initiated by the Regional Office & Education Centre in helping the national cooperative movements in formulating technical assistance requests for the establishment of processing industries. A questionnaire has also been prepared by the Regional Office to enable the national movements to submit their technical assistance requests. A few projects have already been received in the Regional Office and are being processed for obtaining technical assistance.

124. Some of the problems encountered by the national movements in establishment of these industries are lack of technical know-how for identifying the areas for establishment of these industries, lack of expertise to conduct feasibility studies, lack of managerial services which can initiate work in the preliminary stages of development, lack of coordination with national institutions which may be in a position to provide expertise for establishment of such projects, lack of coordination with governments in determining priorities for such industries and lack of adequate finance as well as non-availability of foreign exchange for importing plants and machineries from abroad.

125. The conference emphasized the need of submitting well-formulated projects to the ICA Regional Office & Education Centre in case technical assistance is desired by the national cooperative movements. In case expertise for conducting feasibility studies is not locally available, the ICA may be requested to explore the possibility of obtaining expertise for these studies. The conference, however, felt that before approaching the ICA for technical

assistance, every effort should be made to find resources from national governments and national financing institutions. Only supplementary technical assistance should be requested from abroad. If the services of experts are obtained for running processing projects, arrangements for training the counter-parts should be made. The conference welcomed the formation of the group within the FAO in collaboration with the ICA, IFAP and the ILO and felt that assistance for cooperative projects be explored from all United Nations and other agencies including the UNIDO.

X. TRADE RELATIONS BETWEEN COOPERATIVES IN THE REGION WITH THOSE OUTSIDE THE REGION

126. While discussing the subject of collaboration between the cooperatives in the Region with those outside, mention was made of the early efforts made by the ICA in linking the European cooperative wholesales with cooperatives in the Region. Dr. Keler's mission to the Region during 1955-56 and the Kuala Lumpur Conference in 1958 had emphasized the need for developing such a relationship and a recommendation was made to the Cooperative Wholesale Committee (CWC) of the ICA to explore possibilities of developing trade contacts among the above Regions. Active steps in this direction were initiated as a result of the recommendations of the Tokyo Cooperative Ministers' Conference in 1964 when the Asian Cooperative Trade Survey was initiated and successfully completed by the ICA Regional Office & Education Centre with the assistance of an expert whose services were obtained from the Cooperative Wholesale Society of England .

127. The recent efforts made by the CWC in jointly purchasing substantial quantities of food and non-food items from the Region were mentioned. Although CWC, the NAF and a few European wholesale organisations are buying several items from the South-East Asian Region, most of these purchases are made from the open market and through private trading organisations. The joint purchases

through the CWC and NAF are also made, except in a few cases, through private organisations.

128. A number of delegates were of the opinion that their early efforts in contacting cooperative wholesales in Europe did not bear fruit and trade contacts so far have not been possible because of lack of communication between the two Regions. It was felt that there should be a continuous exchange of information between the European wholesales and the cooperatives in the South-East Asian Region. The efforts made by the ICA Regional Office & Education Centre in providing information with regard to trading opportunities with cooperatives in the West and the documentation relating to this subject were mentioned. The conference felt that these efforts should be strengthened to bring about a closer coordination between the two regions with a view to further explore possibilities of mutual trade. The conference suggested the following measures to further strengthen this activity :

- a. The cooperative wholesales in Europe through the CWC and the NAF should keep the ICA Regional Office & Education Centre continuously informed about their trade requirements from the South-East Asian Region.
- b. The cooperative wholesales in Europe should solicit the assistance of the ICA Regional Office & Education Centre in programming tours of the purchase missions sponsored by the European wholesales.
- c. While programming such visits, discussions with cooperative organisations already functioning in the field should be arranged.
- d. If terms and conditions offered by the cooperatives are at par with those of the private traders, the cooperative wholesales in Europe should try to give preference to the cooperatives in South-East Asian Region. The conference appreciated the difficulties of the cooperative wholesales in Europe in switching over from their present trade channels to cooperative channels. However, it was suggested that a beginning be made by giving trial orders to cooperatives and if the performance is satisfactory the trade relationship could further be strengthened.
- e. It was also suggested that the cooperative wholesales in Europe should help the cooperatives in the Region in publicising their products through distribution of informative material and should

also provide, if possible, display facilities for the goods from the South-East Asian Region. The ICA Regional Office & Education Centre should explore the possibilities of obtaining such facilities in Europe.

129. The conference did not feel that it will be possible for the cooperatives themselves to organise a separate trade fair. However, the need for participation in existing trade fairs was emphasized. Mention was made of the efforts being made by the ICA Regional Office & Education Centre in keeping the cooperative movements informed of the trade fairs such as the Asian Trade Fair organised with the initiative of the ECAFE. It was suggested that the cooperatives might consider participation in the trade fair to be held in Iran during 1969.

130. Some of the delegates felt that in case cooperatives in the advanced countries were not willing to import from the cooperatives in the Region for various reasons, possibilities of contacting private organisations in advanced countries be explored. For developing such contacts, the cooperative wholesales should be requested to act as the agents by the cooperatives in the Region.

XI. ROLE OF INTERNATIONAL AGENCIES

131. The conference was informed of the recent efforts being made by the international agencies in promoting foreign trade. Special reference was made to the role of UNCTAD, the GATT, UNCTAD/GATT International Trade Centre, the FAO, the IFAP and the ICA. Mention was also made of the World Bank and the Asian Development Bank and the Committee on Trade of the ECAFE as well as the United Nations Department of Social and Economic Affairs. The efforts made by the ICA in keeping in touch with the above agencies and projecting a cooperative point of view in the work of these agencies were narrated.

132. The conference suggested that the ICA should help in promoting foreign trade by cooperatives in the following manner :

- a. The present function of the ICA Regional Office as a clearing house should be strengthened by intensifying the provision of market information, documentation and information on trade development.
- b. If possible, a small bulletin be issued from time to time giving information of interest to cooperative trading organisations. This bulletin should also include information on training facilities available in different countries.
- c. As suggested in the conference, the Agricultural Sub-Committee of the ICA For South-East Asia be requested to consider whether it will be in a position to work as an advisory group for trade promotion and development for cooperatives in the Region or whether it would support the proposal for a standing sub-committee which could deal with trade problems.
- d. If a separate standing sub-committee is to be formed, the ICA Regional Office should provide secretarial services for its day-to-day work.
- e. The ICA Regional Office & Education Centre should actively assist the cooperative movements in the Region in establishing joint committees on a bilateral basis for promotion of trade between two countries. The broad pattern for such committee should be the same as the Japan-Thailand Joint Committee.
- f. The ICA Regional Office & Education Centre should assist the cooperative movements in providing training facilities for personnel engaged in export-import organisations. The training facilities could be provided in the following manner :
 - i. by finding suitable placement for members of the staff who could be sent abroad for on-the-job-training.
 - ii. by assisting national organisations to arrange courses in their own countries with expertise obtained from other countries or international agencies.
 - iii. by organising training courses in existing international or national institutes which are engaged in the training of trade personnel.
 - iv. by collecting and disseminating information with regard to the training facilities made available by international and national governments or agencies. In this connection, mention was made of the training facilities being provided by the UNCTAD/GATT International Trade Centre, and the willingness of the Trade Centre to offer these facilities to cooperative organisations through the ICA Regional Office & Education Centre.
 - v. The ICA should also help in preparing and disseminating material required for training in foreign trade and also help in drawing up syllabi for course programmes.

- vi. If the cooperative movements need any assistance in assessing the requirements of training for such staff, the ICA may be requested to do so.
- g. The ICA should help the cooperative movements in the Region in establishment of export-oriented industries in the following ways :
 - i. help in identifying the areas in which such industries could be established.
 - ii. assistance in conducting feasibility studies
 - iii. obtaining the services of experts for running the projects
 - iv. arrangements for the training of counter-parts and, if possible, assistance in the form of finance, equipment, machinery, etc.
- h. The ICA Regional Office & Education Centre should help the cooperative trading organisations in the Region in obtaining information from the cooperative wholesales in Europe with regard to their trade interests. The ICA should also persuade the cooperative wholesales in Europe to keep contacts with regional cooperatives for exploring further trade relationships.

133. The conference also requested the International Federation of Agricultural Producers' and the FAO to help the trading cooperatives through their respective organisations. The future role that may be played by the joint group established by ICA, IFAP, FAO and the ILO was again emphasized and the conference hoped this group would be of help to cooperatives in future years. The representative from the FAO made a special mention of the proposal to provide management services to cooperatives. The conference felt that the existence of such services would be of great help to cooperatives in obtaining managerial personnel for running cooperative projects. In organising these services, close cooperation will be needed amongst cooperatives in different parts of the world and also among specialised management training institutes involved. The ultimate objective of this service was to prepare a roster of

personnel who would be available for managerial services in different countries.

134. Mention was made of the role of the World Bank in assisting cooperatives in trade and technical assistance matters. The ICA was requested to get in touch with the World Bank, the Asian Development Bank and the International Cooperative Bank to explore possibilities of assistance on a continuous basis.



COUNTRY BACKGROUND PAPERS

THE TRADING ACTIVITIES AND IMPORT-EXPORT OPERATIONS
OF AN AUSTRALIAN COOPERATIVE

By : Mr. I.H. Hunter
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Westralian Farmers Cooperative Limited
Perth. Western Australia

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
Tokyo. Japan June 3-22, 1968

jointly organised by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
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THE TRADING ACTIVITIES AND IMPORT-EXPORT OPERATIONS
OF AN AUSTRALIAN COOPERATIVE

By : Mr. I.H. Hunter, Marketing Manager
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When man took his first steps towards civilisation, he realised the need for cooperation. From the earliest days, groups of individuals have come together for mutual protection and these are the beginnings of cooperative movements. Early cooperatives failed to see that the need for cooperation in commercial as in political affairs, extended far beyond the short term mutual benefits.

Most of the principles of modern cooperation as it functions today, were laid down in England and Scotland at the beginning of the last century. These principles called for the promotion of education, they insisted upon political, racial and religious neutrality and most important of all they advanced the principle of open membership to all whom the cooperative served.

The reality of these principles led to the spread of cooperation throughout western and northern Europe, the United States, Canada, Australia, Latin American countries and elsewhere so that there are now no free countries in the world where the cooperative movement is not firmly established. Its' success leads to the hope that through cooperation, the formation and maintenance of a peaceful society may be accomplished.

The Cooperative Federation of Western Australia

With regard to the cooperative movement in Australia, it is fitting to quote from a report given by Mr. W.J. Crosse, Chairman of the Federation in Western Australia, to the 48th Annual Conference held earlier this year. Mr. Crosse indicates that the most significant feature for the year for members of the Federation has been the completion of 50 years of trading for many member companies and the attendant publicity provided in so many localities to emphasize the value of the cooperative way of business. No fewer than 15 cooperative members of the Federation passed the first half century of their trading operations in the year just completed. Efforts to mark this milestone in their respective company lives were varied and enterprising, ranging from publication and issue of illustrated

brochures on the individual cooperative's history, anniversary dinners, reunions with former directors and members - in many cases with foundation directors, community balls, presentations for community projects, bargain shopping sprees, official openings of building improvements. In all cases, these efforts of directorate and management have been justified and repaid.

At the end of 1967, membership of companies and societies making up the federation stood at 64,731, an increase of 374 on the previous year. These figures must be regarded as a guide only, as duplicate membership of one or more companies must occur.

During 1967, cooperatives in Western Australia sold produce on share-holders behalf and supplied goods and services to a combined value of 167.125 million dollars, representing an increase of 7.151 million dollars on the previous year. The surplus realised from this trading amounted to 6.648 million dollars, of which well over half was returned to members in the form of dividends and trading rebates.

With a major part of our federation in Western Australia being concerned with primary production, it is necessary to discuss some aspects of these industries, in particular grain, wool and livestock marketing.

Grain Marketing

All wheat in Australia is handled by the Australian Wheat Board, but the efficiency of the cooperative movement in Western Australia has encouraged the Australian Wheat Board to delegate its' responsibilities for collection of grain to a Western Australian cooperative. In our State, wheat is handled in bulk by Cooperative Bulk Handling Ltd., who deliver to the ports, and from there it is marketed by the Australian Wheat Board.

The Australian Wheat Board guarantees a price to the farmer to at least cover reasonable production costs, and a premium of 2¢ per bushel is paid on wheat grown and exported from Western Australia, in recognition of the natural freight advantage enjoyed by this State owing to its' proximity to principal overseas markets. Barley and oats are sold on a similar pooling system by the Grain Pool, but there is no guaranteed price.

Last year, China was again the largest buyer of Australian wheat. Western Germany was the main market for West Australian oats, and as a direct result of the grain pool's policy of overseas promotion for West Australian coarse grains, the first two sales of two and six row barley were made to Taiwan in 1967.

Wool Marketing

The marketing of the Australian clip, which comprises approximately 5 million bales, each weighing around 300 lb. greasy weight, is a highly organised operation which entails close cooperation between wool selling brokers, wool buyers, and the various sections of the transport industry. In Australia, approximately 18% of the wool is sold through cooperative companies, the largest being Farmers and Graziers Cooperative Ltd., who sell 5.04% of the Australian clip, followed by my own company, Wesfarmers, which sold 3.34% in the 1966-67 season. Approximately 90% of the wool produced is exported to over 40 countries throughout the world.

The process of marketing begins on the farmer's property when wool is removed from the sheep, each animal producing in the vicinity of 10 lb. of greasy wool in the year. In the main, the wool is graded or classed on the property and pressed into bales which are forwarded to the wool selling broker. The National Council of Wool Selling Brokers of Australia draw up a selling programme and quantities, the object being the spread the sale of the wool reasonably evenly throughout the year, buyers are mainly centred at Sydney, Melbourne, and Fremantle and travel to other centres to attend sales.

Representative bales of individual lots are placed on show floors and opened for buyers' inspection. Depending on the size of clips, between 50 and 60% of the wool offered is opened for inspection. Buyers and brokers inspect the wool, placing their valuations on each lot. Sales are held at wool exchanges in the various centres, brokers submitting their catalogues in rotation. Selling by auction proceeds at an average rate of 400 lots per hour. Invoices for the wool sold must be in the buyer's hands by mid-day on the day following the sale.

Buyers submit their delivery instructions to brokers, but no wool is released until the broker receives payment in cash or its' equivalent. To save shipping space, bales are dumped, i.e., pressed into about half their size and held by three or four straps. Approximately 50% of the wool is removed from brokers' stores within two weeks of the sale.

The Australian Wool Board, a statutory appointed body controlled by growers, is currently investigating ways and means of improving wool selling methods. This body is involved in marketing, the provision of statistical records, coretesting for yield and micron measurement, and also owns substantial wool stores throughout the whole of Australia. Through this body, the Australian wool grower contributes 2% of the gross value of his wool each year towards research and development and wool

promotion. Much of the latter is paid to the International Wool Secretariat which has world-wide ramifications.

Production of wool continues to increase although the average price is currently the lowest since 1961. The pool operated by Wesfarmers continues to gain increasing support and a close liaison is being maintained with all local wool brokers on the matter of shipments of wool. A wool dumping centre is to be established at North Fremantle combining facilities for high density dumping, for strapping wool into unit loads for shipment and for packing dumped wool into containers. Over 171,000 bales of wool were received for sale through cooperative channels during 1967.

Livestock Marketing

A highly organised selling system exists for all classes of livestock - sheep, cattle and pigs. Central and country selling yards are spread throughout Australia and stock are sold primarily by one of three methods. These are, by public auction in sale yards; by private treaty, the buyer or agent generally putting an average value on stock in the paddock; or on a weight and grade basis, where producers sell direct to meat exporting companies and are paid on a dressed weight and grade basis.

Westralian Farmers Cooperative offer the farmer a complete service for the marketing of sheep, cattle and pigs in Western Australia. This service not only extends to the commercial side of livestock marketing, but a complete stud stock service is also provided. An export outlet is offered to farmers in the shipment of live sheep, cattle and pigs to various Asian countries including Singapore, Malaysia, Kuwait, Burma, Indonesia and India.

An import service is also provided for the purchase of livestock, both commercial and stud from the eastern states of Australia to Western Australia. Last year Wesfarmers sold, on behalf of clients throughout Western Australia, 1.667 million sheep, 87,000 pigs and 72,000 cattle for a total value of 22.666 million dollars.

The livestock business is the lifeblood of any stockfirm and through livestock sales, influences the quantity of wool into store to be sold, resulting in an overall provision of vast spending power to the farmer which is in turn, spent through the cooperative movement in various other departments of the company.

In addition to the export of almost 17,000 wethers to Singapore and Malaysia, Wesfarmers acts as a broker selling live wethers to other exporters both for the Singapore and Kuwait trade. In the main, these

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wethers must have a liveweight of approximately 130 lb. and must be assessed alive by the firms and other buyers. If they are shipped at a weight below this to Singapore, a penalty for every pound below 130 lb. is deducted from the price. Wesfarmers do not ship direct to Kuwait, but sell sheep to exporters who participate.

Cattle and pigs shipped to Singapore and Malaysia and other Asian countries are mainly females and stud male pigs and cattle, and are purchased at rates ruling on the market at the time.

The majority of livestock sold by Wesfarmers are purchased by live assessment, mainly in auction sales with some private paddock sales. Fat sales are held throughout the State the year around, whilst special off-shears sales are held in the period from July to October.

The company does not participate in carcass sales or freight sales where livestock are weighed prior to being sold.

Ship Chartering

Until the last ten years, very little ship broking was carried out in Australia, practically all business being conducted through London where Australian charterers used either subsidiary companies, branch offices, or passed their business through recognised chartering agents. During the past decade, a number of Australian-owned ship broking firms have opened offices in Australia, mainly in Melbourne or Sydney. At the same time English companies, recognising the importance of Australian chartering, have set up branch offices or subsidiaries in this country.

Westralian Farmers Cooperative is actively engaged in ship chartering, ship sale and purchase and bunkering contracting on a world wide basis. We have a subsidiary company which operates in Western Australia and Victoria with contacts in other states. In London we have a wholly owned subsidiary company which is registered with the United Kingdom as an English company. We have agents or correspondents throughout the world, wherever shipping matters are of significance such as New Delhi, Tokyo, Colombo, New York and Oslo..

Our main activities are associated with the Australian Wheat Board, Western Mining Corporation, chartering for various coarse grain exporters and for many other commodities, including bauxite, salt, coal, scrap, wood chips, etc. As ship brokers, we represent the Australian national line in London. We are constantly in touch with exporters and potential exporters of bulk commodities, not infrequently our advice on shipping matters and freight rates has allowed the exporter to proceed with his ideas..

Fruit Marketing

The majority of fruit exported from Western Australia consists of apples, produced at the rate of between 2 million and 2 1/2 million bushels annually. This figure is gradually increasing due to additional plantings and more modern methods of agriculture.

About two-thirds of the annual crop is exported to various overseas markets, and the cooperative organisation in Western Australia handles an average proportion of between 26 and 27% of the export crop. Granny smiths are the main apple variety grown in Western Australia and approximately 90% of the State crop exported are granny smiths, which are normally available for export from March to June each year.

Wesfarmers exports to most countries of the world services by direct shipping from Australia, including the United Kingdom, Sweden, and West Germany, Singapore, Malaysia, West Africa, Tanzania, Kenya, Mauritius, Saudi Arabia, the Arabian gulf states, Aden, Hong Kong, Thailand and the Philippines.

The export of apples to overseas markets is controlled by the Australian Apple and Pear Board, which has statutory authority to control the quantities of apples and pears shipped from all Australian states to any market. This board is not a marketing organisation, all trading is done by independent exporters who are licenced by the board to export fresh fruit. Licenced fruit exporters must sell apples and pears at no less a price than those approved by the Australian Apple and Pear Board.

Shipments of apples to the United Kingdom and Europe, are worked into an overall Australian programme of vessels owned or chartered by the Australian United Kingdom Conference. The conference presents a programme at the commencement of each season, based on the overall seasonal space requirements supplied by the fruit shipper bodies in each Australian state.

Because of the seasonal nature of the trade and the need to ship fruit in a limited period, especially during February to June period, shippers are continually faced with a lack of suitable refrigerated space for shipping fresh fruit. On many occasions orders from overseas are lost due to the inability of vessels during the fruit exporting season to provide sufficient refrigerated storage.

All fresh fruit and vegetables are closely inspected by Australian government officers immediately prior to shipment and passed for export provided the inspectors consider the produce is of a

suitable quality. A large percentage of the apple crop is packed in cartons, call packed or tray packs with limited quantities of redwood cases for specific markets.

The bulk of the export crop is packed in large central packing sheds in the main fruit growing areas.

The cooperatives in Western Australia are involved in merchandising the fruit, buying from growers at a firm price and selling overseas. It is unusual for the cooperatives to ship overseas on behalf of individual growers. Growers usually commit their crops to exporters in November of each year by crop options and then firm contracts are taken out just prior to the shipping season, commencing in February - March.

In the apple and pear growing areas of Western Australia, Wesfarmers maintain an advisory service free of charge or any obligation to growers. Highly trained officers are always available to growers who may require advice on any problem relating to their industry.

Wesfarmers also exports substantial quantities of plums, peaches and grapes to markets in close proximity to Australia. The majority of the fruit is shipped to Singapore, although over the past few years the company has shipped substantial quantities of grapes to East Africa, Mauritius, and the Arabian Gulf.

The purchasing and marketing procedure is entirely different to that of apples and pears. All stone fruit and grapes exported are handled through two cooperative organisations in Western Australia, the Export Stone Fruit Pool and the Export Grape Pool. Both organisations comprise fruit grower members as well as fruit shippers and are voluntary pools.

Prices for export and terms of trading are set by the pools and exporting members are permitted to seek sales in accordance with pool conditions. Both the grape and stone fruit pools arrange for the fruit packed for export to be obtained from growers at pre-determined prices and deliver in accordance with the exporter's instructions.

In recent years, Wesfarmers have commenced exporting fresh vegetables mainly to Singapore and Malaysian markets. Limited quantities are also shipped to the Arabian gulf states.

Cotton Cooperation

All cotton presently grown in Western Australia is ginned and marketed cooperatively by the youngest producer cooperative member of the federation. This cooperative is managed and assisted in many other ways by Wesfarmers. In a new pioneering project such as the Ord River Scheme, now only in its fifth year of commercial production, the need for sound cooperative working by the local community has been clearly demonstrated. The thirty-one farmers presently at the Ord River have demonstrated their own ability to cooperate and generate their own finance for major projects such as the building of their second gin at a cost of some \$500,000.

Cotton lint produced by this cooperative is marketed within Australia by a department of Wesfarmers. In the next few years production will increase to the extent that we shall have to examine overseas markets for Australian produced cotton lint.

Insurance

Apart from the first four years, Westralian Farmers Cooperative have been insurance underwriters, fire, accident and marine in their own right since the inception of the company in 1914. The trading has been profitable and apart from the specialist motor vehicle insurance companies, would rank as one of the biggest writers of non-life business in Western Australia.

The insurance business operates as a department of the parent company rather than as a separate subsidiary, since there appears to be more advantage in this type of structure. We are members of the tariff association, an Australia wide organisation whose aims are to stabilise the insurance business so far as rating contracts and ethics are concerned. Operators outside the association are made up mostly of Lloyds Brokers, plus some independent companies.

The country cooperatives throughout the State act as insurance agents for Wesfarmers and through direct or indirect help assist the department's own sales team considerably in the drive for business. In an intensely competitive atmosphere, the inclusion of insurance premiums for shareholders trading bonus has assisted greatly in the work of expanding our share of the market.

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Summaries

In this paper I have tried to outline some of the procedures and problems of the cooperative movement in Australia, particularly in my own state of Western Australia. The cooperative movement in Western Australia has in the past been responsible for the formation of wheat bulk handling systems, trading organisations, country stores, companies like Wesfarmers, the largest single cooperative in Australia, and many other facilities.

While the cooperative movement may be too conservative in the eyes of some and too extreme in the eyes of others, the Western Australian movement has proved its worth to the State's farmers in the past and provided it never loses sight of its basic principles, will undoubtedly continue to do in the future.

PROBLEMS OF THE NORTHERN PROVINCE FISHERMEN'S COOPERATIVE SOCIETIES
UNION LTD. CEYLON, ON PRODUCTION AND EXPORT OF MARINE PRODUCTS

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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CENTRAL UNION OF AGRICULTURAL
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PROBLEMS OF THE NORTHERN PROVINCE FISHERMEN'S COOPERATIVE SOCIETIES
UNION LTD. CEYLON, ON PRODUCTION AND EXPORT OF MARINE PRODUCTS

By : Mr. S. Stanislaus

1. Introduction

There are altogether 254 Registered Fishermen's Cooperatives in Ceylon. Of these, 45 societies are members of the Northern Province Fishermen's Cooperative Societies Union Ltd. 12 societies specialise in Beche-de-mer and Conch Shells (Turbinella Pyrum or the Sacred Chank of India) Fishing; 10 societies specialise in Deep Sea Fishing with $3\frac{1}{2}$ Tons Mechanised Boats, introduction of which had nearly doubled the Ceylon fish production; and other societies are engaged in ordinary fishing with Country Crafts such as small "Vallam" (canoe type boats) and "katamarans" (log crafts).

The total number of fishermen in Ceylon is estimated approximately at 70,000 of whom about 55,000 are full-time active fishermen. About 5,500 fishermen in Ceylon are organised into Cooperative Societies, and 1,500 of these are members of the Northern Province Union.

2. Functions of the Northern Province Union Ltd., are, inter-alia, as follows :

1. Organising the fishermen into cooperatives in collaboration with the Department of Fisheries and the Department of Cooperative Development.
2. Organising an educational programme and thrift schemes for fishermen.
3. Providing credit facilities and welfare facilities.
4. Exporting the produce of members which includes Beche-de-mer, Conch Shells, shark fins, fish maws etc.
5. Supplying the fishing requisites such as fishing gear, monofilaments, marine engines and spores and cauldrons etc.

3. Marine resources in North Ceylon

The fishing operations of the members are generally carried out in the Continental Shelf of the sea around the Islands off the Jaffna coast, the Gulf of Mannar, Palk Strait area, Jaffna lagoon, and a part of the

Pedro Bank. The existence of a wide Continental Shelf provides good scope for coastal fishing. The area is exceptionally rich in marine resources. In Jaffna lagoon and the Gulf of Mannar, Beche-de-mer (Sea slugs) and Conch Shells (Chanks) are available in commercial quantities. The Union, therefore, takes particular interest in the expansion of the Beche-de-mer and Conch Shell resources in the area under exploitation can support a considerable increase in the harvesting of these commodities. Systematic exploitation of these marine resources, in view of the present acute foreign exchange situation in Ceylon has assumed increased importance. Expansion of production and export depends on factors like wide-spread trade contacts, elimination of middlemen, providing timely credit facilities, storage and transportation facilities, modern equipment, export expertise and fishermen's education.

4. Commodities for Export

Beche-de-mer, Conch Shells, Shark Fins, and Fish Maws are the commodities that this Union exports at present. Of these Conch Shells are exported to Pakistan and India and the other commodities to Singapore. There is also scope for commercial exploitation of sea-weeds for export.

a. Beche-de-mer : is the principal commodity that the Union deals in. The annual production is approximately 2400 cwts. Since this commodity is not consumed locally, the entire production is exported. About 500 to 600 fishermen are engaged in beche-de-mer fishing and annually the Union earns Rs.400,000/- worth of foreign exchange. In appreciation of the services rendered by the Union, in increasing the production of this commodity and its export earnings, Government of Ceylon has given the monopoly of Beche-de-mer to cooperatives in Ceylon since 1963.

This commodity is classified into four grades namely, F.O, O, No.1, and No. 2, depending on the sizes. Samples of each grade are despatched to Beche-de-mer importers in Singapore and quotations are obtained. Export is done on Letter of Credit basis. This Union is now in contact with several importers in Singapore. However, only a few of these importers offer satisfactory prices for this commodity. It is understood that this commodity is re-exported from Singapore to China, Taiwan, Hong Kong and Thailand at exorbitant prices. It is felt that considerable benefits could accrue to the Union and its members if it were possible to establish trade contacts with cooperative organisations in consuming countries.

b. Conch Shells : The annual production of the Union is about 1,000,000 chanks of different varieties. South Bar Jathi or Salamat Jathi, Talaimannar Jathi, Kachchan, Patti and Pungudutivu and Chavakachcheri White are some popular varieties for which there is great demand in Pakistan and India. This production could be substantially increased if export outlets are available.

We believe that these chanks form the raw material for the manufacture of bangles. This Union exported a part of requirements of East Pakistan in 1967. The entry of the Union into the chank export trade was made in 1960 and in competition with the private trade. The decision to enter this trade was prompted by a survey conducted by the

Union which revealed that the Chank fishermen were being subjected to unconscionable exploitation by private traders. The progress of chank export has, however, been seriously retarded by unfair pressures being brought to bear on foreign buyers who have been the regular importers. It is outside the scope of this report to go into the detailed economics and associated aspects of the blockade being attempted, and it will suffice to state that it took almost seven years of negotiation to secure its first export order. It is, however, gratifying to note, that at last, cooperatives in East Pakistan are now showing interest in dealing with the Union. We look forward to rapid and spontaneous development of trade in this commodity between cooperatives in Ceylon and Pakistan.

It is therefore clear that the factor limiting chank production by the cooperatives is the lack of adequate export opportunities which, in turn, is due to large measure to lack of trade contacts. The commodities produced by cooperatives is of high standard and rigorous quality control measures are being exercised by the Union. It is therefore desirous to establish contact with foreign buyers so that trading potential of this commodity could be fully utilised.

c. Shark Fins & Fish Maws : While we are in a position to meet export orders up to 50,000 lbs annually, again the lack of trade contact is the limiting factor. We are presently exporting these commodities only to Singapore, but now we are receiving enquiries from Japan, Hong Kong and the U.S.A. It is therefore hoped that as a result of this conference, it would be possible to increase our trade possibilities.

5. Organisation of Production and Export Financing

a. Promotion of all aspects of Beche-de-mer and Chank fishing is financed by the Union. The funds are provided from the own resources of the Union supplemented by loans from the Department of Fisheries and the Jaffna Cooperative Provincial Bank. Financing is required for the following:

i. Subsistence allowances to the fishermen prior to the commencing of the fishing season. These allowances are essential in order to help the fishermen to maintain their families until the proceeds of the cured Beche-de-mer, chank, and shark fins are available.

ii. An advance payment of about 30% of the export value is paid to the fishermen when the cured Beche-de-mer is delivered to the Union.

iii. Credit facilities for the purchase and repair of fishing crafts and equipment such as cauldrons for boiling the Beche-de-mer.

The monies advanced to the fishermen for the above purposes are recovered by deduction at source when the export proceeds are realised. Such deductions are effectively possible because the Union is the exporter. The provision of availability of financing in this manner makes it unnecessary for the fishermen to obtain credit from traders.

The independence of the fishermen is also being built up by the establishment of a saving scheme where 5% of the gross earnings are retained with the Union to the credit of the respective societies. This system of financing has successfully eliminated the middlemen who hitherto exploited the Beche-de-mer fishermen and thus helped us to achieve one of the primary objectives of the cooperative movement.

b. Processing and Storage : Processing is done by the members of the societies who work in small groups for this purpose. Once the curing is complete the product is delivered to the society which handles bulk transport to the Union stores. Quality control is exercised at this point both by rigorous inspection of the product and gradation in accordance with export samples on which orders are booked. Inspection and grading do not present any problem as the Union has adequate facilities in this connection. The Union, however, is faced with the difficult problem as regards adequate storage space. Efforts are being made to obtain additional storage facilities.

c. Packing and Transport :

i. Beche-de-mer. This commodity is presently wrapped in plaited palmyrah mats and thereafter placed in jute bags. This type of rough and ready packing satisfied the essential requirements of the importers. But it is realised that it is not the best form of export pack as it leaves room for certain amount of moisture absorption during the long sea voyage. Experiments are currently being made to substitute polythene film bag for the packing that is now being used. The present shipping unit of Beche-de-mer is a bag of 156 lbs net weight.

ii. Conch Shells. As far as Conch Shells are concerned the problem of packing and processing does not arise. The jute bags presently used for packing have been found to be satisfactory.

Transportation constitutes a considerable addition to our cost of production at present. The Union does not own its own transport due to the large capital outlay required, maintenance, supervision, etc. Consequently now the vehicles are hired.

6. Problems faced by this Union in Export operations :

These problems may be classified as follows:

- a) Trade contacts and foreign marketing opportunities.
- b) Activities of middlemen.
- c) Inadequate management.
- d) Lack of processing and storage facilities.
- e) Transport.
- f) Illiteracy of fishermen.

a) Trade contacts and foreign marketing opportunities :

Briefly the problem here is that the number of foreign buyers of our commodities is limited and also that countries to which these

commodities are exported are also limited. This Union is therefore particularly interested in contacting buyers in consuming countries. In this connection the Union wishes to place on record its appreciation of the valuable assistance rendered by the International Cooperative Alliance, the Ceylon Department of Commerce, the Department of Fisheries, the Department of Cooperative Development, People's Bank Ceylon and the Cooperative Federation of Ceylon in exploring the possibilities of wider trade contacts. The success of our recent exports has been mainly due to the opportunities, contacts and facilities provided by the aforementioned organisations.

b) Activities of Middlemen :

Trading in these commodities has involved a tremendous struggle with the middlemen who earlier had a stranglehold on this trade and resented the entry of the Union on the scene to the detriment of their interests.

The Union faced the difficult task of weaning the fishermen from the clutches of traders, due to the illiteracy of the fishermen, and the convenient extortionate credit facilities offered by the trader. The Union offered the fishermen easier credit facilities, supplied their occupational requirements on long term loans and exported their commodities at prices more or less double that of the traders. These measures were effective in convincing the fishermen that cooperative marketing is always to their advantage. The Union was also helped by the decision of the Government to grant the monopoly of Beche-de-mer export and the net result was that the middlemen were completely eliminated from the Beche-de-mer industry. The traders, however, have not been pacively prepared to accept this situation. They tried various methods, from time to time, to disrupt the trading activities of the Union such as attempting to persuade importers in Singapore not to buy the commodity from the Union, by offering higher prices to fishermen merely for the purpose of getting them to break away from the Union. This effort however has not been successful so far.

The Chank and Shark Fin export on a cooperative basis is also greatly handicapped by middlemen traders. For chanks these traders were paying less than half the export price to the producers. This position was explained to the Chank fishermen who then volunteered to market their produce through the Union. The Union made arrangements with the Jaffna Cooperative Provincial Bank Ltd., to finance these schemes and in 1967 the Union exported one consignment of Chanks on a Letter of Credit basis to East Pakistan. The Chank fishermen were happy to receive a more realistic price from East Pakistan for their produce. This situation led to the formation of more cooperatives and the Government restricted the export of Chank also to the Fishermen's Cooperative in Ceylon in 1967. The Chank traders, thereafter formed themselves into an Association and made representations on this matter to the Ceylon Government. They were also able to secure orders from Pakistan to export stocks whereas the Union was not able to secure any orders. Under these circumstances the Government of Ceylon reluctantly relaxed the restriction already placed on this trade and allowed private traders to

export their chanks for a further period of six months ending 30th June, 1968. This is the present position of the chank trade. Finding foreign outlets for Conch Shells is the burning problem of the day. The establishment of Chank export on a cooperative basis lies solely on the solution of this problem. The prosperity of fishermen in Ceylon lies in solving this marketing problem of chank trade. The cooperatives in India and Pakistan could solve this problem and save our fishermen from the clutches of middlemen by obtaining their entire requirements from the Northern Province Union.

c) Inadequate Management :

It is admitted that employees and management committees of Fishermen's Cooperatives lack business experience. This, in turn, may cause some problems to the members. For instance, there may be delays in shipping of commodities, realisation of sale proceeds etc. The Union carries the responsibility of training the personnel of management. We find this to be another urgent problem which our Union faces in its export operations. Any facilities and assistance that other cooperative organisations engaged in export and import operations could provide us either in the form of literature, advice, or in the actual training of personnel will be much appreciated.

d) Lack of Processing and Storage Facilities :

Beche-de-mer is a highly perishable commodity. Conch Shell of course could be stored for any length of time. Shark Fins are also perishable. Hence permanent storage facilities are essential. Primary societies have no store and their produce is normally stored in their living huts where there is hardly any space for this purpose. During rainy season storage becomes an acute problem. Thus this Union continues to face this problem of inadequate storage facilities.

Processing is still done by sun-dried methods. Lack of drying facilities in the rainy season retards production. This Union is now exploring possibilities of building factories where commodities like Beche-de-mer and Shark Fins could be processed and stored. It is understood that similar factories exist in Australia. However, information on this subject is required.

e) Transport :

It is a matter for careful consideration whether a cooperative organisation should or should not own its own transportation facilities. The volume of transport requirements justifies possession of same. Transport of the products from the societies to the Union and from the Union to the Colombo harbour constitutes considerable addition to the cost of production.

f) Illiteracy of fishermen :

The illiteracy of the fishermen and the low socio-economic conditions are responsible to the indebtedness of fishermen to the

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middlemen. The traders contrive to create conditions where the fishermen would constantly be in debt to them. These conditions are responsible for the lapses in the fishermen's loyalty to his society and to the Union. This Union is firmly convinced that the propriety of the fishermen ultimately lies in the improvement of his educational standard. All suggestions and assistance to promote education among our fishermen shall be very much appreciated.

In conclusion, we wish to emphasise that the main purpose of this paper is to identify the problems faced by the fishermen of the Northern Province Union, Ceylon, regarding the production and export of their produce and suggest lines of solutions. We are of opinion that the ultimate success of our trading activities depends on member education, foreign markets and complete elimination of the middlemen. It is our earnest hope that with the assistance of all well-wishers coupled with our hard work and determined efforts to make this a reality in the not too distant future.

TRADING ACTIVITIES IN DIFFERENT COMMODITIES AND PROBLEMS RELATING THERETO
IN REGARD TO IMPORT AND EXPORT OPERATIONS OF THE CEYLON
AGRICULTURAL PRODUCERS' COOPERATIVE SOCIETIES UNION

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TRADING ACTIVITIES IN DIFFERENT COMMODITIES AND PROBLEMS RELATING THERETO IN
REGARD TO IMPORT AND EXPORT OPERATIONS - CEYLON AGRICULTURAL PRODUCERS' UNION

By : Mr. C.R. Bogollagama

Introduction

The Ceylon Agricultural Producers' Cooperative Societies Union Ltd., is a Union of 256 Cooperative Societies interested in the production and marketing of the produce of famers. This Union was formed in 1961. Therefore, it is an organisation of recent origin.

Prior to the formation of this Union each constituent Society had to depend on the private marketing of agricultural products such as vegetables, fruits, arecanuts (betel nut) pepper, mustard (and other spices). This Union is now the biggest single wholesale dealer in vegetables in the Island with approximately 30% of the entire trade as its own.

Exports

Arecaut (Betel nut)

Arecaut (Betel nut) has been an export commodity from Ceylon for over 20 years. Ceylons' main buyer has been India which has purchased as much as 90% of the total exports during 1958 and 1959. When Ceylon has exported approximately 20000 cwts. and 32000 cwts. respectively. In 1961 India placed a ban on the import of arecaut and consequently Ceylon was obliged to find other markets with great handicaps being caused to the small producers.

Arecaut is a small man's crop, there being no large scale plantations as in the case of Tea, Rubber or Coconuts. Therefore it was considered desirable that the Ceylon Agricultural Producers' Cooperative Societies Union should make an effort to organise collection and marketing of this product, internally and by exports.

Accordingly trading in arecaut was started by this Union in October 1962 when the first consignment of 300 cwts. was shipped to the Maldives. There was no possibility of an export trade with India on account of the ban, but subsequently negotiations were entered up between the Governments of India and Ceylon to allow for same trade in this commodity. In 1963 an agreement was reached to allow the export of arecanuts to India on a restricted scale and the above Union was vested with this trading functions.

Negotiative regarding price followed this decision and it was finally agreed that India would pay Rs.56/= per 100 kilos, for a total quantity of 460000 kilogrames (Approximately) to be imported through the State Trading Corporation of India.

There price was accepted with great reluctances by the Cooperative Union, because it represented price of about Rs.10/= per cwt. to the producer - a price which was patently uneconomic.

However, the Ceylon Agricultural Producers' Cooperative Societies Union proceeded with its assignments by exporting to India a consignment of 1200 Cwt. in about 1965. But that was about the furthest they because arecanuts was not available at such low price.

Arecanuts is a commodity that sell in the Indian market at about Rs.300/= per and it is found that arecanut from Ceylon is smuggled to India across the Palk Straits (a distance of about 23 miles). Thus in preference to arecanuts being sold at Rs.25/= per cwt. it would say certain people to smuggle it across to India and obtain the fabulous price of Rs.300/= per cwt. a thereabout. In this process the Government of both India and Ceylon must necessarily suffer in matters of legitimate trade on foreign exchange. It would therefore be mutually beneficial to these two countries if more realistic terms were approved upon a trade re-established in arecanuts.

Export of Tea

There are a few Cooperative Tea Producers Corporations in Ceylon. The product of these factories is handed to private brokers through the local tea auctions - It would be an advantage to establish international trading among cooperatives in their commodity which the Agricultural Producers' Cooperative Societies Union can handle.

Spices

Cooperative Societies in Ceylon collect and market spices such as black pepper, cardamoms, nutmeg, mustard, ginger, turmeric. The Producers' Union is interested in finding an export market for these commodities, the export of which is entirely in the hand of private firms.

Fruits and Flowers

There are prospects of an export market in Ceylon fruits and flowers - Tropical fruits such as mangoes, pineapples, avocado pears, papaws are much in demand in the European countries. With a view to exporting these market, the Ceylon Agricultural Producers' Cooperative Societies Union air lifted a few sample to U.K. Covent Garden Market. But the result was not encouraging mainly owing to the high cost of air lifting. Further experiments are being conducted in this direction.

Imports

Vegetable Seed

The Ceylon Agricultural Producers' Union is potential of vegetable seed. At the present moment the Government of Ceylon is the main importer being responsible for 75% of the import to the Island. It has been suggested that the Ceylon Agricultural Producers' Union should take over these imports relieving the government of their trading functions. The largest supplies of seed at the moment is Japan and there is every prospects of establishing suitable trade relationship with this country in the near future.

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BACKGROUND PAPER

INTERNATIONAL COOPERATIVE TRADE IN INDIA

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INTERNATIONAL COOPERATIVE TRADE IN INDIA

By : Mr. N.S. Kulkarni

EXPORTS

Agricultural commodities account for about one-third of our average annual exports. This is being undertaken almost entirely by private and public agencies. However, with the development of cooperative marketing structure and the increase in internal marketing operations, the National Agricultural Cooperative Marketing Federation Limited (NAFED), and some marketing cooperatives both at the apex and lower levels, as also some processing societies have made a beginning in this strategic field. The value of exports of agricultural produce made by cooperatives directly by themselves during the last four years is indicated below. Commodity-wise break-up of these figures is presented in Appendix 'A'.

<u>Year</u>	<u>Value of agricul. produce</u> <u>exported by cooperatives</u> (Rupees in lakhs §)
1963-64	59.72
1964-65	88.94
1965-66	95.91
1966-67	212.15

There has been a progressive increase in the annual turnover in the export business which recorded an impressive gain in 1966-67, registering more than 100% increase over the previous year. Bulk of these exports were handled by the NAFED, Maharashtra State Cooperative Marketing Federation and Gujarat State Fruit & Vegetable Marketing Federation. The other important societies which assisted the export efforts are the State Cooperative Marketing Federations of Madhya Pradesh, Uttar Pradesh and Punjab and the Alleppey Copra Producers' and Crushers' Cooperative Society Ltd. (Kerala).

§ 1 lakh = Rs.100,000.

The main agricultural commodities exported were pulses, bananas, coconuts, copra cake, onions and fruits and vegetables to United Kingdom, Ceylon, Kuwait, Mauritius, USSR, Italy, Denmark, Switzerland, West Germany and Hong Kong, etc. Pulses accounted for Rs.140 lakhs constituting bulk of the exports by cooperatives and were mainly exported to Ceylon, U.K., Kuwait, Malaysia and Singapore. Banana is the next important commodity in terms of value of exports (Rs.46 lakhs).. Bananas were exported to USSR, Kuwait, Iran, Bahrain and Doha. However, as compared to previous year, there has been a decline in the value of exports of bananas. Coconuts worth Rs.9.39 lakhs were exported to West Germany, while onions valued at Rs.8.32 lakhs were exported to Ceylon, Singapore, Doha and Malaysia. Significant increase has also been recorded in the export of copra cake from Rs.1.92 lakhs to Rs.6 lakhs and of mangoes from Rs.0.31 lakh to Rs.1.42 lakhs.

Assistance to Export by Cooperatives

In addition to these direct exports made by cooperatives, some of the societies also assisted various authorised agencies in export of agricultural produce by supplying processed commodities. The role of cooperative sugar factories in this regard has been very important. They delivered 1.50 lakh tonnes of raw sugar during 1966-67 to the Indian Sugar Mills' Association for export purposes, thus contributing about 68% of the national figure of raw sugar exports in 1966-67, as against 25% in the preceding year. The other sectors in which indirect contribution has been made by the cooperative societies are the export of tea and coffee. The cooperatives delivered tea worth Rs.12.19 lakhs and Rs.12.87 lakhs in 1965-66 and 1966-67 respectively, to the Tea Board for export purposes, while the coffee processing societies delivered coffee worth Rs.90 lakhs and Rs.81.90 lakhs and Rs.81.90 lakhs during two years to the Coffee Board.

IMPORTS

Import in the cooperative sector is largely undertaken by the National Agricultural Cooperative Marketing Federation. Imports include dry fruits and dates from Iraq, cauliflower seed from the United Kingdom, Holland, Denmark, chicory seed from West Germany, and ammonium sulphate from USSR against a barter deal. In addition to these items, seed potato is also one of the items which were imported by the State Trading Corporation and distributed to cooperatives in different States. Similarly, camphor and cloves imported by the STC were distributed by the Federation.

Major problems in the development of international cooperative trade

In the development of international cooperative trade, cooperatives are faced with a number of problems. Some of the major problems are

detailed below:

1. Uneven Development of Cooperatives : The inadequate progress in the international trade by cooperatives, is due to the fact that cooperative movement in different sectors in the country is not uniformly developed. Cooperative participation in international trade can logically emerge only as the ultimate culmination of an active, integrated and vigorous cooperative movement in important sectors of domestic economy such as credit, marketing, processing and production. In other words, there are certain basic pre-requisites required for achieving this purpose and any sustained growth in international trade on cooperative basis depends on the fulfilment of these pre-requisites. Cooperatives can participate effectively in external trade only when they have a well developed structure in all sectors to depend upon. At present, however, the development of the cooperatives is highly uneven. In some States the movement is comparatively well developed in the sphere of credit but in the field of marketing, the progress is not upto the mark. In many States, however, both credit and marketing cooperatives do not have any noticeable record.
2. Absence of Integrated Structure : Cooperative organisations wishing to enter in foreign trade must be federal organisations of primary societies undertaking marketing of agricultural products and distribution of farm requisites to their members. The primaries must either directly purchase agricultural produce from their members on outright basis or pool the members' produce to derive the economies of bulk sales. The produce so collected must be sent to higher federal agencies for final disposal. However, if the primary marketing societies work merely as commission agents between the selling members and the actual buyers in the local markets, the Federation cannot derive any support from the primaries for undertaking external trade. The integration of the movement is an indispensable factor in developing large-scale external trade. At present, there is no proper and close integration among the cooperatives at all levels. By and large, cooperatives attempt to deal independently and do not seek assistance either from the higher or from the lower tiers of cooperatives. Some of the apex marketing organisations are doing valuable work for their members, but, by and large, these federations are not strong enough to establish themselves as export or import agencies of and for the cooperatives. Only when the movement is well integrated, higher tiers of cooperatives would be able to achieve anything substantial with the support of cooperatives at lower levels.
3. Absence of Loyalty : Successful external trade also depends on members' loyalty at all levels. In the ultimate analysis, this problem centres on the primaries and their members. If the members at the base are weak in their loyalties, obviously the superstructure will be weak as its integration will be highly superficial. Members at the primary level are not fully loyal to their cooperatives. It is, therefore, a strong disincentive to the federal level institutions to enter into commitments for the export or import of commodities. This necessitates

that there must also be efforts to educate members so as to enable them to secure the benefits of external trade through their continuous and unstinted support to the cooperatives.

4. Lack of Technical Skill and Managerial Ability : The cooperatives are also handicapped by the absence of adequately qualified and trained personnel capable of handling external trade. Leadership for keeping a concern dynamic and flourishing needs technical hands to perform technical work; it is more so in the case of agencies engaged in external trade. Such persons are in short supply. There are also hardly any arrangements for getting personnel trained for various jobs, even though persons who would qualify for such training would be available and willing to serve. This is a serious handicap and unless this is solved, it would take time to develop international cooperative trade on any significant scale.
5. Lack of Market Intelligence : An important barrier in the development of external trade by cooperatives is due to the absence of sufficiently collected and systematically analysed market intelligence. At present, by and large, the required market intelligence is available with the private business which is not available to the cooperatives. Government service in this field is extremely restricted. In the development of international trade, the necessary information regarding the nature of commodities in demand, the quality, price, etc., is absolutely essential.
6. Lack of proper contacts : Equally important is the lack of contacts by cooperatives with their counterpart agencies in the foreign countries and with other interested parties. In the field of trade and particularly in the international field, the cooperatives are new entrants and have yet to find a place. Private traders, through long years of experience, have developed sufficient contacts with their counterparts in other countries. Breaking the stronghold of private traders is bound to be a slow process.
7. Poor Progress of Processing : Lack of development of cooperative processing is also a factor contributing to the poor progress of cooperatives in the field of international trade. Processing cooperatives have made some progress in the sphere of paddy milling, oil extraction, cotton ginning and pressing. However, in other activities such as canning of fruits and vegetables, fish canning, etc., the progress has not been satisfactory. With the development of processing activity it may be possible to meet the genuine demands of the consumers abroad and thus contribute the development of international cooperative trade.
8. Lack of Finance : Because of inadequate financial resources, societies find it difficult to make outright purchases from the farmers. Again, it is rather difficult to collect the produce from the farmers for sale on consignment basis due to the competition of traders and also due to the urgent need for cash by farmers. A fund for meeting losses arising out of export needs to be created to indemnify cooperatives from likely losses.

APPENDIX 'A'EXPORT OF AGRICULTURAL PRODUCE BY COOPERATIVES
(Commodity-wise)

(Rupees in lakhs)

Commodity exported	Value of exports during			
	1963-64	1964-65	1965-66	1966-67
1. Pulses (all varieties)	13.53	12.27	29.31	139.416
2. Bananas	32.34	43.70	53.74	46.835
3. Peas Farm	1.07	--	0.30	--
4. Virginia Tobacco	5.03	21.00	--	--
5. Oranges	0.05	--	--	0.170
6. Onions	5.50	9.64	9.29	8.820
7. Mangoes	1.79	0.13	0.31	1.420
8. Chillies, Lemons and Grapes	0.41	0.15	0.01	0.006
9. Copra Cake	--	2.05	1.92	6.000
10. Cardamom	--	--	0.15	--
11. Coconuts	--	--	0.88	9.390
12. Fresh Fruits	--	--	--	0.045
13. Vegetables	--	--	--	0.048
Total :	59.72	88.94	95.91	212.150

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BACKGROUND PAPER

INDIAN SUGAR AND SUGAR INDUSTRY BY PRODUCTS

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

jointly organised by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office and Education Centre
for South-East Asia
3, Friends' Colony, New Delhi 14

CENTRAL UNION OF AGRICULTURAL
COOPERATIVES
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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office and Education Centre
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INDIAN SUGAR AND SUGAR INDUSTRY BY PRODUCTS

By : Mr. A.L.N. Moorthy

In the field of cooperative processing of agricultural commodities, the Cooperative Sugar Industry in India occupies a premier position. In few industries, based on agriculture, is the contact between the Industry and Agriculture, so intimate, so close and so direct as in the Sugar Industry. There are at present, 77 cooperative sugar factories licensed in India with a licensed capacity of 14.81 lakh tons, accounting for 33.3% of the total licensed capacity in the country. Of these, 58 factories are in production and the remaining are in various stages of establishment.

During the last four years, commencing from 1964-65, the production of sugar in the country and the contribution by the cooperative sector to the total national production are given below :

Year	Total production of sugar.	Production of sugar by cooperative factories	Percentage of production by cooperative sector to the National production
1964-65	32.60	8.06	24.7
1965-66	35.14	9.29	26.4
1966-67	21.16	6.63	31.33
1967-68 (upto 30.4.68)	21.77	6.72	30.87

The important by-products of the Sugar Industry are bagasse, molasses and press-mud. Of these, at present, bagasse is utilised as fuel for raising stem requirements of the sugar factories. Steps to utilise the bagasse for manufacture of Paper by the cooperatives are in hand and two licenses have also been secured. Molasses is utilised as raw material for production of industrial alcohol and some cooperative sugar factories have established distilleries. Press-mud is mostly utilised by the cane-growers as manure in their cane fields. As will be observed from the above, production of sugar during the year 1964-65 and 1965-66, was at its highest and consequently the production of molasses by the sugar factories was also the highest.

In relation to International trade, in the matter of sugar, all exports of sugar are controlled by the Government of India in accordance with International Agreements that have been entered into. Since exports of sugar, whether of cooperative or of private sector origin have to be undertaken under the Sugar Export Promotion Act of the Government of India, an independent approach to the exports of cooperative through other cooperative institutions in importing countries had not so far been possible. Till recently, sugar was exported on Government account through the Indian Sugar Mills' Association. At present, the National Federation of Cooperative Sugar Factories and the Indian Sugar Mills' Association, through the good offices of the Government of India have come to an arrangement by which, exports of sugar are undertaken by an independent agency viz. the Indian Sugar Industry Export Corporation on which representatives of both the sectors of the Industry - private and cooperative are present. The Chairman of the First Board of Directors of this Corporation is from the cooperative sector of the Industry. The Cooperative Sugar Factories occupy a prominent position in the field of manufacture of raw sugar for export. For the last five years commencing 1963-64, cooperatives have manufactured and supplied for export to different countries raw sugar to the extent of 1 to 1.5 lakh tons per year.

Efforts however have been made to utilise the large surpluses of molasses that had been produced during the two years 1964-65 and 1965-66 to make a beginning in export of molasses produced by the cooperative sugar factories through cooperative institutions in importing countries, with a view to avoid wastage of this important industrial raw material and also to secure a better return to the cooperative sugar factory, since the controlled price within the country is too low and inadequate to meet even the costs of storage and handling. Some success has been attained in the matter of export of molasses of Indian cooperative origin by the cooperative sector to Japan through the UNICOOPJAPAN. While preliminary efforts were taking shape to crystallise into a long range business, it was unfortunate that there was a set-back in the production of sugar in the country and consequently of molasses. This along with the coming into operation of a larger installed capacity in the alcohol industry, has not left any surplus molasses available for export and the Government of India banned the export of molasses. Even during the period when small surpluses were available and some token exports were made, in view of government channelling all exports of molasses through the State Trading Corporation of India, the cooperative sector had to face some difficulty in being able to undertake the export of molasses on a cooperative to cooperative basis between this country and other importing countries.

It is however hoped that in the long run when sugar production improves and consequently there would be larger production of molasses, the International Trade relations would permit undertaking exports of both sugar and molasses produced by the cooperative sector of the sugar industry in this country through cooperative agencies in importing countries.

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FOR INFORMATION OF DELEGATES ONLY

INDIA'S COOPERATIVE SUGAR INDUSTRY

By : Mr. A.L.N. Moorthy

The development of agriculturally based industries is making significant contributions to the general prosperity of rural India. In the sugar industry, in particular, the contact between the industry and agriculture is closer and more direct than in many types of business. As a result of this affiliation, cooperative sugar factories, organised to insure that the cane grower gets his share of the ultimate price paid by the consumer for the refined sugar, have come into being.

Considering the application of the cooperative principle India's former President, Dr. Sarvepalli Radhakrishnan observed that "It serves the best interests of both the producer and the consumer and, because profits are not dissipated in paying inflated dividends, but are available for reinvestment, it offers the best means of furthering the economic growth of the country."

To insure the proper functioning and coordination of their efforts, India's cooperative sugar enterprises are highly organised in a pyramidal structure. At the apex is the National Federation established in 1960 to coordinate and facilitate the working its affiliated cooperative sugar factories and State Federations. At its inception, S.K. Dey, Union Minister for Community Development & Cooperation, praised the sugar industry for being the first to set up a "genuine" federation on the national level of any of the nation's processing industries. Commenting on the new Federation, he said "It was appropriate that the lead in this has been taken up by the Cooperative Sugar Industry, the Prince of all the processing industries."

The National Federation helps the cooperative sugar factories in a variety of ways. The spokesman for its members, it attends to policy matters and is represented on a number of committees to safeguard the members' interests. The Federation organises seminars and regional meetings for the benefit of the member factories and arranges supplies of important materials, like sulphur and cement. Its Advisory Committee assists the member societies in securing sugar machinery at competitive prices and arranges for financial assistance. In addition to technical service and guidance for the factories, it attends to all liaison work and publishes pertinent literature.

Since one of the objects of the cooperative sugar factories is to maximize returns to the cane-grower members, the Federation aims at paying a higher cane price. It also provides facilities like irrigation, harvesting and transport and has undertaken cane development activities like improving roads, supplying tractors, providing production inputs, technical guidance and supplying good seed, all designed to improve the quality and yield of cane from its grower members.

The cooperative sugar factories, which form the base of the pyramidal federated structure, are organised into State Federations at the intermediate level. These, in turn, are affiliated with the National Federation. Of the 77 factories licensed to date, 69 are members of both the State and national associations. The other eight are direct members of the National Federation. There are currently eight State Federations: Gujarat, Maharashtra, Mysore, Madras, Andhra Pradesh, Punjab, Haryana and Uttar Pradesh. They are concerned with the local and State-level problems of their member factories.

The 77 factories in the cooperative sector are nearly one third of the 231 sugar factories licensed to date. Of the total licensed capacity of 4,440,000 metric tons in the sugar industry, the cooperative sector accounts for 1,481,000 metric tons, or about 33.3 per cent.

Structure of the Cooperatives

The cooperative sugar factories are essentially processing societies of cane growers, who make up the majority of the membership. In the spring of 1967, the grower members constituted nearly 92 per cent of the total membership of the factories. This predominance underlines the fact that cooperative sugar factories are largely owned by grower members. The average membership, which varied between 820 and 13,082, was 3,687 per factory and the grower membership varied between 61 and 99 per cent in the different States. The percentage of grower members to total members was highest in Madras, calculated at 99 per cent.

The main burden of providing the share capital in the cooperative factories rests on the grower members. In the spring of 1967, the share capital of the 76 factories contributed by members other than the various State governments totaled over US\$21.7 million, was raised by the grower members. The most significant aspect of the financial mechanism of the sugar cooperatives is their adoption of a device which helps to accumulate capital once it goes into production. By the beginning of the third quarter, 1966, the gross value of the cooperative sugar factories was over US\$ 101 million and accumulated internal resources were over US\$79 million. The ratio of internal resources to the gross value of fixed assets, then, was about 76 per cent.

The Industrial Finance Corporation provides the bulk of the block capital requirements through long-term loans to the cooperative sugar factories on a 50:50 guarantee by the State and central governments. The IFC sanctioned loans totaled nearly US\$55 million, of which nearly US\$50 has been distributed. By the spring of 1967, the outstanding loans amounted to over US\$33 million and repayments were tallied at over US\$16 million. The repayment performance of the cooperative sugar factories has been quite satisfactory. A number of them have made premature repayment of the principal to the IFC.

In addition to the IFC, the State Bank of India, the State Cooperative Banks and the L.I.C. have been providing supplementary finance and the Industrial Development Bank of India has been providing refinancing facilities. The working capital requirements of the factories are predominantly provided for by the State Cooperative Banks and the State Bank of India, through pledge loans on stocks of sugar, etc.

Production in the Cooperatives

The cooperative sugar factories have made steady progress. In a little over a decade, the production of sugar by cooperatives has increased from only 30,000 metric tons in 1955-56 to 930,000 metric tons in 1965-66. Their share in the national production has risen from 1.6 per cent to 26.4 per cent. In 1965-66, the national production showed an increase of about eight per cent over the previous year. The joint-stock companies accounted for an increase of only 6.16 per cent. However, the cooperatives, which command a capacity of about a third of that of the joint-stock factories, registered an increase of 15.25 per cent in production. The performance of the cooperatives during the three years 1963-64 to 1965-66 show some remarkable achievements (See Table I).

The dependence of the cooperative sugar factories on the member growers for the raw material is evidenced by the fact that they supplied nearly 90 per cent of the total quantity of cane crushed. As illustrated in Table I, the three years 1963-64 to 1965-66 saw a 66 per cent increase in the total cane crushed by cooperative sugar factories and a total production of sugar increase of 58 per cent. The production of sugar by cooperatives is, in fact, 21.7 per cent more than their installed capacity. Compared to the all-India average for recovery of sugar, the cooperatives achieved a markedly high sugar recovery, with the highest percentage in the country.

In 1965-66, the cooperatives showed an increase of 20 per cent in sugar production, compared with seven percent for the private companies and 10 percent for the total national production. The year 1966-67, however, was a very critical year for the sugar industry. Total sugar production fell steeply from 3,500,000 metric tons in 1965-66 to 2,150,000 metric tons in 1966-67. The cooperatives, however, contributed greatly to minimize the shortage in production. In 1966-67, they only showed a decrease of about 28.5 percent, compared with a drop of 42 percent in production by the private companies and a total 38.5 percent decrease in national production. In 1967-68, 56 cooperative sugar factories were in production.

Successes of the Cooperatives

The cooperative sugar factories have played an important role in the production of raw sugar for export, earning much-needed foreign exchange for the country. In the four years 1963-64, 1964-65, 1965-66 and 1966-67, they produced and supplied 107,000 metric tons, 140,000 metric tons, 103,000 metric tons and 150,000 metric tons respectively, for the export trade. They also took an active interest in the export of molasses.

Visiting one of the first cooperatives in May 1961, India's late Prime Minister Jawaharlal Nehru praised the group's efforts, saying "Ten years of growth since this was first started has not only shown marked growth, but has begun to change the country side. People from other places should come here and see how a real cooperative is organised and run; this is an example for all India."

The cooperative sugar factories have become focal points for the development of agro-industrial complexes in the rural areas. Commenting on this, the Sugar Enquiry Commission said "In Maharashtra, the setting up of a cooperative sugar factory has acted as a nucleus for social and economic

development of the area around it and has helped to develop a new class of rural entrepreneurs." Many have undertaken the development of by-product industries, like alcohol, pharmaceuticals and paper projects. These, in turn, have become the nuclei of the development of other cooperative activities, like poultry, piggeries, lift-irrigation systems, solvent extraction plants and many others.

Along with the welfare of the grower members, the cooperatives have shown a keen interest in the welfare of the workers and the community. Because of this, they have contributed largely to the development of townships with schools, colleges, polytechnical schools, hospitals, places of worship and centres for cultural and social activities in the areas around the sugar factories.

In a little over a decade, backed by this remarkable success, India has become spotted with a great number of cooperative sugar factories. The cooperative sector of the sugar industry today occupies a premier position in the field of cooperative processing of agricultural produce, not only in India, but in the world.

TABLE I

	<u>1966-67</u>	<u>1965-66</u>	<u>1964-65</u>	<u>1963-64</u>
Number of factories	55	52	50	48
Cane crushed (metric tons)	6,065,000	9,094,000	7,028,000	5,564,000
Sugar produced (metric tons)	663,000	929,000	806,000	598,000
Average recovery % sugar (all-India)	9.95	9.70	9.67	9.67
Average recovery % sugar (cooperatives)	10.83	10.37	10.54	10.93
Highest recovery % sugar (all-India)	12.96	12.19	13.00	13.20

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BACKGROUND PAPER

INTERNATIONAL COOPERATIVE TRADE OF INDONESIA

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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INTERNATIONAL COOPERATIVE TRADE OF INDONESIA

By : Mr. Eddiwan

I. Introduction

Indonesia's economic structure is in principle agrarian and is directed towards export. The agricultural section's producing potency forms 52% of the National Income. 72% of the working manpower is active in the agricultural field. 70% of the foreign exchange earned comes from agricultural produce.

The main agricultural produce for export are amongst other things: rubber, copra, tea, coffee, palmoil and pepper. Other important products for export are oil products and tin. The main food of Indonesia's population of 110 million people is rice. Other vegetable food are maize (corn), cassava and sago. Wheat flour is not a domestic product, it is imported from abroad. The rice production is lower than the demand for it. It has been estimated that for the year 1968, 800.000 - 1.000.000 tons of rice have to be imported. These rice imports are a heavy burden to Indonesia's foreign exchange reserves, which are so badly needed for the nation's economic development. To save these foreign exchange reserves the Government is working hard to increase the rice production.

The production of clothing for the population cannot be fulfilled by the home industry as yet, it has to be imported. The import of the various kinds of textile for 1967 amounted to about 550.000.000 yards.

Indonesia's activities in the field of industry have as yet only come to the stadium of "developing", so very much raw and auxiliary materials, many engines, spare-parts, other capital goods and equipment have to be imported to maintain and to rehabilitate Indonesia's economic production apparatuses. Indonesia has only for a short while come out of a disordered and deteriorated economic condition and a dangerous hyper-inflation brought about by the Old-order-regime, that have left the Indonesian nation foreign debts up to US\$2.700,- million(1965).

As from the beginning of 1966 the New-Order-Government has, using the decisions of the Provisional People's Consultative Body as their stepping-stone, worked towards and propagated their endeavours in rehabilitating and stabilising the national economy. Although a Renewal

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of Policy as to the basis of the Economy, Finance and Development has been made, the bad effects of the Old-Order-regime's economic and monetary policies are still felt and cannot be wiped off satisfactorily.

Although the endeavours of improving the economic conditions have been based on the strength of the Indonesian people and the rich natural resources, the Government has in these efforts to bring about economic rehabilitation and stabilisation, been compelled to call for foreign credits and other rehabilitation aids, the amount of which has been estimated to US\$325 million (1968). In order to accelerate the nation's economic development the House of Representatives have passed the Bill on Foreign Investment in January 1967.

Having endured the measures and policies of the Old-Order-regime the cooperative movement as well has suffered losses and set-backs in its activities in the producing sector in the fields of agriculture, fisheries, people's small-scale industries and handicrafts and in the section of consumption. Only after the promulgation of the new Law on Cooperatives by the end of 1967 the cooperative movement started in 1968 its period of consolidation and rationalisation and at the same time also carrying out the activities of rehabilitation and stabilisation in its own ranks.

II. The International Cooperative Trade

According to the Constitution the Indonesian cooperatives can operate or be active in any economic field and in the implementation of a democratic economy the cooperative system is the most suitable system to work with.

The trade as carried out by the Indonesian cooperatives can, when taking the structure of the Indonesian archipelago with its 13.000 islands into consideration, be divided into four parts, namely:

1. the regional trade
2. the inter-islands trade
3. the export trade
4. the import trade.

The regional and inter-islands trade consists of the trading activities in agricultural produces, sea and forest products and domestic consumption articles, of which rice is the most important trading article (rice, copra, sugar, fish, maize, cattle, etc.), and clothing material (textile and batik).

1. Export

In the frame-work of increasing export trade, any enterprise having goods ready for export can at present acquire an export-licence. In this way every cooperative can join the export trade, either exporting

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own-produced or non-own-produced goods.

In connection with the structure of the Indonesian archipelago, the producing regions, and the kinds of commodities, the cooperative export-trade is handled by either National Cooperative Federations or the Regional Cooperative Federations.

Products of agriculture, cattle breeding and fisheries, which have so far been exported by cooperatives are amongst other things:

1. Copra : copra-chips and copracakes.
2. Rubber : R.S.S. and cuttings to Europe, Singapore, Hongkong.
3. Tobacco leaves : to West Germany
4. Cattle : cows, pigs, hides
5. Fish : to Singapore and Malaysia
6. Vegetables : to Singapore

Other commodities fit for export by cooperatives are: coffee, sea products, salt, wood, forest products and other agricultural produce, batik and handicrafts.

Although many cooperatives have proved to be able to export their own members' products, yet, in connection with their weak financial position, especially in the processing and collecting sections, the export of the members' products are for the far larger part still in the hands of non-cooperative trading organisations.

In many respects still cooperatives are compelled to cooperate with non-cooperatively organised exporters.

2. Import

To carry out an import business an import licence is required. There are not many cooperatives which are in the possession of such an import licence, although the acquisition of an import licence is not cumbersome or difficult. Agricultural cooperatives and cooperatives of the industrial section are in need of many foreign goods, such as raw material, auxiliary goods, capital goods, engines, spare-parts, clothing material and other consumptive articles. Some of these goods are imported by the concerning cooperatives themselves and some others are acquired through other importers.

Import activities are for the greater part done by non-cooperatives only because the cooperatives do not as a rule have the disposal of adequate financial means to finance an import business, or in some other cases, they refrain from this import business, because of other

considerations. Until 1965 the Government itself had been active in the import trade with the purpose of helping the cooperatives, and after the imported goods had reached Indonesia, they were entirely or partly handed to the cooperatives for further distribution.

These importing activities, however, did not interfere with or did not lead to the stopping of the imports executed by the cooperatives themselves in their efforts to ensure the goods they needed.

The essential goods imported were amongst other things:

1. For the agricultural cooperatives : farming tools, fertilizers, insecticides, sprayers, waterpumps, huller-machines, mangling-machines, acids, etc.
2. For the fishermen's cooperatives : marine-engines, outboard-engines, other fisheries requirements (nets, lines, hooks, etc)
3. For the batik cooperatives : cambrics and dyestuffs.
4. For the textile cooperatives : yarns, cotton and synthetic dye-stuffs, weaving machines.
5. For the consumptive cooperatives : clothing materials, wheat flour, sugar and other consumptive goods.

III. Cooperatives carrying on international trade

Cooperatives which are already active in the export business are :

1. Copra Cooperatives, under the leadership of the I.K.K.I. (or National Federation of Copra Cooperatives).
2. Rubber Cooperatives, under the leadership of the I.K.K.A. (or National Federation of Rubber Cooperatives).
3. Fisheries Cooperatives, under the leadership of the I.K.P.I. (or National Federation of Indonesian Fishermen's Cooperatives).
4. Federation of Tobacco Cooperatives.
5. Cattle-breeding Cooperatives.
6. Vegetable-growers' Cooperatives.

The execution of exports is based on the existing conditions, opportunities and regulations of the instant, which are at times favourable and at some other times unfavourable to the cooperatives concerned.

Differences in domestic prices with those abroad for example, could cause a temporary stopping of the exports. Cooperatives already active in the import business are :

1. The Federation of Indonesian Batik Cooperatives.
2. The National Federation of Textile Cooperatives.
3. The National Federation of Indonesian Fishermen's Cooperatives.
4. The National Federation of Rubber Cooperatives.
5. Some Consumptive Cooperatives.
6. Other Cooperatives.

Among the cooperatives already engaged in the execution of international trade are those that have been active in both the export and import trade and those that have been active either in the export or in the import trade only.

According to information acquired no foreign trade relations among cooperatives have so far been made; this kind of relations should be developed as they will not only bring about mutual material benefits but they will also promote international cooperation and solidarity among the cooperatives of various countries.

IV. Some Important Export and Import Regulations

Export

The Indonesian Government divides export goods into two groups:

1. Group A : Rubber, copra, tobacco leaves, tin, coffee, pepper
2. Group B : The other export-articles except gold and silver.

This division into two groups is connected with the programme of increasing the export volume and with the foreign exchange earnings of the state :

1. Group A : the f.o.b. foreign exchange earnings are divided:
 - 15% for the Central Government.
 - 10% for the Regional Administration concerned.
 - 75% for the exporter.
2. Group B : the f.o.b. foreign exchange earnings are divided:
 - 10% for the Regional Administration concerned.
 - 90% for the exporter.

The execution of the export of goods under Group A is based on the check-price, whereas that under Group B is based on estimated prices.

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Import

Import articles are divided into various groups, namely :

1. Essential goods.
2. Semi-essential goods.
3. Luxe articles.
4. Common articles.

The import of some kinds of goods may not be paid with foreign exchange reserves, such as the import of autocars with a f.o.b. price exceeding US\$2.000,-, radio in concoles, the bigger TV-receivers, textiles with batik-patterns.

The grouping of goods is basically connected with the import-tax and with some other levyings, which are meant to promote and to protect the home industry and production in the framework of the implementation of the economic rehabilitation and stabilisation.

To import goods foreign exchange currency is needed and this can be acquired against cash-down payment at the State Exchange at the prevailing rate of exchange.

The rate of exchange at the State Exchange ranges in the month of April from 265 - 286 Rupiah per U.S. dollar.

The foreign exchange made available to the public at the State Exchange comes from:

1. the Government, in the form of B.E. credits.
2. the Exporters.
3. A.D.O. of the Regional Administration.
4. D.P.

In connection with the great demand for foreign exchange currencies, which far exceeds the supply, the acquisition of such foreign exchange currencies through the State Exchange has become a rather troublesome and often time-taking procedure.

V. Some weaknesses of the Cooperatives in the International Trade

In the execution of the international trade, the Indonesian cooperatives are showing some weaknesses and shortcomings, amongst other things :

1. Lack of financial means for the collecting trade and to finance imports.

Indonesian banks do not furnish credits for importing purposes, whereas their allocation of credits for the collecting trade is very limited.

2. Lack of knowledge regarding the best markets for their commodities and lack of relations among the buyers abroad.
3. The system of management, the equipment and the skill as applied by the cooperatives are far less efficient compared to those of the, in the international trade more experienced, entrepreneurs.
4. The grading and packing equipment needed to assort the quality of the commodities in accordance with the buyers' demands are lacking or are inadequate.
5. The coops members, who are generally still in an economically weak condition, are unable to build up the necessary strength for a smoothly running international trade.

Besides the weaknesses found within the cooperatives themselves, other external factors outside the cooperatives, both those of economic or of non-economic importance in the home country, have a significant effect on the development of the international cooperative trade. Some of these external factors are for instance:

1. The price decrease of various agricultural products on the world market, especially of that of rubber.
2. The inadequate infrastructure and transportation facilities.
3. The very limited credit supply by the banks and the comparatively high rates of interest (the minimum rate is 3% per month).
4. The cooperatives cannot acquire enough bank credits to carry out collecting, processing, grading, quality improvement and storing commodities for export.
5. The heavy competition against private enterprises in the home trade as well as in the foreign trade.
6. The export regulations and the other export procedures which are still felt as bureaucratic.
7. The inflationary monetary situation in the country which had not been completely repressed and controlled and that has in turn caused instability in the costs of production and in the prices of home made articles.
8. The competition against other countries producing similar export commodities as Indonesia.
9. The tariff walls and the taxes in the international trade and the unilateral and bilateral facilities in trade and the economic cooperation among various other countries.

10. The presence of disparity that has arisen from the high costs structure.
11. The present weak and instable economic position in the home country, that is needing quick rehabilitation and stabilisation measures.

VI. The Potency and the Endeavours of the Cooperatives

In spite of the many weaknesses and hampering obstacles the Indonesian Cooperative Movement is cherishing a vivid optimism towards the successful development of an international cooperative trade. One of the items in the Government's programme at present and in the future is to support the implementation of an export-drive, whereas the larger part of the exported agricultural produce comes from agricultural cooperatives.

To give a better idea of the possibilities the cooperatives have in the field of international trade, the following figures are presented:

- 90% of the total national copra production comes from the national copra cooperatives.
- 20% of the total national rubber production from the rubber cooperatives, and
- 30% of the total national fish production from the fisheries cooperatives.

The strong foothold the cooperatives have in the agricultural export commodities, the strong position they have gained in the food production and the developments in the handicraft and people's industries are providing good prospects for the increase of the volume of the international cooperative trade.

A closer cooperation in the field of foreign trade among the cooperatives will add a new page to the development of the cooperative movement in Indonesia.

However, before this ideal objective can be attained, the main problem, and that happens to be the very backbone of the cooperative foreign trade, namely the problem of financing, so the problem of working capital, has to be fully understood and solved, first.

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BACKGROUND PAPER

INTERNATIONAL COOPERATIVE TRADE - OBSERVATIONS AND SUGGESTIONS

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INTERNATIONAL COOPERATIVE TRADE - OBSERVATIONS AND SUGGESTIONS

By : Mr. Eddiwan

i. INTEGRATED COOPERATIVE MARKETING STRUCTURE AS A BASIS FOR
SUCCESSFUL INTERNATIONAL COOPERATIVE TRADE

Integrated cooperative marketing in the Region and outside the Region is felt by Indonesia as very helpful for the improvement and strengthening of the international cooperative trade. Viewed from the angle of Indonesia's export commodities (Copra, copra-cake, rubber, tobacco leaves, coffee, tea, hide), this integrated cooperative marketing could be carried out when based on the idea of applying a kind of cooperative marketing centres, which could e.g. be established in certain countries such as Singapore and Japan for Asia, the Netherlands, Germany, Denmark for the West European countries and the U.S.A. The implementation of this cooperative marketing centres could be entrusted to the experienced cooperatives in international trading, willing to carry out the task and the responsibility. The cooperative marketing centres could, next to the principle task of developing the international cooperative trade, be made useful to help strengthening the position of the exporting cooperatives in the respective participating countries in promoting their export business. It would be recommendable to form connecting links between the cooperative marketing centres and the activities of the International Cooperative Bank, or other international financing institutes especially in matters of financing, collecting, processing, grading and quality upgrading of commodities to be exported.

II. METHODS FOR ASSESSMENT AND COLLECTION OF SURPLUSES OF BOTH AGRICULTURAL
AND NON-AGRICULTURAL COMMODITIES FROM AFFILIATES FOR EXPORT

The methods of appraising and collecting agricultural export commodities from Indonesia could be executed as follows.

1. The execution of the valuation is based on an export-plan and on the positive capability of the exporting cooperatives for certain fixed period (3 or 6 months or 1 year). It could be necessary for some Indonesian exporting cooperatives to request the Government or the National Cooperative Union to provide recommendations or statements on the export plans of agricultural produce. Taking these recommendations or statements into account, further examinations and more rigid and careful appraisal could be held so that a mere exact valuation could be determined.

2. It would be recommendable also to formulate the methods of collection of surpluses and of export commodities on the basis of examinations held or investigations made before, such as:

- 2.1 size and situation of the producing area.
- 2.2 quantity and quality of the commodity to be exported.
- 2.3 communication possibilities and transportation facilities from producing areas to collecting centres and out-ports.
- 2.4 collecting method applying sub-collection sections.
- 2.5 facilities and equipment for processing, grading and packing in collecting centres and the availability of adequate storage facilities.

as aforementioned factors could form obstacles in the execution of the smooth international trade.

The financing system and the financial compability in the agricultural field is in Indonesia occupying a very important place, as it is usually connected with the costs needed for producing. Those capable to meet the cost of the producing procedures and the supply of the daily needs of the farmers will have an easy control of the produce and the price.

Nearly all agricultural cooperatives in Indonesia are financially weak and at the present time not in a favourable position to provide the credits needed in an adequate way, neither in the form of money nor in the form of requirements necessary to produce. This inability of the cooperatives is being exploited in the best possible way by non cooperative entrepreneures to compete against the cooperatives and to minimize their export business.

III. EFFECTIVE LINK-UP OF IMPORTS WITH PRODUCTION AND DISTRIBUTION ACTIVITIES IN A COOPERATIVE MOVEMENT

Although the Indonesian Government has declared more than 60 ports to be ocean-ports, only some of them (Djakarta, Surabaya, Makassar, Medan) are being applied as such in practising import activities. These ports situated in the network of the sailing route of ocean going steamers, are playing an important and active role in the import and export trade.

The distribution of imported goods to the members is executed by the respective National Cooperative Federation or Provincial Cooperative Federations.

In connection with the structure of Indonesia as an archipelago and the existing infra-structure and the as yet inadequate land and sea transportation facilities. The distribution of imported goods to the primary cooperatives faces some difficulties and delays and takes rather much time, namely from 3 to 9 months. This affects the already small financial liquidity of the cooperatives concerned and the fixing of the consumer's prices unfavourably.

The fixing of consumer's prices are in many cases also influenced by other factors, such as:

1. the comparatively high interest rate of the banks, which is minimum 3% per month.

2. the comparatively high transportation and storing charges
3. the risk of damage and theft to which the goods are subjected before they reach the consumer.

Production cooperatives in Indonesia in their special lines cannot as yet entrust the distribution of the goods they need to other cooperatives.

Such is considered as aggravating the financial burden because of the still weak financial position of these cooperatives themselves. Financial and organisational weakness will only hamper the smoothness of the distributing system causing still more unfavourable effects to the production cooperatives. Another difficulty is also the lack of skill and knowledge of the workers of cooperatives of other business lines about the quality of the goods and the means of production.

Inter cooperative trade in the country between the production and consumer's cooperatives is rare. In spite of aforementioned difficulties and shortcomings the link-up activities between import, production and distribution of general goods and daily consumption goods have been started in some cases and in a small scale.

The Indonesian agricultural cooperatives are looking for possibilities in the establishment of a workable linking up of imports with production and distributing activities together with cooperatives outside Indonesia.

IV. SOME IMPORTANT FACTORS GOVERNING INTERNATIONAL TRADE : QUALITY, GRADING, TIMELY DELIVERY, SPEEDY COMMUNICATION ETC.

4.1 Quality control

The quality control of the export commodities can be executed in accordance with the international trade customs, i.e. by placing this task in the hands of qualified experts and superintendents at the time of commodities are ready for export. This system will minimize claims because of losses during transport.

The appointment of trade representatives by the respective buyers in the exporting countries who could also act as a controller is expensive and would still be too heavy a burden to the buyer.

Another problem needing our attention is also the problem of the quality-interpretation made by the exporter and that by the buyer which are sometimes different. The claims arisen from such differences of opinion will need an arbitrational decision. The existence of differences of opinion about the commodity's quality design, packing, etc. is sometimes caused by the exporter's error, which often leads to his own losses. This occurs frequently with agricultural commodities, where as such differences of opinion in the trade of industrial products will not cause serious difficulties.

4.2 Grading

In the trade of agricultural commodities grading plays an important role. Correct grading which is based on maintenance of quality and quality standards gives a feeling of reliance

to the buyer and this in turn can bring about an improvement of the sale and the price of the commodities.

It has to be admitted, however, that almost every country has its own way of grading which determines the export commodity, price and quality for the international market. Grading of agricultural commodities requires a high degree of expertness and skill, and this can only be acquired after long experience.

The grading is usually done in accordance with the buyer's wishes and agreed samples. Cooperatives, collecting agricultural commodities from small holders need to improve their skill and knowledge of grading continuously if they want to keep their recognized position as exporters, as they usually have to deal with commodities of poor and mixed quality, unfit for export.

Next to determining the quality of goods for export purposes, grading can also be useful as a stimulus to producers in various ways to keep quality standards and to improve the high quality seed, fertilizers, improved systems of processing, better ways of packing, etc.

4.3 Timely delivery

In the world of trade timely delivery is an urgent necessity, it is even decisive. There are many things connected and linked up with the time delivery, such as loan interest, production plans, sales contracts and other.

To the Indonesian exporter, timely delivery forms a complex problem which causes difficulties in the foreign trade that it could in turn cause losses in many cases.

The endeavours to deliver commodities in due time are subject to many things beyond the exporter's powers.

These affecting factors are:

1. the structure of the Indonesian archipelago.
2. the inadequate transportation facilities on land as well as at sea, which could make the collecting of certain quantities of commodities to be delivered at some fixed period unexecutable.
3. There are only few ocean ports regularly called at by ocean going freighters so that transshipments are necessary. To avoid transshipments and to economize on transportation costs in some regions of the archipelago and in some cases foreign ships are allowed to come to the collecting centres direct to load goods, passing over the ocean ports.
4. bureaucracy in the flow of documents which caused delays.
5. inadequate harbour facilities in some out-ports which hamper timely loading of the goods on board the ships.

Nevertheless the cooperative exporter must guarantee the timely delivery of his commodities, as the stipulation of the time of delivery is one of the most important conditions in every trade agreement. A bonafide exporter calculate carefully and accepts the responsibility.

4.4 Speedy Communication

International communication has been developed and can be considered as meeting the international standard requirements. A smoothly running communication can be maintained between exporter and buyer, either by correspondence or by telecommunication. Being a developing country still, the home communication system, which is in a stage of improvement, is sometimes less satisfying.

This could in the execution of trade activities, hamper the speedy international communications. Indonesia needs some more time to bring up her domestic communication system to international communication requirements.

V. TRANSPORT, STORAGE, LOADING AND UNLOADING FACILITIES

1. Indonesia's means of transportation at sea could be considered as adequate. Indonesian shipping companies own ocean going ships and are members of shipping conferences. Besides, many foreign ships call regularly at Indonesia's ports of importance.

The sea-transport does not caused many problem to the international trade. Difficulties sometimes arise in the transport of commodities from the collecting centres to the ocean ports when domestic means of transportation, because of certain troubles and short-comings are unable to ship the commodities from the collecting centres to the sea ports in the due time, thereby causing disadvantageous hamperings.

The transportation on land, which are an aid to the international trade in some areas still needs improvements. The roads leading to the sea ports are adequate, however, the secondary road system that connect the producing areas with the main road forms sometimes a hampering handicap, asking for a satisfying solution.

Transport by air is growing in popularity, especially in the line of perishable commodities, such as orchids, exotic fishes, shrimps and some other light weighing but high priced articles (as pearls etc).

2. Storage

The storage facilities in the major ports can be considered as adequate but more additional store rooms would yet be recommendable. A growing international trade needs more and better storage facilities at the collecting centres and ports.

Storage facilities for fish, vegetables, fruits and other perishable commodities, are however, far from being adequate.

There are in Indonesia only three cold storages, viz. on in Djakarta and two more in West Irian (West New Guinea). It is a necessity to increase immediately the number of freezing units and cold storages not only to the interest of international trade but also for domestic use.

3. Loading and Unloading facilities

The loading and unloading facilities at the sea ports (Djakarta, Surabaya, Makassar, Medan) can be considered as satisfying. Improvements and enlargements of loading capacities at the sea ports and also at the other ports are being carried out and brought into line with the needs of trade whereby modern techniques are applied.

VI. EFFECTIVE MARKET INTELLIGENCE, SALES PROMOTION, ADVERTISING ETC.

1. Effective Market Intelligence

Viewed from the angle of the interest of agricultural export commodities effective market intelligence is a necessity of most importance.

This could be implemented through the activities of the cooperative marketing centres or when the cooperative marketing centre is not yet existing, such could be executed through the activities of the experienced trading cooperatives.

Besides market observing the market intelligence should also include forecasting of production in the other producing countries.

In connection with the developments of modern techniques and new inventions by which many natural products are entirely substituted by chemical material, market intelligence is of utmost importance to the execution of a cooperative international trade.

2. Sales Promotion

In the world of trade sales promotion forms one integral part. Many are the ways and techniques that are applied to increase the sales of export articles.

A conventional ways to this is for instance participating in international and national fairs, floating fairs, exhibitions and other. Still more dynamic endeavours should be practised.

As the participation of fairs and exhibitions abroad requires comparative high costs, it is recommendable to form joint participations by the cooperative exporters of a country or of some countries in order to economize. The cooperative marketing centre could offer its useful services in these matters and could act not only as coordinator and executive of agricultural commodities but also of non-agricultural products of cooperative enterprises. Cooperative exporters could suffice it to send samples of their products to cooperative marketing centre and where necessary one person to assist cooperative marketing centre in giving information.

3. Advertising

As a rule advertising is in the sales promotion of agricultural commodities less spectacular. It differs from the custom in the industrial production as this line of trade needs intensive advertising in connection with the fast advancing technical progress in the industry.

Advertising in the buying countries could be done through the representing cooperatives or through cooperative marketing centres which would probably be more familiar with the ways attracting buyers.

VII. ROLE OF COOPERATIVES IN THE ESTABLISHMENT OF EXPORT-ORIENTED INDUSTRIES

Indonesian cooperatives enthusiastically support the endeavours to establish export-oriented industries.

Indonesia has the disposal of the potential natural resources and raw materials. The Indonesian Government has, in the framework of implementing the Foreign Investment Law provided rather attractive facilities for the establishment of export oriented industries. In the present economic stage the Indonesian cooperatives do not as yet have the strength to establish their own export-oriented industries.

The establishment of such export-oriented industries could, however, be attained by cooperating in the form of joint enterprise or joint ventures with cooperatives from other countries or with foreign capital. The kinds of industries that could be built up are food industries, agricultural, fisheries, lumber, earth-oil, hide industries and others.

For the establishment of export oriented industries, Indonesian cooperatives used capital goods, financing and some experts. The Indonesian cooperatives and the Government will provide manpower, raw-material, and other facilities.

VIII. JOINT BUYING AND EXPORT ACTIVITIES IN THE REGION

Joint buying and export activities in the Region to some extent could be carried out by agricultural cooperatives. Indonesian cooperatives need at the present time capital for the collecting of agricultural, fisheries, cattle, forestry products and other.

In relation to above mentioned joint-export activities, it would be necessary to take the idea of joint-marketing into consideration, in connection with the existence of similarity of export commodities in the Region, for example :

Rubber	:	Indonesia and Malaysia
Copra	:	Indonesia and the Philippines
Tea	:	Indonesia, India and Ceylon.
Fish	:	Indonesia, Thailand and Hong Kong.

Agricultural export products of South-East Asian cooperatives are not complementary one to the other, but they are quite similar and competitive one against the other.

So the export trade of agricultural commodities within the Region will be less probable to flourish. The joint export should for the present be directed to countries outside the Region.

As has been said economic relations and the provision privileges and trade facilities in the multi-lateral way (European Common Market) or in the

bilateral way (U.S.A., Philippines) between the exporting and the buying countries will give rise to the existence of certain items demanding the attention of the cooperatives in the framework of inter cooperative foreign trade.

The problem of joint-export by the cooperatives cannot be disengaged from the export-policy (restrictions, limitations, trade agreements) of the countries concerned. The joint-buying of industrial products in the Region would be more advantageous especially in the price section, but the import of such articles by the cooperative will be affected by the import policy of the respective countries, which are usually connected with development plans, protection of the home industries, the foreign exchange position and priorities in the foreign trade.

The Indonesian Government divides import articles into several major groups, namely .:

- A. Very essential goods, as rice, wheat flour, baby milk powder, printing paper, weaving yarns, jute sacks, jute ropes.
- B. Essential goods, as portland cement, calcium carbide, sewing thread, dyestuffs.
- C. Common goods, as cigarette-paper, book binding cloths, silk thread, 16 mm films, bicycle tyres of 28 x 1½ size, pressure-lamps.
- D. Prohibited goods, as sedan-cars of more than US\$2000 - f.o.b., radio in consoles, big size T.V.'s batik-patterned textiles.

Differences are also made between consumptive and non-consumptive goods. Next to seeing the limitations that import systems are bound to have it would also be useful to pay attention to the orientation of some countries towards the various industrial products based on economic relations in the past or at present, which are in turn influenced by certain factors, such as by credit, aids and grants by one country to another and this applies to Asian and African countries.

IX. FINANCING OF INTERNATIONAL COOPERATIVE TRADE

Healthy financing of international cooperative trade is based on (customary) international trade terms.

The buyers opens as L/C whereas the supplier is bound to deliver the right goods at the right time. The required funds to pay the goods must either come from the own strength of the cooperative concerned, or are to be borrowed from the Bank.

In connection with the present monetary situation, Indonesia is in and the Government's endeavours to step and to control the monetary inflation, it is felt necessary to put forward some items or factors in the field of financing, which are considered as hampering the efforts to smoothen the international cooperative trade. These factors are amongst other

things :

1. Banks are for the present prohibited to furnish credits for import purposes, whereas to carry out foreign exchange is needed, which can be acquired at the State exchange.

Foreign exchange has to be paid cash at the prevailing daily foreign exchange rate.

Indonesian cooperatives in general do not possess adequate financial means to carry out imports and would need bank credits for that purpose. The bank credits that are made available to buy import articles, may only be applied for the purchase of those which are already inside the country.

Some way to increase the imports through short-term credits either in the form of currency or in the form of foreign goods has to be found out.

2. The availability of loans for producing and collecting agricultural export commodities is very limited and inadequate to finance a collecting enterprise executing a trade contract.
Loans are only then made available when the commodities concerned are already collected and stored in the store rooms ready for export. The opening of L/C with a red clause might be helpful to cooperative exporters.
3. Loans for investment purposes have not been allowed so far causing difficulties in the production and quality improvement of export commodities.
4. The comparatively high interest rates, ranging from 3%-6% per month.

The regulations mentioned above have been made in the framework of controlling the monetary inflation as well as of executing the Government policy of entrusting economic activities to "market forces" based on "equal treatment" of all organisations active in the economic field.

No privileges are granted by the Indonesian Government to cooperatives in their import and export trade.

This Government policy has placed the cooperatives in a rather difficult situation, as the cooperatives and their members are still economically weak and unable to compete against private business. For this reason, the question of financing forms for the Indonesian cooperatives a decisive factor in the endeavour to carry out international trade in the appropriate way.

This financing is not only needed in the export sector but also in the import sector.

Various ways could be applied and these should be in line with the nature of the trade, for example by :

1. extending direct loans to the cooperatives concerned.
2. providing guarantees to banks in the country of the borrowing cooperatives for the loans to be extended to these cooperatives for exporting as well as for importing purposes.

3. The opening of L/C with red-clause for export purposes.
4. delayed payment in the import section.

Another way which could be applied would be reserving funds for loaning purposes to the international trade participating cooperatives through the Indonesian Cooperative General Banks which could take care of the credit-operations.

X. RECRUITMENT AND TRAINING OF PERSONNEL FOR COOPERATIVE TRADING ORGANISATIONS

1. Many trading cooperatives are not provided with qualified personnel to conduct the foreign trade.
2. Recruitment of personnel for cooperative trading organisations will not encounter difficulties. The necessary managerial and commercial staff can be obtained from the ranks of the existing staff or new employees can be recruited out of those that comply with the general requirements and have exportness or have had education in the respective fields (agriculture, cattle breeding, fisheries, lumber trade, industry and other).
3. The training of personnel can be carried out in the home country by making use of existing business and management institutes and courses, for the following subjects:
 - a. general commerce
 - b. export and import regulations
 - c. banking regulations and custom house regulations
 - d. storing, transport, shipping & insurance
 - e. knowledge of commodities.
4. When considered necessary opportunities for occasional short visits can be provided to employees of advanced cooperatives to promote their knowledge and further comprehension of foreign trade operations.
5. Training of personnel can also be achieved by :
 - a. secondment of experts from experienced cooperatives
 - b. temporary attachment of officials to experienced cooperatives abroad
 - c. exchange of experience and information.

XI. MEASURES TO ACCELERATE THE GROWTH OF COOPERATIVE FOREIGN TRADE : ROLE OF NATIONAL COOPERATIVE FEDERATIONS

The cooperative foreign trade relations are in Indonesia lead and carried out by the respective National Cooperative Federations. The export, is, in connection with the existing favourable local conditions, the speed and other economic considerations, as a rule executed by the Provincial Cooperative Federations or their members.

The import trade is entirely in the hands of the National Cooperative Federations, which also distribute the imported goods to the consumers in the regions.

The role of the National Cooperative Federations at present, is of much importance to the development of the cooperative foreign trade. The

activities of the Federations are amongst other things :

1. Enlarging the trade relations, searching for new markets for the export commodities, searching for the best suppliers of import commodities.
2. Carrying out and coordinating foreign trade, supervising the activities of the Provincial Cooperative Federations.
3. Checking the quality and the prices of export and import articles.
4. Carrying out market intelligence work and market analysis of domestic and of foreign articles.
5. Looking for credit and loan possibilities in the home country or abroad.
6. Solving difficulties at home and abroad arising from the import and export trade (dealing with claims).
7. Training staff personnel in foreign trade activities.
8. Furnishing the members with the necessary information to promote foreign trade.
9. Participating in trade and economic missions.
10. Holding a seat in the Chamber of Commerce and Industry.
11. Participating in fairs and exhibitions in the framework of sales promotion.

XII. ROLE OF GOVERNMENTS

It cannot be denied that Governments play a significant role in the endeavours to promote and further develop the cooperative foreign trade.

In economic developing countries the Government role in the international trade is indeed of utmost significance. The Government could be helpful in the cooperative foreign trade by :

1. Furnishing the cooperatives with information and advise about foreign trade activities through the concerning Department or through its trade commissioners abroad.
2. Recommending bonafide buyers and suppliers abroad.
3. Giving the cooperatives the opportunity to participate in international fairs or exhibitions or other activities connected with sales promotion abroad.
4. Furnishing loans or acting as guaranters for loans to cooperatives.

5. Giving aid to agricultural cooperatives in their endeavours to improve the quality of their export commodities by supplying equipment or by improving their skill and techniques.
6. Giving opportunities to cooperative representatives to joint government trade missions and other economic missions.

XIII. DEVELOPMENT OF TRADE RELATION BETWEEN COOPERATIVES IN THE REGION WITH THOSE OUTSIDE THE REGION

Knowing that cooperatives of many Asian countries are much more active in the field of agricultural production, whereas cooperatives outside the region are active in the field of consumption, one would readily come to the conclusion that trade relation between could easily be developed.

We should see the reality, however, that agricultural cooperatives are not much in need of articles sold by consumers cooperatives and that these consumers cooperatives in turn do not need many agricultural products in the form of raw material, still needing further processing.

A method to promote trade relations with cooperatives outside the region would be the forming of kind of cooperative marketing centre in these countries, which should be part of and stand under the leadership of the National Cooperative Federations to market agricultural or non-agricultural products of its home country. This cooperative marketing centre could in turn search for or sell articles needed by agricultural enterprises, such as fertilizers, insecticides, agricultural equipment, engines, etc.

This idea could be worked out further, particularly those parts with possibilities of realisation and those with possibilities of creating new ways. A way to increase development in the trade relations among the cooperatives, is to my mind, the willingness of the respective cooperatives to give priority, technical assistance and financial cooperation to other cooperatives, their comrade in arms, in the execution of their foreign trade.

On the other hand, the cooperatives that are being approached should have the readiness to make endeavours to market the products offered or to supply a cooperative of another country with goods it is in need of, although these articles might not be of their line. This intermediate trade will bring about closer trade relations among the cooperatives.

The designation of one of the cooperative outside the Region to market and purchase a cooperative product is one of the ways that could be applied.

Trade relations with cooperatives outside the region could also be developed in the fields of:

1. banking and loaning
2. insurance
3. joint venture or joint enterprise.

XIV. ROLE OF INTERNATIONAL AGENCIES IN DEVELOPING COOPERATIVE FOREIGN TRADE

International Agencies have so far only been dealing with non-commercial activities, such as education training, seminars, information, technical assistance and technical aid, surveys, researches, etc., which are of international, regional or national level.

These activities are the principal duties of the agencies. They could in connection with these principal duties, be approached for their willingness in giving their aid and assistance for the following items :

1. To set up programmes for education, training and seminars in the field of cooperative foreign trade.
 2. To convene international and regional conferences on the promoting cooperative foreign trade.
 3. To do survey and research work to develop foreign trade.
 4. To furnish technical assistance and technical aid to cooperatives so as to increase their respective endeavours in the foreign trade.
 5. To furnish recommendations to international agencies actively engaged in banking and financing to support or to help developing cooperative foreign trade.
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BACKGROUND PAPER

FOREIGN TRADE OPERATIONS

BY THE INDONESIAN FISHERMEN'S COOPERATIVES

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FOREIGN TRADE OPERATIONS
BY THE INDONESIA FISHERMEN'S COOPERATIVES

By: Mr. Eddiwan

The Fishermen's Cooperatives belong to those cooperatives actively engaged in the export and import trade. The National Federation of Indonesian Fishermen's Cooperatives (in Indonesian : Induk Koperasi Perikanan Indonesia, abbreviated as IKPI) acquired her importer's licence in 1956, and started her exports in 1953. This export and import trade has sometimes been interrupted, in connection with economic considerations or because of Government regulations in the economic field that have been undergoing many changes and alterations.

I. Export

The Indonesian fish and other sea products caught near Malaysia and Singapore find a natural and good market in both countries. The foreign trade is carried out in three ways, viz:

1. Indonesian boats carry their catch to Singapore or to Malaysian ports.
2. The selling and buying is carried out at sea.
3. Singapore and Malaysian boats have acquired permit to buy fish in Indonesian waters.

Fishermen's Cooperatives have since 1953 been exporting fresh fish (shrimp and table fish) to Malaysia and Singapore. The trade transactions are concluded by selling and delivering the catch right on the spot to foreign boats, or the catch is carried to Singapore and Malaysia by Indonesian boats to be sold in those countries. Fishermen's Cooperatives are never engaged in selling and buying activities at sea as such as considered illegal. Fish export is done in small quantities from the areas of Djambi, the Riau archipelago, the islands of Bangka, and Belitung (south Sumatera), the Natuna islands and west Kalimantan.

1. Export Licence

To carry on export trade an export licence is required. The export licences for fish export from Djambi, the Riau archipelago, and the Natuna islands are issued by local authorities. As no cold storage facilities are

available near the fishery areas, while the distance between the fishing grounds and the place of marketing is only 3 to 20 hour sailing, the catch is carried by boats direct from the fishing grounds to Singapore or Malaysia.

2. Customs

Before entering the Singapore and Malaysian territory fishing boats carrying fish are to call at checking points where the cargo and export documents are checked by the customs and other formalities fulfilled. The same rules have to be observed by fishing boats, both carrying the Indonesian or a foreign flag when entering Indonesian waters.

3. Price

The fish trade in the areas mentioned above are not based on previously fixed prices. The prices are determined by the wholesale auction price at Singapore. It has been an unwritten law that every fish shipment in Singapore has to be sold by auction and this system is backed up by a strong organisation of traders. The number of buyers at the auction is limited where as auction fees are charged. The net sales received by Indonesian Fishermen's Cooperatives are rather satisfying compared to those obtained in Indonesian territories. This is caused by the fact that the Indonesian central fish market is much farther away from the fishing grounds and is situated in an area with a production surplus.

4. Payment

The fish is paid cash-down, immediately after the sale, after deduction of the auction fee and the handling charges by the auctioning enterprise. This way of doing business makes payments through bank transfers as is customary in foreign trade, unnecessary. This is also caused by the absence of banks or branches of banks in that archipelago to handle and to order the currency traffic in a quick and efficient way.

5. Supervision

Every Indonesian trader engaged in export business of any kind of commodities from this part of Indonesia to Singapore is due to report any of his transactions to the Indonesian Consulate-General in Singapore, who is in charge of the supervision over and the making of records of these tradings. Supervision is also held over the application of currency obtained from fish sales by Indonesians in Singapore.

6. Application of currency

Fish exporters to Singapore do not, as a rule, bring currency home, but goods. These exporters are permitted to buy rice and other kinds of food, fishing gears and other fishing materials, household implements, and other fishing equipment to be sold in the fishery centres to the fishermen and to the rest of the population in those areas. Compared to the prices in Indonesia, the prices of these import articles are low, as Singapore is a free port.

7. Barter trade

Such a system of trading is commonly called barter. According to a former regulation on barter, 70% of the sales must be brought back into Indonesia in the shape of goods. This barter trade regulation holds also for some other areas of Indonesia, like Atjeh, the easter-coastal areas of North Sumatera and Riau, for certain kinds of goods.

The fishermen's concerned receives principally payment in form of goods and less in the form of currency. This way of trade is profitable to the boat-owner and to the fish-dealer, but it is less sure to be comparatively profitable to the fishermen. This system of foreign trade is not customary and not in accordance with the regulations of the international trade as carried on by Indonesia. Barter trade has especially been set up in connection with the conditions and the situation of the areas concerned, and also with the consideration of smoothening and serving the interests of foreign trade.

By that system thousands of tons of fresh fish are annually traded between Indonesia and Singapore and Malaysia. The fishermen's cooperatives have been carrying on this form of foreign trade for over 15 years in a smooth way.

This foreign trade carried out in the areas mentioned above has up to the present been influenced by some economic factors, for instance :

1. the absence of banks or bank-branches able to handle the currency traffic in a correct and speedy way.
2. the absence of storage facilities for preserving and grading purposes, in case cnetralising and collecting are to be done.
3. the inadequacy of ice production and supply, so that Indonesian boats are compelled to buy the ice they need in Singapore.
4. fishery materials and some other articles are less available in that part of Indonesia, so that the supply must come from Singapore, that is known as a free port readily able to supply above mentioned articles at low prices.
5. the fishing boats and fish carries applied are small-sized boats of 5-10 tons.
6. Singapore and Malaysia are good markets able to accept any fish shipment.

8. Export Commodities

The export commodities of the fishermen's cooperatives consist of those kinds of fresh fish and shrimp that can make good prices in Singapore or Malaysia. Whenever the fish carrier are not fully loaded with fish, some other commodities are shipped as complementary cargo such as copra, sago, firewood, charcoal and other, which all find a favourable market in Singapore.

9. Possibilities for the development of Cooperative Foreign Trade

The foreign fish trade from other parts of Indonesia was before 1967 very small, indeed. This was caused by amongst other things :

1. The Indonesian fish production is even up to the present insufficient to meet the national needs.
2. The lack of storage facilities for exportable fish and the absence of carriers to store and to carry fish.
3. Indonesia is as yet not in possession of adequate fish carriers to transport the fish catches to foreign countries (Hong Kong, the Philippines, Japan etc).
4. The absence of favourable regulations on fisheries with regard to fishing by foreign boats and regarding joint ventures or foreign capital investments.

The Foreign Investment Act, promulgated at the beginning of 1967 provides opportunities for foreign investment in Indonesia. This Foreign Investment Act is sufficiently attractive and provides many possibilities in the field of sea fisheries. Tens of requests from various countries as Japan, United States of America, the Philippines, Hong Kong, South Korea, Malaysia, Singapore, Norway, the Netherlands, the Federation of German Republics etc. for joint ventures and capital investments in the field of sea fisheries.

The sea products desired are in the first place shrimps, lobsters, tuna, pearl and some other kinds of fish demanded on foreign markets. Coinciding with the incoming requests for foreign investments the demand for Indonesian shrimp has been increasing. This demand has induced Indonesian exporters to also export shrimp in larger quantities, especially those shrimps produces in the island of Java and in the surroundings of Djakarta. During the first three months of 1968 hundres of tons of shrimp were exported. This shrimp is mainly caught by the common fishermen.

The National Federation of Indonesian Fishermen's Cooperatives has planned to export the shrimp caught by members as according to calculations it would be more profitable to take the export in own hands rather than selling to or cooperating with private enterprises.

Some difficulties in the endeavours to increase fish export that have to be solved in a short period are for example:

1. setting up freezing units and cold storages for freezing and storing.
2. the acquisition of carriers to carry fish from the producing areas to the collecting centres and for further shipment to foreign countries.
3. modernisation of vessels and gears.
4. the acquisition of working capital.

The quantity of exportable fish is sufficiently available in Indonesian waters. According to estimates Indonesia has a deposit of 5.500.000 tons of

fish in her waters, whereas her 1967 fish production amounted only to 638,000 tons.

II. Import

The Federation of Indonesian Fishermen's Cooperatives is one of the first cooperatives to acquire an importer's licence (1956). According to the then existing regulations the (F.I.F.C) was allowed to import fishermen's necessaries and engines only but this was afterwards widened and brought in to accordance with the developments that have taken place since. At the present time the import of other articles by the Federation is permitted.

Before 1966 the application of foreign exchange is based on the Government import planning schedule. The allocation for foreign exchange for the fisheries is included in this Government import planning. Because of their limitedness, these allocations were never sufficient to meet the needs; there were even years with no foreign exchange allocation at all.

In 1966, the foreign exchange administration was entirely reorganised and every importer can purchase foreign exchange freely at the State Currency Exchange for importing purposes. The Government has only determined the groups of goods that may be imported.

These groups to be imported are :

- 1. the group of essential goods.
- 2. the group of semi-essential goods.
- 3. the group of goods needed for development purposes.
- 4. the group of luxre articles
- 5. the group of common articles.

This grouping is connected with the programme of rehabilitating and stabilising the economy and the assessment of the income tax and the sales tax. The foreign exchange rate depends on the supply and demand and is therefore not fixed. In the month of April this rate went up and down between 265 and 290 per U.S.\$.

1. Goods imported

The Federation of Indonesian Fishermen's Cooperative has dealt with the import of the following articles :

- 1. Marine Diesel Engines and spare parts from the Netherlands, the Federations of the German Republics, Denmark, Belgium and Japan.
- 2. Cotton Yarns and twines from the Netherlands, Japan and India.
- 3. Grey drill, shirting and cotton ducks from India, Japan.
- 4. Nets and chemical fibres from Japan.
- 5. Pressure lamp from the Federations of German Republics and Switzerland.
- 6. Fish hooks from Norway.

2. Foreign Suppliers

The Federation of Indonesian Fishermen's Cooperatives hold relations with manufacturers and suppliers abroad or with their representatives in Indonesia to fix the quality, the price of the goods and the other terms and conditions.

3. Importers

The Federation does not always import her necessities by herself, but makes sometimes use of the services of State Trading Enterprises or other enterprises. This is done in connection with certain economic or other considerations, as for instance :

1. the state trading enterprises or private enterprise is in a position to deliver the goods at lower prices than those calculated by the Federation herself.
2. Their terms of payment abroad and in the own country are more profitable to the Federation.
3. The Federation is sometimes not in a position to finance an import transaction.

4. Financing

Financing of import is basically done with the available own means and with bank loans.

In case this way appears to be inadequate a private or a state trading enterprise is requested to execute the order with the financing partly furnished by the Federation and partly by the private or the State Trading enterprises concerned. Cases as mentioned above are due to various factors, such as :

1. Banks provide sometimes no loans for import purposes, or the loan they can make available is inadequate.
2. Private or State trading enterprises offer better terms to the Federation.
3. The rate of interest of banks are comparatively high (36% per year).
4. The conditions required by the banks are rigid, such as penalty charges for delayed repayment.

5. Import Procedures

The import procedures are at present, after the reorganisation of the foreign exchange administration, simplified.

1. The importer can request his bank to buy the required foreign currency for his account and to prepare the other necessary documents, including the L/C booking.

- 2. The L/C booking is based on C&F, whereas the insurance is to be concluded in the own country.
- 3. The importer has on the arrival of the goods to pay the income tax, the sales-tax and other duties.
- 4. Only after all import formalities and the import documents have been dealt with the goods may leave the harbour.

The period of time needed to import goods depends largely on the terms of delivery (2 & 3 months).

The whole procedure starting from the instructions to buy foreign exchange up to the transportation of the goods from the harbour, takes usually 4 to 5 months.

6. Cost Structure

To give some illustration of how much the price of an imported lot of goods amounts to after its arrival in the importer's storeroom, a cost structure by the end of April 1968 is given as follows :

- 1. Name of article : Nylon net, complete set.
- 2. Import group : B
- 3. Post tariff : 366/S.O.S.
- 4. C&F price : for instance US\$100.- per set.

Calculation

1. Price C & F US\$100.- a	Rp. 290,-	=Rp.29.000,-
Insurance (3%)		Rp. 870,-
2. C.I.F. price		Rp.29.870,-
1. Import duties 5% x Rp 24.870,-		=Rp 1.23,50
2. Cost of storing, forwarding agent 5%	Rp 1.493,50	
3. Documents cost, Bank charges 2%.....	Rp 597,40	Rp. 3.334,40
M.P.O. Importer 1% x Rp 29.100,50		Rp. 291,01
Cost of Administration 1/2%		Rp. 149,35
3. Landed cost.....		Rp. 33.644,76
Overhead charges and importer margin 10%.		Rp. 3.364,48
Total.....		Rp. 37.009,24

(Sales tax not yet included)

7. Difficulties faced by the Fishermen's Cooperatives

The difficulties faced by the fishermen's cooperatives in the import trade at present are :

- 1. Lack of Rupiah currency to finance imports.
- 2. Tendency of foreign currency rate to increase, with the possibilities that the prices of the goods being imported are higher than those already on the market.

3. The sale of fisheries articles, having a limited market because the consumers are confined to the fishermen, needs much time to be finished; the more so if the goods arrive while the fishing season is over.
4. The shipment of the goods to the various areas takes much time because the means of communication and of transportation are still inadequate. Shipment often need 3 to 5 months time after the arrival of the goods in the importer's store room.

8. The final price

The difficulties as mentioned above affect seriously the final price to be paid by the consumer. The difference between the landed price and the consumer's price often reaches 80%. This fact causes many bad effects to the importing fishermen's cooperatives.

This can be made still worse if those Regional Administrations in possession of A.D.O (Automatic Allocation of Foreign exchange) fix their ADO rate lower than that of the Djakarta Exchange in order to promote the regional development.

Still another difficulty having bad effect on the cooperatives, enterprise is the fact that the price of fish does not follow the quick fluctuations in the price of other goods, with the result that the price of fishermen's articles are felt as being too high in comparison to the earnings from the production.

III. Fisheries Enterprises and Foreign Investment Law

As has been discussed in brief, to speed up the national economic development at the beginning of 1957 a law on foreign investment, i.e. the Foreign Investment act was promulgated.

This law has in general given a legal basis to foreign capital in establishing their investment in Indonesia, in which are included investments in the field of fisheries, by cooperating with Indonesian enterprises.

This law also provides the possibilities to bring about advancement in the cooperative foreign trade over all sections. It gives foreign investors many facilities in their investment.

Some rules laid down in the Foreign Investment Act

1. The interpretation of foreign capital in this law is as follows :
 - a. foreign exchange, not belonging to the Indonesian foreign exchange reserves, which is, with the approval of the Government, applied to finance an enterprise in Indonesia.
 - b. tools and equipment to be applied to run an enterprises and brought into the territory of Indonesia from outside Indonesia, as long as those tools and equipment are not paid for financed with Indonesian foreign exchange reserves;

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c. part of the earnings of an enterprise, which according to this law is permitted to be transferred, but applied to finance an enterprise in Indonesia.

2. To enterprises of foreign capital are bestowed certain freedoms from taxation and other levying, as follows :

a. Exempted from.

1. Corporation taxes on profits for certain terms not exceeding five years reckoned from the moment aforesaid enterprise starts to yield.
2. Foreign exchange taxations on those parts of the profit made payable to shareholders, as far as aforementioned profit is obtained within a period not exceeding the period of five years from the moment that aforesaid enterprise starts to produce.
3. Incorporation tax on profits implied in article 19 sub a, which is reinvested in the enterprise concerned, for a certain period not exceeding five years reckoned from the moment of reinvestment.
4. Import duties at the moment of bringing in into Indonesian territory unmoveable tools and equipments as engines, tools or instruments necessary to run the enterprise.
5. Stamp duty on the employment of capital originating from the foreign capital investment.

b. Alleviation

1. From corporation tax by a tariff that is provisionally not higher than five hundred for a period of not exceeding five years after the period of exemption as implied under a ciper 1 above.
2. By compensating losses suffered during the exemption period as implied under a ciper 1, with the taxable profits after aforesaid period.
3. By allowing an accelerated depreciation administration of immovable tools and equipments.

3(i) to foreign capital enterprises the right is granted to make transfers in their original currency based on an exchange rate applicable to:

- a. Profits obtained by the invested capital after deduction of taxes and other obligated payments in Indonesia.
- b. Costs connected with their application of foreign employees employed in Indonesia.
- c. Other costs to be defined afterwards.
- d. Depreciation reserves on fixed tools and equipment.
- e. Compensations in case of nationalisation.

(ii) The execution of transfer will further be determined by the Government.

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- 4(i) In the field of enterprise open to foreign capital joint venture between foreign and domestic capital is possible in connection with the provisions laid down in article 3.
- (ii) The government determines further the fields of enterprise, forms and ways of the joint venture between the foreign and the domestic capital by making favourable use of foreign capital and skill in the fields of export production of goods and services.

In the field of sea fisheries the Foreign Investment Act is particularly attractive to foreign capital owners. Until the end of 1967 more than forty foreign enterprises have submitted their request to participate in the field of sea fisheries.

These enterprises are from : Japan, the Philippines, U.S.A., Norway Singapore, South Korea, Hong Kong, France, Thailand.

The fishermen's cooperatives could also participate in joint ventures. The National Federation of Fishermen's Cooperatives is now holding discussions for the development of a foreign trade.

The National Federation of Indonesian Fishermen's Cooperatives welcomes any cooperation by other cooperatives in South-East Asia in the field of sea fisheries based on the implementation of the Foreign Investment Act.

TRADING ACTIVITIES OF UNICOOPJAPAN

By : Mr. M. Murase
Managing Director
UNICOOPJAPAN
Tokyo. Japan.

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN)

JUNE 3-22, 1968

jointly organised by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony, New Delhi 14

CENTRAL UNION OF AGRICULTURAL
COOPERATIVES
5, 1-chome, Ohtemachi, Chiyoda-ku
Tokyo. Japan.

Fk/3rd June, 1968

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TRADING ACTIVITIES OF UNICOOPJAPAN

By : Mr. M. Murase

The history of Japanese cooperative movement is pretty old. Particularly, producers of tea and silk organised cooperatives about 1870, and, in the early 20th century, cooperative organisations were organised in national level by them. They tried to export tea and silk to foreign countries, But this action was liquidated by war-time economy at that time.

After World War First, we began to reconstruct cooperative movement, and necessity of international cooperative trade came to be recognised again. It was international tendency. However World War Second liquidated cooperators' efforts to do so once again. After World War Second, ICA made a proposal for international cooperative trade at the 19th General meeting of ICA in Paris in 1954 and also at the 20th General meeting of the same in Stockholm in 1957.

In our country, ZENHANREN (National Marketing Federation of Agricultural Cooperative Associations) exported fresh fruits, vegetables and processed goods of farmers' products to consumers' cooperatives in Germany, Sweden and other countries. ZENHANREN also exported mandarin oranges to Canada and U.S.A. Now ZENHANREN has a branch office in Hong Kong for its business activities. HOKUREN (Hokkaido Economic Federation of Agricultural Cooperative Associations) exported beans, peppermint and other members' products. On the other hand, ZENKOREN (National Purchasing Federation of Agricultural Cooperative Associations) imported feedstuff materials of various kinds, potash and rock phosphate before UNICOOPJAPAN was established.

In 1955, our Cooperative Federations made a proposal to China National Agricultural Coopers' Purchasing and Marketing Federation for international cooperative trade and studied together how to expand it. In 1959, ZENKOREN succeeded to conclude a yearly contract amounting to approximately US\$830,000 with National Cooperative Federation of U.S.S.R., "Centrosojuz".

In 1961, Agricultural, Fishery and Forestry Cooperative Federations decided to establish UNICOOPJAPAN by their joint account for centralising each cooperative trade business. Well, I would like to make a report on the latest business activities of UNICOOPJAPAN which is specialised in export and import business for the said cooperative organisations. Now when it passed seven years since UNICOOPJAPAN established, we had yearly turnover amounting to approximately US\$56,000,000 and transacted with 26 foreign countries. It increased by 46 per cent compared with 1966. Main commodity of our business in 1967 was feed grains for animals.

We have three worthy of special mentions of our business activities in 1967.

Firstly, we established New York branch and strengthened the structure of our import business for feed grains after we established Bangkok branch in 1965. ZENKOREN and UNICOOPJAPAN concluded a long-term contract with P.G.C. (Producers' Grain Corporation) in U.S.A. for milo, which has been transported by ZENKOREN's two grain bulk carriers. In addition, ZENKOREN is now arranging to construct another own grain bulk carriers F.F.C (Farmers' Export Company) in U.S.A. is now setting up new port facilities at New Orleans. Thus there is a good prospect of much more dealings in feed grains with U.S. cooperative organisations.

Secondly, the Thai cooperative organisation and UNICOOPJAPAN jointly invested to B.D.S. (Bangkok Drying & Silo Company) in 1968. This is the first overseas investment for our cooperative business. On this occasion, I would like to refer to unloading facilities of Japanese side. ZENKOREN is constructing 4 port facilities, which big grain bulk carriers can utilize, convenient for unloading, storage, distributing and processing. UNICOOPJAPAN completed molasses tanks in Tokyo Bay in 1967.

Thirdly, it passed just ten years since we entered into business relations with Cooperative Federation of U.S.S.R., Centrosous. We have completed barter trade with Centrosous. UNICOOPJAPAN is importing logs, agricultural products, etc. and exporting textile goods, tires, transistor radios, vegetables, etc. Our business is increasing year by year. UNICOOPJAPAN is importing a number of wheel tractors from Czechoslovak cooperative trading enterprise, UNICOOP and exporting transistor radios and various sundries. We also have close connections with cooperative federations in China, Australia, New Zealand and other countries. The volume of business with these countries is steadily increasing.

The Third Asian Agricultural Cooperative Conference was held last year and IFAP Honolulu meeting held this year. On the other hand, ZENKOREN invited the representatives of both P.G.C. and F.E.C. from U.S.A., and Mr. Chan, Deputy Under-Secretary of National Development Ministry and three directors of its departments from Thailand. I am sure, that interchange personnel between cooperatives plays an important role in developing both cooperative movement and international cooperative trade. The outline of our business is shown in the copy in your hand.

I hope that respective participants will extend his effort to exchange views and experiences, and obtain fruitful results. After going back to home country, I expect you to promote cooperative members' benefits and attain our responsibility for them.

I sincerely hope that this Conference will finish in success.

ANNUAL BUSINESS TURNOVER OF UNICOOPJAPAN

	Contract amount (for our sales) US\$	Ratio %	Rank	Rank in 1966	Main Commodities
U.S.A.	30,964,417	55.0	1	1	Maize, milo, alfalfa, cotton, bagging (E).
China	5,127,675	9.1	2	2	Maize, soybean, beans, honey, fertilizer (E)
Thailand	4,965,250	8.8	3	3	Maize, beans, fertilizer(E), Tableware (E).
Mexico	3,388,889	6.0	4	-	Mixed maize.
U.S.S.R.	2,879,139	5.1	5	5	Log, jam, knitwear(E), tyre (E), cloth(E), vegetable (E).
Peru	1,213,983	2.2	6	7	Fish meal
Czechoslovakia	1,139,658	2.0	7	13	Wheel tractor, transistor radio (E), toy (E).
Cuba	924,328	1.6	8	-	Molasses
Australia	739,953	1.3	9	8	Skim milk powder, meat, wheat, wire net (E).
New Zealand	442,172	0.8	10	15	Meat, skim milk powder
S. Africa	326,286	0.7	11	-	Wheat bran, fish meal.
North Korea	270,006	0.5	12	26	agricultural chemicals(E), other chemicals (E).
Canada	269,100	0.5	13	10	Wheat, Whey milk powder, paper goods (E)
Philippines	216,808	0.4	14	22	Wheat bran
Belgium	214,911	0.4	15	14	Milk powder
Argentina	171,419	0.3	16	4	Honey, milo, meat.
India	106,419	0.2	17	9	Molasses, sheep casing.
Other Countries (9-10)	216,465	0.4			
Domestic	2,670,225	4.7			
TOTAL:	56,277,103	100			(E):Our Export = 56,060,638

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BACKGROUND PAPER

TRADING ACTIVITIES OF THE JAPAN COOPERATIVE TRADING COMPANY LIMITED

By : Mr. Shunji Tsuboi
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Japan Cooperative Trading Company Ltd.,
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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pk/3rd June, 1968

TRADING ACTIVITIES OF THE JAPAN COOPERATIVE TRADING COMPANY LIMITED

By : Mr. Shunji Tsuboi

At the Nineteenth Congress of the International Cooperative Alliance in Paris in 1954, the delegate from Japanese Consumers' Cooperative Union, Mr. S. Tanaka, made proposals for the Promotion of International Trade between cooperative organisations, establishment of ICA Regional Office in Asia and the movement by cooperators for prohibition of Atomic Bomb. After the Congress, we started to establish a foreign trade organ of Japanese Consumers' Cooperative Union and in 1956, Japan Cooperative Trading Company Limited was founded by the Union with the capital shared by its member societies. The first year's business was the barter business with "Centrosoyus" of the U.S.S.R. only, amounting to US\$110,000 export and import.

After twelve years since it was born, Japan Cooperative Trading Company Ltd., has now many partners of cooperatives or non-cooperative foreign trade organisations abroad, i.e. Sojuzkoopvneshtorg, Daljintorg, Prodintorg, and some other State Corporations of the U.S.S.R., cereals and oil foods, mineral and metals, textiles, machinery and some other State Corporations of P.R. China, K.F. of Sweden, G.E.G. of F.R. Germany, G.E.G. of D.R. Germany, C.W.S. of England, N.K.L. of Norway, POLCOOP of Poland, mineral and ore, State Corporation of D.P.R. of Korea and so on. The annual turnover in 1967 was about US\$8,000,000 including import and export.

The main import items are :

logs, marine products (herrings, its roe mackerel, salmon, shrimps, shark, jelly fish etc.), metal product and ore, agricultural products (soyabeans chest nuts sun flower seeds, hemp seeds, maize etc.), foodstuff (some kinds of jams, honey, wine and liquer, lemon etc.), and other miscellaneous consumers' goods.

The main export items are :

Knitwears, cloth, garments yarn, fishing net, fishing rope, automobile tyres, wire fencings, wire rope, tin plate, fertilizer, sewing machine, medical instruments, electronic testers, porcelainwares, etc.

Settlement is based on L/C irrevocable confirmed, but sometimes on the basis of D.P. if sellers abroad agree!

Some portion of the imported goods are sold in our consumer cooperative shops to their members or distributed after processings, However, majority

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of imported goods are sold to outside markets.

Export goods are prepared by private manufacturing firms because we have no light industry inside of our consumers cooperative movement, excepting small foods manufacturers.

Surplus and profit from our business activities are returned to consumers cooperative movement through its Central Union (Japanese Consumers Cooperative Union), while a considerable part of them are accumulated as funds for future developments.

Our target in the present circumstances is to start small factories (saw mill, canning, food stuff packing, dairy processing, etc.) using imported raw-materials.

In any way, we wish to emphasize that more than 10 years of experience in cooperative foreign trade gave and is giving prospective spirit and courage to our cooperators, though consumers' cooperative movement is still in the developing stage in Japan.

DEVELOPMENT OF COOPERATIVE TRADE BETWEEN 1963 AND 1967
IN THE REPUBLIC OF KOREA

By : Mr. Woi Shik Shin
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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DEVELOPMENT OF COOPERATIVE TRADE
BETWEEN 1963 AND 1967 IN THE REPUBLIC OF KOREA

By : Mr. Woi Shik Shin

I. General Introduction of Cooperative Marketing

1. Summary of Agricultural Production

In the long history, the production of food has been generally accepted by the people of Korea as the purpose of agriculture. Being located in the temperate zone, the Republic of Korea therefore has a mono-cropculture based on the production of rice. Barley and other grains are also grown to provide the leading staple food for her people.

In spite of the structural limitations of the agricultural system mentioned above, varieties of agricultural products have been remarkably increased in recent years in accordance with the increase in demand for such products at home and abroad. Major products are rice, barley, wheat, potatoes, pulse, corn and millet in grain group, apple, peach, pear, grapes, citrus, chestnut and walnut in fruit group, cabbages, radish, asparagus, tomatoes, melons, mushrooms and many others in vegetable group and dairy farming, cattle and hog raising, poultry operations are predominant livestock farming. In addition, a number of industrial raw materials such as ramie, flax, tobacco, cocoon, rape seed, cotton and others are rapidly increasing with few exceptions.

2. Development of Cooperative Marketing of Agricultural Products.

As a multi-purpose organisation, the National Agricultural Cooperative Federation (hereinafter referred to as NACF) together with its member cooperatives has been engaging in marketing of agricultural products on the top of credit and purchasing operations since its establishment in 1961. However, the reservoir of the marketing personnel having technical background and experience was so restricted in comparison with those of credit and purchasing fields that there has been multiple difficulties in the course of its development.

The marketing operation of cooperatives in Korea has been largely leant on the governmental policies. For example, many of the major items being marketed through cooperative channels such as cocoon, rice

and barley, sweet potatoes, straw goods and some of industrial raw materials are placed within the scope of governmental policies. In such cases, the government usually plays following roles.

1. The Government provides the largest portion of marketing funds and other types of assistance.
2. The Government sets prices for farmers, size of commission or margin for cooperatives and other agencies connected. In doing this, the Government usually hears recommendations of the committee composed of representatives of concerned agencies.
3. The Government itself becomes buyer of the products at the government's own prices.
4. Combination of two or all of the above.

However, on the other hand, the cooperatives themselves have also strived hard to develop their own or proper marketing on the basis of self-financing and of free competition in the market. Grains, vegetables, fruits and eggs belong to this category.

Irrespective of hinderances and obstacles, total marketing of NACF has marked average of 24.8% per year increase or total of 1,241% net increase during 1962 and 1967 which is the highest growth rate among all business fields of the NACF during the same period. The total amount of sales reached 25,653 million won or US\$95 million in 1967. This accomplishment of cooperatives constitute approximately 20% of total commercialisation of agricultural products in Korea.

II. Outline of Development of Cooperative Trade

1. Institutional Development.

Although foreign trade business requires governmental licence in accordance with Foreign Trade Act, the NACF or Agricultural Cooperatives do not require it as they are authorised foreign trade specially by the Agricultural Cooperative Act.

The NACF established a Foreign Trade Division within Purchasing Department in 1962 as at that time the NACF was operating import only. However, as "export first" policy was carried out by the government, the NACF also shifted emphasis to development of export by relocating the Foreign Trade Division under the Marketing Department in 1965.

2. Accomplishments of Foreign Trade.

To look at the records of imports and exports in the last five years, it is recognizable that in the beginning, the foreign trading was composed of import only and the export was just tried in 1965 for the

first time. Another trend is that the import has been decreasing remarkably whereas the export indicates sharp increase.

a. Import : In 1963, the total amount of import was US\$7,325,000 but it has continuously decreased each year - US\$1,499,000 in 1964, US\$876,000 in 1965, US\$563,000 in 1966 and US\$277,000 in 1967. The big figures in 1963 was due to extraordinary import of US\$6,375,000 worth of rice from Taiwan.

b. Export : Export actually started in 1965 and therefore it has just three year history only. Total export in 1965 was US\$9,170 with 35 M/T of red bean to the Cooperative Trading Union of Japan and US\$36,144 with four items in 1966 and it jumped to US\$279,227 with ten items in 1967 and the target for 1968 is approximately US 1.2 million dollars.

3. Observation of Individual Commodities

a. Import :

1. Agricultural chemicals, mainly insecticide and fungicide, are the biggest item among fourteen import items in the last five years. Average of approximately US\$500,000 worth of chemicals have been imported every year with exception of 1967 when it sharply decreased to US\$210,000.

2. Seeds are considered the next important item although it is not the second largest in dollar value as they are imported every year. The varieties of those are mainly seeds for various vegetables to be marketed to the UN forces stationing within Korea under a specially arranged programme and 95 M/T of feed grass seeds were also imported in 1967.

3. Milk cows : In the last five years nearly one million US dollars were spent by NACF for import of approximately 1,700 heads of dairy cows and some breeding stocks; 835 heads in 1963, 500 heads in 1965 and 328 heads in 1966. Also 300 heads of breeding rabbits were imported in 1966.

b. Export :

1. Red bean : So far this item has been a leading item for agricultural cooperatives in Korea, however, a wide range of price fluctuation both at home and abroad, creates considerable risks in export of this product. It was for this reason that the NACF has been unable to export 1967 crop. And yet, the government has a long term plan for increasing red bean production as a part of export promotion project and 60 M/T of seeds have been imported in 1968.

2. Rush goods : Slippers and mats are major products, but competition among the export merchants at home has been very keen, resulting in raise of prices or deterioration of qualities significantly influencing expansion or continuation of export. The export of this commodity has been steadily increasing (See table 2).

3. Pickles : Those are semi-finished products or salted vegetables such as scallion, cucumber, small egg plant, ginger etc. Export of these products is particularly significant for three points. Firstly, these are not only pioneered by the NACF together with its member cooperatives in 1967 and secondly this is in real sense the inter-cooperative trade between cooperative organisations in Korea and Japan. Thirdly, it is being developed through a method of production on prior contracts with the importer, the Pickles Import Work Cooperative Union of Japan. By doing so, it has been made possible to minimize risks for both producers and buyers, to select the best demanded varieties, to apply the most effective means of production control. This will further contribute to lowering of production cost and thus to practical increase in farmers income.

4. Mushrooms : Under the leadership of the NACF, the local producers organised a mushroom agricultural cooperative recently to boost its production as well as export of dried mushrooms. Farmers' shares are to be increased by almost 30% in comparison with the case of dealing with local export merchants. In the initial year of 1967 the total of US\$50,693 was the export accomplishment with this product but it is expected to increase up to US 300,000 in 1968 and further there will be constant and steady market because the NACF has concluded a long term contract for an exclusive transaction of the total production with an importer.

As for French Mushrooms or canned mushrooms, the agricultural cooperatives are in the position to handle only 250 M/T or 10% of total production throughout the country because of the governmental policy to designate production areas per exporter and per canning facility.

5. Seed corn : In compliance with a contract between the NACF and the Union of Agricultural Cooperatives of Hokkaido Japan (HOKUREN) production and export of dentcorn seed is being promoted. It was started in 1966 just on trial basis to find out potentiality or suitability of its production. The HOKUREN side was willing to provide on the top of prices of corn a financial assistance for research and technical personnel employed by this project. Despite the project in the first year was not too successful, the both parties proceeded on to the second year's trial in 1967 on the basis of similar terms and conditions to bring about satisfactory results proving definite possibility for larger scale production. The amount of seed corn thus exported to Japan was 11 M/T in 1967 and that will be increased to about 100 M/T in 1968 which is just one fifth of the tentative annual target.

6. Other than those items mentioned above, quite a number of products are seeking for export markets through cooperatives. The major of those products are buckwheat, beer barley, fruits such as apples, pears, peaches and grapes, and vegetables such as garlics and red peppers.

III. Problems in Promoting Foreign Trade

1. Internal Problems

a. Exclusive competition among traders:

The keen competition among traders against producer farmers always pushes prices of products up which at a glance seems favourable to producers. However, it is almost unexceptional that the rising of prices due to such competitions continues to go over the export price levels, making export next to impossible in the long run unless the exporters are willing to accept losses. In addition, such competition also creates and furthers quality deterioration which in turn vitally worsen reputation on the production in the world market consequently **ruining** whole business.

b. Lowering of costs :

One of the largest problems existing in the course of export of agricultural products is the way of lowering costs without sacrifice on the part of farmers. Such cost lowering procedures are related mainly to technical advancement in agriculture itself and cheaper production supplies including packing materials and ingredients, products of other industries, necessary in processing of the products.

c. Lack of techniques for merchandisation

As the pattern of marketing agricultural products at home is much different from that of export because of conservative and traditional ways of consumption, there exists much room for technical improvement in merchandising export products. Intensive education and training of farmers and cooperative workers in the field of agricultural marketing for not only farming techniques but also grading, standardising and packing must be carried out as the means of quality control. Lack of understanding of characteristics of marketing of agricultural products due to inexperience by farmers, cooperative workers as well as governmental officials is still a big problem in Korea.

2. External Problems

a. Limitation of market information

Obtaining of applicable information on marketing is the first step towards trade promotion and yet the NACF has no information net works set up abroad. On the other hand, the government has established the Foreign Trade Promotion Corporation with its overseas net works spread in the main countries in the world. Also agricultural attaches are despatched to some countries. However, the first hand and accountable information sources for cooperatives are lacking.

b. High tariff walls

Mainly for the purpose of protecting her own producers, each country builds up high tariff walls which usually runs in the neighbourhood of 15 to 30 percent. Unless such walls are removed by eliminating elements of exclusive competition among the producer farmers of the countries within South-East Asia, maybe through promotion of prior contract production system, expansion of trades for agricultural products even between the cooperatives will be very difficult.

3. Conclusion

As a principle, speedy expansion of general marketing of agricultural products can hardly be accomplished at home but the promotion of foreign trade seems pre-requisite to such expansion in the most of the developing countries within the region.

This is also our observation that the marketing of agricultural products, foreign trade above all, has been left almost totally in the hands of export merchants having very little interest or knowledge on the characteristics of agriculture and its products and therefore the exporters have been negligent to pay even the minimum of necessary attention to the products until they are harvested and collected, consequently reducing efficiency of marketing greatly. However, regardless to mention, marketing of agricultural products actually begins at the stage of determining varieties and quantities to produce. Therefore, for the purpose of effective marketing, the exporters, whoever they may be, are increasingly requested to go deep into education of farmers in the light of marketing techniques at the production stage, although it is seldomly expectable. This observation leads to a conclusion that the marketing of agricultural products, specially in the case of export products, should be reared up at least until such time that production and price are stabilised by the agricultural cooperatives. Otherwise the exclusive competition for sharing profit between farmers and merchants or exporters will cause complete ruin on the business to the experience of the Korean farmers.

IV. Recommendations

In order to facilitate the expansion and promotion of inter-cooperative trade within the region, the following recommendations are respectfully presented.

1. Cooperatives in each country should place increased emphasis on promotion of direct foreign trade as the means to stimulate overall and proper marketing of agricultural products at home.
2. Each government should recognise foreign trade activities by cooperatives within the region as part of economic cooperation beneficial to all nations and take decisive attitude to eliminate various barriers and obstacles laid in the course of foreign trade by cooperatives.

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3. Towards commonisation of agricultural market within the region, each country should apply the principle of division of labour on the basis of comparative advantages and crop cultivation should be promoted under international or inter-cooperative contracts. This practice by cooperatives that may be backed up by the international organisations concerned such as ICA will lead to elimination of exclusive feeling among farmers of one country and another which will in turn be helpful to make it much easier to lower or even to completely exempt tariffs in the long run.

4. An international cooperative trade organisation should be established possibly within the framework of the ICA with the primary function of firstly, collecting and disseminating trade informations from and to the countries concerned and secondly, exercising certain extent of command over the inter-cooperative trade with an ultimate target for realisation of an International Trade Cooperative composed of the various cooperatives within the region.

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TABLE 1

PROGRESS RECORD OF IMPORT BY NACF

(Unit: In US\$)

Items	1963		1964		1965		1966		1967	
	M/T		M/T		M/T		M/T		M/T	
Agri. Chemicals	1,061.3	475,012	250.3	335,663	219.1	543,496	72	79,172	77	210,322
Rice (polished)	30,000	6,375,167								
Sprayers and Dusters.	219	sets 20,826								
Milk cows	835	hds. 377,567			500	hds 317,852	328	hds 233,208		dl
Vegetable seeds	2,384	dl 1,531	2,072	dl 954	1,705	dl 605	15,906	dl 4,042	10,743	dl 2,499
Acacia seeds	74,799	lbs 75,546								
Feed corn			5,000	M/T 321,500						
Soybeans			8,042	M/T 840,000						
Refrigerator parts					18	sets 5,472				
Breeding rabbits							300	hds 3,090		
Seed potatoes							300	35,004	300	6,820
Chicks									300	4,600 blr's 8,280
Food grass Seeds									95	M/T 46,120
P.A.M. (Chemical)									3,000	q/s 3,420
TOTAL	7,325,649		1,499,117		867,425		527,183		277,461	

TABLE 2

PROGRESS RECORD OF EXPORT BY NAJF

(UNIT: In US\$)

Item	1965	1966	1967	1968 (Plan)
Red Bean	35 M/T. 9,170		200 M/T 39,000	500 M/T 110,000
Handicrafts(Bamboo)		4,189 pcs. 1,221		30,000 pcs. 6,200
Rush Products (Slippers)		115,585 ea. 13,403	92,300 ea 16,236	700,000 ea 87,200
Mat				300,000 pcs 145,300
Dried Mushroom		105 kgs 401	11 M/T 50,693	68 M/T 300,000
Mushroom Canned			315 C/S 1,492	20,000 C/S 179,500
Walnut		50.4 M/T 21,117		50 M/T 22,540
Dentcorn Seed			11.55 M/T 2,423	100 M/T 16,667
Eel cans			200 C/S 2,500	
Food packages			15,000 C/S 43,300	
Pickles			121 M/T 23,581	1,800 M/T 257,000
Buckwheat				200 M/T 31,850
Apple				10,000 C/S 30,000
Pear				1,000 C/S 3,000
Rabbit meat				10 M/T 9,000
TOTAL	9,170	36,142	179,225	1,198,257

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BACKGROUND PAPER

TRADING ACTIVITIES OF THE
MALAYAN COOPERATIVE WHOLESALE SOCIETY LIMITED

By : Mr. Wan Siew Seng
General Manager
Malayan Cooperative Wholesale Society Limited
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
Tokyo (Japan) June 3-22, 1968

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CENTRAL UNION OF AGRICULTURAL
COOPERATIVES
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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends Colony, New Delhi 14.

pk/6th May, 1968

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TRADING ACTIVITIES OF THE
MALAYAN COOPERATIVE WHOLESALE SOCIETY LIMITED

By : Mr. Wan Siew Seng

The Malayan Cooperative Wholesale Society Limited (MCWS) was established in 1949 as a result of the formation of a number of Cooperative Consumers Societies after World War II. The shortage of all types of consumer goods at that time caused the cost of living to rise steeply and at one stage it appeared to be getting out of hand because of private enterprises exploiting the situation and channelling most of the goods imported to black market operators. Government had to do something to halt these unsatisfactory practices and decided to make the Cooperative Consumers Societies which was then being formed gradually as the spear head against black marketeers. Following this decision the formation of Stores Societies both in the urban and the rural areas was accelerated. The MCWS was to play the part of a universal supplier of all consumer goods to these Retail Societies. The Government aided both the retail and the Wholesale Society by giving them loans, outright grants and made available premises for the use of the Stores Societies. There were varying degrees of successes and failures but generally speaking the Consumer Cooperatives performed useful functions in making available essential items to the members and undoubtedly helped in keeping the cost of living at a reasonable level. The Cooperative certainly assisted the Government in keeping the supply position of consumer goods well under control.

At that time the MCWS, as already stated, was expected to be a supplier of all kinds of household goods. Detailed below are some of the main items carried:

<u>Commodity</u>	<u>Source of Supply</u>
Rice	Various grades imported and locally grown.
Salt	Imported
Sugar	Imported
Wheat Flour	Imported
Milk: Powdered, Sweetened Condensed	Imported

Biscuit	Locally manufactured
Coffee Powder	-do-
Tea	-do-
<u>Seasoning Ingredients</u>	
Chillies dried	All imported
Onions (small & large)	-do-
Garlic	-do-
Corriander seeds	-do-
Tamarind	-do-
<u>Perishables</u>	
Potatoes	Imported
<u>Soap & Soap powders</u>	
Toilet & washing powder	Imported
<u>Rice Noodles</u>	
Mee Hoon	Locally produced and imported.
<u>Cooking Oil</u>	
Coconut oil	Locally produced.
<u>Dried fish</u>	
Various types	Locally produced.
<u>Tinned Fish</u>	
Sardines (large & small)	Imported
Cuttle fish	Imported
<u>Sauces</u>	
Soya Sauce	Locally produced
Tomato	Imported and locally produced.
<u>Peas and Lentils</u>	
Green Peas	Imported
Black Peas (Whole & Split)	Imported
Gram Peas	Imported
<u>Writing Materials</u>	
Pencil	Imported
Exercise books	Locally produced

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Wearing apparel

Canvas & Rubber shoes Locally produced
Batak Cloth Locally produced

Lighting Fuel

Kerosine Locally produced.

During the early and mid 1950's the society experienced considerable difficulties in obtaining sufficient quantities and the right quality of imported items. This was because of (a) world-wide scarcity, and (b) because many pre-war importers clubbed together and formed some sort of a ring to exploit or to create artificial shortages to justify the charging of unrealistic prices. This was particularly true with such commodities as rice, flour and sugar. All attempts to import direct successfully had been frustrated by either that the quantity ordered by the society was not large enough for acceptance by the exporter or if an order was successfully concluded and landed would meet with keen competition and price undercutting. Importers of long standing had very strong connection in the rice exporting countries like Thailand and Burma where rice could be exported on consignment without the necessity of establishing Letters of Credit. The MCWS had no such facilities.

As for sugar the MCWS made several attempts at importing direct from the U.K. (Tale & Lyle was the most prominent exporting firm to this country). As mentioned earlier the same ring also controlled the import of sugar. Here again the Society met with the same fierce competition as with rice. And because the off-take was not large coupled with the constant fluctuation of world prices of sugar the MCWS lost out to this ring and it had to draw supplies from this import organisation.

The import of flour showed, however, a somewhat different picture. Although the import of popular brands of flour (Malaysian were and are very brand conscious) was vested in European Import Houses the MCWS was able to import through these import houses at very reasonable prices.

The most popular brands of Milk products were handled by their own branches or by their appointed agents. The MCWS was not a successful importer of this commodity although it did bring in a consignment of Sweetened condensed milk from the U.K. (through the C.W.S., U.K.). The brand and the contents were not received favourably.

The same sad story could also be repeated for the attempt to import toilet soap from the C.W.S. of England. The Green Olive brand was brought in to sell along side with Palmolive - a brand of pre-war standing. No further import was made after the first consignment as strong advertising by Palmolive outsold the Cooperative Product. So was

the failure of some earlier attempts to import cooperative tinned fruits, biscuits and preserves.

In undertaking to import direct one of the Society's main worry was finance. The MCWS as a central organisation was not financially strong itself, and to import it must establish Irrevocable Letters of Credit with private banks, (no cooperative bank as yet in a position to finance cooperative undertaking of this nature), and therefore had a portion of its badly needed revolving capital tied-up. The problem was further aggravated by outstanding claims on losses or damages of goods in transit which took a long time to settle, and sometimes irrecoverable. This part of the operation increased the cost of the goods and that was one of the reasons the MCWS could not compete successfully.

The same story was repeated in other commodities. The MCWS had not a large enough outlet to bring in economical shipments. Whereas the few large importers had long established clientele throughout the country. They also had a fine transport system involving short-hauls. Whereas the MCWS had to make deliveries to widely scattered Cooperative Shops in villages and in the interior of plantations and mines.

After 1956 the working of the MCWS was an uphill struggle. Many of the individual Cooperative Stores or Shops owing large amounts for goods supplied by this society, folded up. One quarter of a million dollars was thus tied up on this account. Thereafter the MCWS adopted a strict cash or guaranteed payment trading policy. The Society dropped the policy of being a universal supplier and concentrated on stocking the most essential commodities and obtained these locally by working with the big importers and securing by negotiation the highest discount available for quantity purchase.

This was then the trading activities of the Wholesale Society up to the end of 1960.

On locally produced articles (see list) however, the MCWS was on equal ground. The Society was able to secure more advantageously as an individual buyer, and also the off-take was considerably larger than others.

Since mid 1960 the trading position had changed somewhat. This was brought about by a change in Government Policy. Hitherto more attention was paid on urbanisation. The present Government, whilst maintaining the pressure of urbanisation also pursues vigorously its programme of rural development. The programme calls for the clearing of large tracts of jungle to be planted with either rubber or oil palm - the two main economical agricultural products. No less than sixty such schemes have been planned and planted and each scheme ranges from between 4,000 and 8,000 acres. A township of between 450 and 800 families

will be established in each scheme according to the size and acreage under development. The MCWS was called upon to set up retail stores to cater the needs of these settlers. They are all rural folks, needing only the basic essentials, therefore entails simple work for the supplier. No luxurious or exotic foodstuffs will be stocked. The MCWS currently operates 43 retail shops in as many Federal Land Development Schemes.

Parallel with its programme of rural development the Government has developed Industrial Estates in every major town and encouraged overseas manufacturers to set up factories here. Many forms of reliefs are given for pioneer industries. Today, unlike in the 1950's, almost all the essential foodstuffs or household necessities are manufactured and available locally. We have factories which produce sugar, wheat flour, food-seasoning, all the milk products, soap and soap powders and a host of other items which used to be imported. The manufacturers lay down a sensible price structure whereby there can be no manipulation or undercutting.

On the question of rice supplies the Society faces no problems now. Because of the demand for locally produced rice by rural folks the MCWS works closely with F.A.M.A. (Federal Agricultural Marketing Authority) which was set up by the Ministry of Agriculture and Cooperatives to regulate the production and sale of rice. The Society obtains almost all its requirements from this Authority.

The country, however, still relies on imports of such items as salt, tamarind, dried chillies and tumeric, all the onions, garlic and potatoes, and certain spices. These are all perishable foodstuffs and the prices are dictated by the availability during the season. A considerable quantity of tinned fish, especially sardines in tomato sauce and cuttle fish in soya sauce is imported. South Africa used to be the main supplier of canned sardines, but now Japan supplies the country's entire requirement. Some attempts had been made by the Society to import direct from private and cooperative producing centres in Japan. But the quotations received, taking into consideration the various other expenses including port, handling and transport charges, for delivery into the Society's godown, were higher than those that could be obtained from local importers. It is presumed that the cheaper prices obtained stemmed from the fact that thousands of cases were brought in one consignment as against Cooperative's few hundred cases. Therefore, no advantage could be had from importing direct unless there was a change in the export price structure.

Export

The country has practically no cooperatives which undertake to produce commodities for the export market. Perhaps the coffee small holders cooperative may, with the right incentive, produce sizeable crops for export. Whatever it produces now is only for home consumption.

A few years ago the MCWS, in conjunction with Fishermen's Cooperatives, did make arrangements to export salted fish to Ceylon. Unfortunately, due to difficulties in foreign exchange, the deal fell through.

Joint Ventures

As this country is rapidly forging ahead with its industrialisation programme, it will not be to the benefit of the cooperative movement if the cooperatives do not participate in it. Apart from housing and an initial venture on oil palm planting no cooperatives have established factories or industries which can serve the cooperators, particularly those in the rural areas. The Society will welcome any offers from cooperatives, particularly those from developed countries like Japan in Joint Ventures.

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BACKGROUND PAPER

TRADING ACTIVITIES OF
PAKISTAN CYCLE INDUSTRIAL COOPERATIVE SOCIETY LIMITED
LAHORE (WEST PAKISTAN)

By : Mr. Abaid Ullah Sheikh
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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INTERNATIONAL COOPERATIVE ALLIANCE
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43, Friends' Colony, New Delhi.14

pk/9th May, 1968

TRADING ACTIVITIES OF
PAKISTAN CYCLE INDUSTRIAL COOPERATIVE SOCIETY LIMITED

By : Mr. Abaid Ullah Shoikh

The organisation and working of the Pakistan Cycle Industrial Cooperative Society Limited, Lahore, is a story of a few enterprising cooperators who started in 1953. They have now developed their institution into one of the biggest industrial cooperative ventures in Pakistan through concerned efforts, devotion to work, team spirit and dedication to the cooperative principles. The present working capital of the Society is about US\$30,00,000.

The members who initiated the formation of the Society were already manufacturing cycle parts on cottage industry basis or were otherwise cycle importers and dealers. The idea of giving a fillip to the indigenous cycle industry and to ensure better future prospects inspired them to organise themselves on cooperative basis and their background knowledge of cycle parts manufacturing and marketing helped a lot in the successful functioning of the Society.

The Society now consists of 58 individual members. They elect a President, Vice-President and a Director of Finance. Besides, six members are elected to the Board of Directors.

The management rests with the Board of Directors which, in turn, delegates power to the four Working Directors who are responsible to look after the day-to-day affairs of their respective spheres of responsibility as fixed by the Board. The different sections of the organisation which are working under the charge of each Director are as follows :

1. PRESIDENT: Conducts coordination of all the departments. Looks into the planning, development, marketing and publicity. Also represents the Society in national and international conferences and seminars.
2. DIRECTOR FINANCE Looks after all the financial transactions of the establishment and legal affairs.

3. DIRECTOR AND SECRETARY Procures raw material (local and foreign) from the stage of ascertaining the correct requirements upto the delivery of the same to the factory. He also acts as Secretary to the Society and carries out all the functions as such.
4. DIRECTOR STORES AND SUPPLIES Maintains stocks of the imported and manufactured stores. Looks after the efficient feeding of the factory and supply **of the finished products.**

The Working Directors have their regular weekly meetings, in which, they discuss and decide matters relating to the organisation which need joint thinking, or concern policy matters to be decided by the Board. Otherwise, they act independently in the daily functions of their own sections.

The Board of Directors meets twice a month. It takes decisions, sanctions the monthly production programme and considers the work of the past month. It also approves the monthly expenses. Further, it discusses and watches the financial progressive figures under different heads.

Before the establishment of the Society, only imported cycles and spare parts were sold in Pakistan which found a ready market. So, when the 22 pioneer members got together to organise this Society, they had to face an uphill task because the public, in general, had formed a tendency to buy foreign cycles. However, perseverance of the members stood in good stead and the Society is now producing about 75,000 cycles a year which are worth about US\$ 34,00,000 besides spare parts valuing US\$ 2,00,000. The number of workers when we started was only 20. Now it stands at 1600. The Society has thus made Pakistan self-sufficient in this commodity and has helped save Pakistan millions of dollars in foreign exchange.

We have a sanctioned capacity of 62,000 bicycles per year but are actually producing 75,000 a year. However, our installed capacity is for 1,00,000 bicycles. Besides; we have production capacity of cycle parts worth US\$ 2,00,000 per annum. For the procurement of additional raw material from the local market we have to pay higher premium.

In Pakistan, bicycle is a common man's ride but, because the raw material namely iron and steel have got to be imported, the price of the bicycle is not within the easy reach of the poor. By raising our production and working our machinery to the fullest capacity, we plan to economise as far as our production expenses and overheads are concerned. This would make our products cheaper for the common man.

MARKETING

The Society produces RUSTAM, SOHRAB and KING bicycles which compare with the British Hercules, Raleigh and Philips type of bicycles respectively. We also produce Cyclovans for transportation of consumer goods, Push-chairs for hospitals and special Chair-bicycles for the invalids.

The entire production of the Society namely complete bicycle sets and cycle parts etc. are distributed among the members of the Society. Every member gets his share of products at a pre-determined programme against equal number of shares that he holds. However, at this moment, every member holds an equal number of shares. The members, in turn, have a net work of over 400 dealers in all the nooks and corners of the country who sell their products direct to the consumers. The price of the products for the members is fixed by the Board of Directors keeping in view the development needs of the Society and the cost of production. It varies only when there has been an extra-ordinary change in the import policy affecting the ultimate landed cost of the raw material. The production programme is chalked out every month according to the demand of the members and keeping in view the overall production capacity of the plant.

The procedure for procurement of raw material is that we are issued import licences by the Government twice a year on the basis of our sanctioned capacity. The import of raw material includes all sorts of iron and steel required for the bicycle industry, dies and chemicals, small nuts and bolts, steel balls and some finished components. Some raw material like steel tubes of various sizes, paints and varnishes etc. are also procured locally.

The sale of Society's products exceeds even the total sales of all the other cycle manufacturing units which are not cooperative organisations. The Society has been able to keep its role as a leading bicycle industry in Pakistan by introducing its products in the world market. Regular business contacts have been established in Nigeria, Kenya, Tanzania, Mauritius and Far East and an all out export economy is being implemented in the manufacturing plant by improving productivity and efficiency.

Recently, we have developed successful relations with Hong Kong importers and their first order for the import of a few bicycle parts has been received.

As we are progressing and expanding our organisation gradually, we are also adopting the modern and scientific management techniques. We now intend to install an induction Furnace in order to re-use our costly scrap which, at present, has to be sold out cheaply. Besides, we are further modernizing and balancing our existing machinery. This would make us more proficient and productive eventually for the economic betterment of our members.

PROBLEMS IN IMPORTS

Pakistan is a developing country and is making rapid strides in establishing all kinds of industries in order to become self-sufficient in her basic needs. The problem of foreign exchange shortage is common in all the developing countries and thus all our imports whether they are finished products or the raw material for the manufacturing industries, are not easily importable according to the particular needs. Thus, the industry sometimes is handicapped and the production targets are not achieved. The second problem is of the increasing cost of production due to ever high trend of prices in the developed countries and the shipping cost. Bicycle manufacturing, in our country, mostly depends on the imported raw material the main items being iron and steel. Some time it happens that we import certain specific item of iron and steel with a particular analysis, but, when we receive the consignment, it is not found just the same as we originally ordered or even as was declared by the supplier. These types of problems cause heavy losses without any fault of ours.

Both for the imports and exports, the contacts with reliable parties are basically needed for successful business future. The mutual understanding between the cooperatives of the Region can play a helpful role.

We are giving below the figures of our yearly imports of different items which we import from various countries of the world:

	<u>Item</u>	<u>Value</u>	<u>Countries</u>
1.	Iron and Steel	Rs.19,30,600.00	U.S.A., U.K. and West Germany.
2.	Non-Ferrous Metals	Rs. 1,01,246.00	U.K., West Germany.
3.	Electroplating Material.	Rs. 86,000.00	U.K., and West Germany.
4.	Chemicals	Rs. 37,200.00	U.K., West Germany, Belgium and Poland.

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5.	Finished Cycle Components.	Rs.2,56,000.00	U.K., Japan and West Germany.
6.	Small Tools and Hand Tools.	Rs. 56,400.00	Poland, U.K. and Czechoslovakia.
7.	Maintenance Spares	Rs. 50,530.00	U.K., West Germany and Japan.

PROBLEMS IN EXPORTS

We have the pleasure to state that our Society is the only organisation in Pakistan which is exporting bicycles and cycle parts to various African and Far Eastern countries. In fact, we are not capable to compete our products price-wise with the highly industrialised nations like Japan and China as we have to import all the items of iron and steel on high prices and have to pay heavy internal duties and taxes etc. However, we are forging ahead in this direction and our products have been liked and appreciated by the importing countries. We are further trying to reduce the price without impairing the quality.

The problems of exports are much different than those of domestic sales. We are making best efforts to overcome the price factor besides bringing up our bicycle upto date in design and shape and to the taste of the foreign buyers.

In Europe and America, the bicycle is now-a-days being used as a luxury rather than a necessity. We would like to seek the assistance of the International Cooperative Alliance to put us in touch with the Cooperative Societies of Europe, America, Far East and African countries so that we may keep the cooperative banner flying high by assisting each other in marketing for mutual benefit.

Data about the progress achieved by us during the past 15 years is given below:

<u>FISCAL YEAR</u>	<u>SHARE CAPITAL</u>	<u>SALES IN VALUE</u>	<u>VALUE OF FIXED ASSETS</u>
1953-54	Rs.1,56,000.00	Rs.1,18,754.00	Rs. 70,833.00
54-55	3,27,000.00	5,85,067.00	2,22,406.00
55-56	3,52,000.00	10,56,564.00	2,83,922.00
56-57	5,50,630.00	11,59,823.00	4,30,494.00
57-58	7,07,000.00	17,40,228.00	7,76,654.00
58-59	8,86,000.00	13,02,967.00	11,23,872.00
59-60	11,72,000.00	30,92,591.00	13,25,396.00
60-61	15,65,000.00	34,98,636.00	18,94,637.00
61-62	19,91,000.00	53,66,021.00	21,44,790.00
62-63	21,94,000.00	80,17,774.00	28,80,455.00
63-64	27,79,000.00	92,74,319.00	40,39,887.00
64-65	23,39,000.00	1,20,95,734.00	51,69,591.00
65-66	30,00,000.00	1,14,79,393.00	65,75,947.00
66-67	32,30,000.00	1,46,36,189.00	70,88,987.00

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BACKGROUND PAPER

TRADING ACTIVITIES IN DIFFERENT COMMODITIES AND THE PROBLEMS
FACED BY THE FISHERMEN'S COOPERATIVES IN IMPORT AND EXPORT PERFORMANCES

By : The Secretary
Provincial Fishermen's Cooperative Society Ltd.
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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CENTRAL UNION OF AGRICULTURAL
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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
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43, Friends' Colony, New Delhi.14

pk/25th April, 1968

TRADING ACTIVITIES IN DIFFERENT COMMODITIES AND THE PROBLEMS
FACED BY THE FISHERMEN'S COOPERATIVES IN IMPORT AND EXPORT PERFORMANCES

By : The Secretary
Provincial Fishermen's Cooperative Society Ltd.
Chittagong, East Pakistan.

Pakistan, as you might know, consists of two wings, separated by nearly 1000 miles of Indian territory. Total area of the country is 0.365 million square miles (West Pakistan - 0.310 million square miles, East Pakistan - 0.055 million square miles) with a population of 120.0 million (East Pakistan - 61.2 million, West Pakistan - 58.8 million). Density of population in East Pakistan is 922 per square miles and 138 per square miles in West Pakistan. Nearly 90% of the population live in villages. They are farmers, fishermen, weavers and other handicraftsmen. Like the people of many other underdeveloped countries, the standard of their literacy and solvency is low.

The Cooperative Movement was initiated as far back as in 1904, mainly to cater to the credit need of rural people and to a very limited extent, urban people. With passage of time and with the independence of the country, the Cooperatives which were merely loan-giving agencies, assumed new dimensions. They are now playing a very vital role in making the country self-sufficient in food. Apart from meeting credit need, the Agricultural Cooperatives are supplying all sorts of needs of the farmers e.g. irrigation facilities, better seeds, chemical fertilizers, insecticides and improved type of ploughing implements.

East Pakistan is a riverine country and fish is one of the major items of food of its people. The Bay of Bengal which lies on the southern side of the Province, is prolific in fish. Moreover, there are innumerable rivers, canals and marshy land which produce enormous quantity of fish. There are nearly 500,000 fishermen in the Province. Although their methods are crude and out-dated, they are the only people to exploit the Bay of Bengal and the hinterland fisheries but they are the poorest people living in the country. They are, almost exclusively, dependent on money-lenders and traders who suck their blood.

In a bid to make the country self-sufficient in food, Government put very great importance to organisation of fishermen into Cooperative Societies and give them all sorts of assistance including money and

materials through their societies, with a view to increase the production of fish as also to improve the living condition of fishermen.

There were Fishermen's Cooperative Societies even in pre-independent days. But they existed only in name. A real start in organising Fishermen's Cooperative Societies was made in 1960 when the Provincial Fishermen's Cooperative Society was organised. Unlike Agricultural Cooperatives, the Fishermen's Cooperatives are two tier organisations - Provincial Society - the apex organisation, and the Primary Societies. The progress made within seven years of initiation of the movement and the Fishermen Sector is briefly noted below:

1. Number of Societies Organised

(a) Provincial	...	1
(b) Primary	...	395

2. Membership

(a) Provincial Society	...	325 (all Primary Societies).
(b) Primary Societies	...	95000

3. Paid-up Share Capital

	<u>Rupees (in million)</u>	<u>Sterling</u>
(a) Provincial Society	Rs. 0.430	£ 37,526-0-0
(b) Primary Societies	Rs. 0.515	£ 44,947-0-0

4. Thrift Deposit Collected

	<u>Rupees (in million)</u>	<u>Sterling</u>
(a) Provincial Society	Rs. 1.167	£1,01,846-0-0
(b) Primary Societies	Rs. 1.192	£1,04,053-0-0

5. Profit earned (from 1960 to 1968):

	<u>Rupees (in million)</u>	<u>Sterling</u>
(a) Provincial Society	Rs. 1.712	£1,49,441-0-0
(b) Primary Societies	Rs. 0.368	£ 32,106-0-0

6. Plant installed

(a) Ince Plant	...	3
(b) Freezing Plant	...	2
(c) Net making Factory	..	1
(d) Cold Storage	...	3

7. Loan issued to individual members of Primary Societies since 1960-61:

	Rs.10.090	£9,51,933-0-0
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8. Loan collected

	Rs. 7.836	£5,78,569-0-0
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9. Percentage of collection

70%

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Due to cyclone and tidal bore, which have nearly become a normal feature in the Province, the collection of loan has been much below expectation. The purpose of introduction of thrift system is to make the societies economically self-sufficient. Progress in this regard might not have been satisfactory but a good start has been made.

As has been stated above, the fishing technique is old and out-dated, the objective is to replace the old and obsolete system with improved and modern one. To achieve that, a big quantity of fishing materials and equipments had to be imported from foreign countries. The following figure will indicate the extent of import activities of the Fishermen's Cooperatives:

<u>Year</u>	
1960-61	£ 2,42,389-0-0
1961-62	£ 1,32,851-0-0
1962-63	£ 7,841-0-0
1963-64	£ 1,93,961-0-0
1964-65	£ 30,297-0-0
1965-66	£ 9,337-0-0
1966-67	£ 95,498-0-0
1967-68	£ 1,66,969-0-0
	<hr/>
	£ 8,79,353-0-0

The goods imported include Nylon Twine, Nylon Rope, Coal-tar, Marine Diesel with spares, Manila Rope, Steel Wire Rope, Insolated materials, Metal and Synthetic Rubber Floats, Fish Refrigerators, Display Cabinets, Freezing, Ice and Cold Storage Plants, Net making Plant etc.

Hemp twine which is very coarse, hard and thick, was universally used for fishing nets. The aim was to replace the inefficient hemp twine with Nylon Twine. Fishermen being traditionally conservative, very much attached to the practice of their fore-fathers, did not agree to adapt the new method, but by systematic propaganda, nearly 80% of the fishermen are now using Nylon Twine. Hence, Nylon forms the bulk of imported materials.

It may be reiterated that the issue of Import Licence, as well as allocation of Foreign Exchange are now a bit strict and cannot be made available according to requirement. This is due to expansion of development activities in all sectors. However, Import Licence to the societies are being given under AID LOAN System. But under this system the price of imported commodities become almost double than that of the goods imported on Cash Licence. Moreover, some times Licences obtained under this system are on some particular commodities irrespective of requirement of the societies.

With the increase of exploitation of fishing grounds under modern and mechanised system, the volume of catches has enormously increased

and the Cooperatives had to find out Foreign Buyers for disposal of their surplus stuff, as well as items not consumed in Pakistan. The Provincial and some other Primary Fishermen's Cooperative Societies exported shrimps, froglegs, fish maws, shark fins and tails etc. to foreign countries and thereby earned a decent amount as foreign exchange.

The position of export performances done by the Fishermen's Cooperatives, is given below:

Name of goods	Country where exported	Weight in Lbs.	Value in Pak. coins (in million)	Sterling
1. Fish Maws	U.K.	53,880	Rs. .301	£ 26,305-0-0
2. Shrimps	U.S.A., Japan	2,36,010	Rs. .927	£ 80,900-0-0
3. Shark Fins & Tails.	U.S.A., Hongkong, Ceylon, Singapore.	15,325	Rs. .038	£ 3,273-0-0
4. Frog Legs	U.S.A	6,000	Rs. .014	£ 1,198-0-0

Since the organisation of the Provincial Fishermen's Cooperative Society some progress has been made towards export of frozen products. But there are innumerable problems in developing the export market for processed and frozen fish.

Deep-sea fishing is rather confined in 3 to 4 months in a year, because our sea waters are extremely rough during 8 to 9 months. The catchers, therefore, do not venture in deep sea-fishing.

Transport difficulties make it impossible or unprofitable to bring the fish to the processing centres and some times freshness cannot be preserved due to long distance between the fishing grounds and the processing centres. Shrimp being one of the major items of export has to be procured from different places at small lots. Plenty of ice is required for preservation of freshness of the same, but ice factories are so rare in East Pakistan that those can rarely be made available at the fish catching centres. The situation requires to be improved.

The processing in hygienic condition is the most integral part of the export business and the whole show depends on the efficiency of the

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processing staff. But the standard of processing is anything but satisfactory in our country. Some trained hands are, therefore, essential. There are several other exportable fish i.e. Sole, Mackerel etc. but for little knowledge in their processing those cannot be exported.

Lack of timely shipping space is one of the great hindrances to export business. Frozen cargo cannot be shipped in each and every ship, as only a very few ships are equipped with facilities for cold storage.

The fish by-products i.e. Fish Maws and Fins and Tails only are being exported but other products such as intestine and unused portion of the fish are being perished, uncared.

The Society is interested in the processing fish maws and fins and tails in order to sell the processed goods e.g. Isinglass for brewery and other purposes in foreign countries which would be more profitable.

THE TRADING ACTIVITIES OF THE PHILIPPINE
FEDERATION OF CONSUMERS COOPERATIVES, INC.

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA

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THE TRADING ACTIVITIES OF THE PHILIPPINE FEDERATION OF
CONSUMERS' COOPERATIVE, INC., ITS PROBLEMS AND
ITS POTENTIALS

By: Monico G. Yadao

Background

In order that the development and growth of the cooperative movement in the Philippines particularly the activities of our federation and the problems confronting it can be better understood and appreciated, I have taken the liberty to quote freely from the article of our Secretary of Finance, The Hon. Eduardo Romualdez, Investment Opportunities in The Philippines, as published in the Special Edition of Newsweek on the Philippines, June 12, 1967.

The Philippines is a nation of converging cultures from the East and the West, of Western politics and institutions set among an Asian people living next to the Asian Mainland, of a people committed to the ambitions of development and the living of a better life today.

The Philippines is a developing state - economically, developing into a competitive, industrialized economy and politically, developing into an open, practicing democracy. And it has been doing both while avoiding the regimentation - and the bloodletting - that has been too often the price of development.

The Philippines is an archipelago of some 7,100 islands in Southeast Asia many still unnamed lying just above the equator, a thousand miles off the Asia Mainland. This geographic position has always been important to the fortunes of our island republic; with one side facing Asia another facing the Pacific Ocean, in the direction of North and South America, we have developed an economy oriented to both Asia and the Western World.

The United States, closely tied to the Philippines by political and economic bonds since the turn of the century, remains its foremost trading partner. In 1966, the United States bought 40% of the total Philippine exports worth \$345 million and sold 33% of the Philippine import requirements worth \$275 million.

Nonetheless, though tradition maintains this trading pattern between the United States and the Philippines, the direction of total Philippine trade has been shifting in recent years toward the expanding markets of Asia. To give an example, Japan has more than doubled its share in total Philippine exports in the past eleven years, from 15% to 32%. At the same time, Japan has almost quadrupled its share of the import trade, and now supplies the Philippines with almost 50% of its import requirements.

To consolidate further the increased trade between the Philippines and Asia, trade agreements have also been concluded with countries in the region including Pakistan, South Korea, Indonesia and Australia.

Statistics cannot emphasize as effectively as a visit to Greater Manila the importance of the foreign trade to the Philippine Economy. There, Philippine textile, tire and rubber, auto assembly, and other industrial factories use American, Japanese and German machineries. American, British, European, Japanese and Australian cars crowd Manila streets, and cause some of the worst traffic jams in Asia. Manila stores display great varieties of imported electrical appliances. Mechanized farms around the area employ American, British and Japanese tractors for agricultural production.

Perhaps for this reason, visitors to the Philippines have repeatedly pointed out how the country possesses the resources, the manpower, and the technological abilities for development. The Filipino is aware of this. But he recognizes that his rising expectations cannot be satisfied instantly. For common to all great achievements, his expectations must be tempered by time.

Time, then, is the ally and the enemy of the country. It expects to improve, with the passage of time the standards of Filipino living and Filipino incomes; yet time seems short for the ambitions 33 million people to be met.

And so, our nation races against time for the requirements and responsibilities of development grow with each year. Our economic record in the Philippines maybe impressive to the casual student of economic development. From 1955 to 1965, the growth of the real Gross National Product was estimated at an annual rate of 5.2%, while real per capita income increased by 1.5% annually despite a 3.3% yearly increase in population. Yet this is not enough. Much more must be done before a tolerable society can be established, providing the citizen with what he wants - higher income, better health and welfare facilities, universal higher education, improved transportation and communication facilities and the other benefits which come with modernization.

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Growth of the Cooperative Movement

Although the cooperative system was introduced in the Philippines at the start of the century no appreciable progress was made in its promotion and development until after the last world war. The series of laws, executive orders and the creation of various offices on cooperatives simply indicated the belief of our leaders in this system and of their eagerness for the immediate benefits that it can give to our people. A lot of incentives and privileges were offered such as liberal credit facilities to the extent unsecured cash advances, tax exemptions and tolerant supervisions. Many societies were organized but many did not last long to do any good for its members except for a few of the selfish so-called leaders. The masses were not ready nor the leaders prepared to take the responsibility. There was no felt need for it then.

With the ensuing pains and hardships that came with the rehabilitation of our country after the war, our people and our leaders then realized the need for cooperation to ameliorate our plight. Then and only then did a real start was made.

Cooperatives in the Philippines Today

Cooperative societies in the Philippines are divided into two groups, under by two separate laws and supervised by two government offices - non-agricultural cooperative such as the consumer, industrial and service cooperatives and credit unions under the Cooperative Administration Office, and the farmers or agricultural producers cooperatives under the Agricultural Credit Administration. The peculiar and impractical set-up has in one way hampered the promotion, and growth of cooperatives. It led to organization of many small uneconomic units hardly able to stand on their own. However, there is now pending a bill that would correct this deficiency.

Aside from the government agencies, many other government offices, civic organizations are also engaged in the promotion and organization of cooperatives such as the Catholic and protestant churches, Rotary clubs, Jr. Chambers of Commerce, Women's Clubs, Intern. Rural Reconstruction Movement, schools, colleges and universities. In fact the three biggest consumer societies with a gross sales of nearly three million pesos each are university coops whose members are faculty members and students.

As of December 31, 1967, we have in operations 1,299 credit unions, 283 consumers cooperatives, 45 industrial cooperatives and 23 service cooperatives.

The Philippine Federation of Consumers Cooperatives

The Philippines Federation of Consumers Cooperatives which I represent is the national organization of consumer, industrial and service pri-

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mary societies, while the Philippine Credit Union League is the national organization of the credit unions and the Philippine National Cooperative Bank its financial arm. It is the national wholesale society of the voluntary cooperative movement.

The federation buys commodities from local or foreign sources and distributes them exclusively among its members at nominal profits. For the consumer societies, it buys in bulk finished goods mostly prime commodities such as rice, canned foods, dairy products, paper products, school supplies, etc. and products of the industrial societies such as sewing machines, radio, shoes, slippers, bags, mosquito nets, brushes, etc. And for the industrial and service societies, it buys machineries, equipments, supplies and raw materials. Due to limited financial resources only items of known brands are handled.

Foreign Trade

The following which are not manufactured in our country are imported from the United States, Australia, New Zealand, Argentina, Holland, Denmark and Japan: Canned fish such as salmon, sardines, cuttlefish; canned meat such as corned beef, pork luncheon meat, meat loaf; dairy products as milk, butter and cheese; canned fruits; paper; school supplies, etc for an average of US\$200,000 yearly. From the same countries we bring in furniture or woodcraft machines and tools, shoe making machines, weaving units for small scale operations, chemicals, leather (patent, sole or upper), rubberized canvass, vinyl cloth, furniture hardware, piano, radio, t.v. parts, elastic webbing, etc. for an average of US\$400,000.00 yearly.

Within the expansion and proven products of some of our industrial societies, our federation can now offer to export the following at competitive prices: men's, ladies and children's leather shoes, sandals, slippers and bags either hand or machine made; ladies or babies dresses, plain or embroidered; handkerchiefs; wood or rattan furnitures; woodcraft; and industrial glue. We are ready to answer inquiries and send samples on these items. Materials, designs or styles can be specified or supplied by the buyer. Some of these products are exported to the United States, Australia and to the U.S. bases in the Pacific.

Export Possibilities

We can offer our services to negotiate for the exportation of sugar, copra and oil, tobacco, ramie, vineer sheets, cocoa, coco honey, abaca, bananas, mangoes and other tropical fruits which are now in foreign markets.

As there seems now to be an over production along these lines, too, we maybe able to arrange for the exportation of cement, tiles, textiles, margarine, soap, candies, plastic combs and slippers, mercury concentrates, and coffee.

Trading Practices

Our sales to our members are strictly cash, payment within one week or local letters of credit. Most often our purchases from local manufacturers or distributors are on thirty days charged accounts. This enables us to handle more lines and bigger volume than otherwise.

All our foreign purchases are paid with letters of credit through foreign banks against shipping documents either in US dollars, British pounds, German marks or any other currency our government deals with. There is no restriction on the foreign currency we need so long we can put the required marginal deposits depending on the kind of commodity. All prices are mostly C&F Manila and quite few at F.O.B. port of origin.

As a cooperative, we have tax-free privileges on the importation of prime commodities only as enumerated in the regulations governing our operations. For other items, we pay the regular customs duties and taxes.

Problems

1. Markets - We need steady markets for the products of our industrial societies either local or foreign.
2. Distribution - It is difficult to distribute to our societies scattered all over the islands. We need strategically located distribution centers in areas where our members are concentrated.
3. Competition of private merchandising outfits - Our bulk purchases on local produce do not warrant the same prices given to these outfits. We do not have the sophisticated operations and even if we do our volume is still limited to allow it.
4. Financing - Since we do not want any government money in our operations for obvious reasons, we have to depend only on the capital contributions of our members; thus our resources are limited. Due to credit restrictions, our credited facilities with our banks are likewise limited. Suppliers credit either on short or long terms are restricted on very few items not along our lines.
5. Sources of new merchandise at reasonable prices to meet the demands of members.

Program

To serve our member-societies better, we opened few distribution units manned by members elected by those to be served in the area. We will soon start packaging our goods under own label or tie-up with some manufacturing concerns to pack our requirements under our own label. We would also wish to expand our foreign transactions with other cooperatives in the South East Asia; hence my presence in this conference.

* * *

THE BANGKOK COOPERATIVE FARM PRODUCT MARKETING
SOCIETY (COPRODUCT) AND IT'S INTERNATIONAL TRADE

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THE BANGKOK COOPERATIVE FARM PRODUCT MARKETING
SOCIETY (COPRODUCT) AND IT'S INTERNATIONAL TRADE

By : Mr. Kahn Chuvornond

Agriculture continues to be the mainstay of Thailand's economy, even though there is a productive expansion in other sectors of the economy. Agricultural output accounts for 32% of the national products and generates 90% of its exports.

Rice crop is the most important product in term of export value. However, other crops-maize, sorgum, beans, kenaf, etc. are becoming increasingly important. Efforts are being made by the Government to raise the agricultural output as well as to improve the quality of agricultural products and to increase the real income of the farmers. In this connection, among other programmes, improving and enlarging market outlet are involved.

COPRODUCT'S EXPORT TRADE

Cooperative marketing is an effective means, as farmer-owned-organisation, to serve the above purpose, particularly, when products can be sold exportedly. Marketing cooperative movement was started in Thailand since 1938. And in 1948, the Bangkok Cooperative Farm Product Marketing Society (COPRODUCT) was established to serve members in the marketing of their marine salt. At the beginning, only salt business was done. Salt was sold domestically and exportedly. Export business was of progress. In 1953, the Government constructed warehouses, 15,000 M/T capacity, and a wharf, big enough for 10,000 tonnage ocean-going-vessel to berth along side, leased to COPRODUCT. The purpose was to promote it's export business as well as to reduce it's handling costs. Such aid has, to a large extent, strengthened it's competitiveness in export business and facilitated it's operation.

In 1963, COPRODUCT was able to get in touch with the Japanese Cooperatives (The National Purchase Federation of Agricultural Cooperatives, (ZENKOREN) who generously wished to import maize solely from Thai Cooperatives. To act on behalf of local agricultural cooperatives as an export outlet for their surplus products, COPRODUCT's activity was, therefore, expanded to include maize. Latter, export of beans (Black matpe) and sorgum were followed. Study is also being made

to export other farm products such as rice. The business with those local cooperatives was done on commission basis. Also, in some area where there is no local cooperatives, COPRODUCT still took the business risk to buy products directly from farmers, but with the attached purpose to educate them on the benefits of selling their products through cooperatives.

Products, mentioned above, were totally exported to Japan, Marine salt was sold to private companies, while other agricultural products were to the Japanese Cooperative (ZENKOREN and UNICOOPJAPAN). Export business, particularly between national cooperatives has been increasingly progressing, as figures shown in the Annexure I.

COPRODUCT'S IMPORT TRADE

With the idea to strengthen the position of COPRODUCT itself for its economical operation and also in keeping pace with the advancement in agriculture, which is now acceleratedly developing, to provide cheap and better services to members of local cooperatives, COPRODUCT has decided to operate the supply activity in addition to its marketing activity. The business in this field is now on the start. Commodities to be handled will cover all kinds of agricultural supplies and farming equipments needed by farmers, ranging from big equipments, tractors, to fertilizer, farm chemicals and other farm requisites. Study is now proceeding to determine the proper types of commodities to be imported. Preparation of the work has been made with the close collaboration with UNICOOPJAPAN and ZENKOREN who will be COPRODUCT's suppliers. Along with this plan, educational activity also be conducted, so that farmers can be able to use those supplies with optimum benefits.

MEDIA FOR INTERNATIONAL COOPERATIVE TRADE

It is evident that major portion of COPRODUCT's exported commodities went to Japanese Cooperatives (ZENKOREN) through UNICOOPJAPAN. The Joint Committee on Promotion of Cooperative Trade between Thailand and Japan, which was mutually organised by both parties, deserves mentioning as playing the initiative role in developing international cooperative trade. It is a mechanism, through which trade between cooperatives of two countries has been operated and promoted. Each year, delegates, nominated by each national cooperatives, will meet and mutually discuss yearly business plan proposed by both parties. Problems of trade and ideas in promoting international cooperative trade were raised in the meeting. And views, based on cooperative spirit, were cordially exchanged. Such nature of the meeting

permits to the direct and personal contacts between national cooperatives, through which a direct link benefiting ultimate members of both ends can be satisfactorily developed. Besides trade, it also strengthens the unity of international cooperative movement leading to the steady growth of international cooperative trade. Through the process of the Joint Committee mentioned earlier, the Japanese Cooperatives (ZENKOREN) also benevolently offered assistance to Thai cooperatives to accelerate its growth.

Three meetings in three consecutive years had been conducted. The fourth meeting will be held soon in Tokyo.

COPRODUCT'S FUTURE PROGRAMME

Thailand is a country where business operation is keenly competitive. Price war used to happen some times. It, to some extent, affected COPRODUCT and impeded its development. Therefore, the operation of COPRODUCT must be efficient in order to be survival as well as to maintain its lasting services to local cooperatives.

As cooperatives, COPRODUCT has an effort to build up a well federated and integrated, vertically, structure of the movement so as to assure its own viability and also same of the whole movement, so that the interests of the farmer members shall be secured and protected.

Relations with other national cooperatives is another step further. To its believe, this will permit a chance which not only experiences can be mutually exchanged contributing to the development of each one's movement, but also that, each needs may be reciprocally discussed leading to international cooperative trade. Considering from the point of trade business, cooperation of international cooperatives is believed to be another effective process, in the competitive economy, to promote the strength of a national cooperative, and the benefits of the mass. ICA and the Central Union of Agricultural Cooperatives of Japan are doing the right job.

THE BANGKOK COOPERATIVE FARM PRODUCT MARKETING SOCIETY (COPRODUCT)
IT'S FIVE YEARS VOLUME OF BUSINESS

	1962		1964		1965		1966		1967		(Millions of Baht)
	Quantity	Baht	Quantity	Baht	Quantity	Baht	Quantity	Baht	Quantity	Baht	
<u>Inland Sales</u>											
Salt (M/ tons)	511	.052	1,910	.151	1,817	.122	3,606	.392	5,446	.687	
Gypsum (Cubic Metres)	-	-	638	.201	1,178	.373	786	.248	1,187	.332	
Maize (M/ tons)	-	-	-	-	-	-	-	-	163	.174	
Grain Sorghum (M/ tons)	-	-	-	-	-	-	198	.154	4	.004	
<u>Foreign Sales</u>											
Maize (M/ tons)	6,261	1.033	22,357	25.886	21,998	25.428	54,862	68.187	40,927	48.205	
Grain Sorghum (M/ tons)	-	-	-	-	-	-	2,621	2.753	1,270	1.406	
Black Matpe (M/ tons)	-	-	-	-	100	.314	359	.910	622	1.590	
Salt (M/ tons)	7,000	.549	22,066	1.730	5,000	.464	-	-	-	-	
<u>Total</u>	7,511	.601	23,976	1.871	6,817	.586	3,606	.392	5,446	.687	
Gypsum	-	-	638	.201	1,178	.373	786	.248	1,187	.332	
Maize	6,261	7.033	22,357	25.886	21,998	25.428	54,862	68.187	41,000	48.379	
Grain Sorghum	-	-	-	-	-	-	2,819	2.907	1,274	1.410	
Black Matpe	-	-	-	-	100	.314	359	.910	622	1.590	

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BACKGROUND PAPER

THE COOPERATIVE WHOLESALE SOCIETY OF THAILAND LIMITED
AND ITS INTERNATIONAL TRADE

By : Mr. Kobkiat Suphanich
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pk/24th April, 1968

THE COOPERATIVE WHOLESALERS SOCIETY OF THAILAND LIMITED
AND ITS INTERNATIONAL TRADE

By : Mr. Kobkiat Suphanich

The Cooperative Wholesale Society of Thailand Limited, was established on May 30, 1952. Before that time the Central Store Section in the Department of Cooperative had done as cooperative wholesaler. When CWST was organized, Central Store transferred all of its assets and liabilities to CWST.

At the initial stage, there were 50 member societies holding share capital of Baht 92,000 and the Government provided cooperative promotion loan fund to CWST totally at the amount of $\text{฿ } 14,100,000$. The Government also provided the land and building to CWST on hire - purchase basis which has been now already paid up. At present CWST consist of 69 member societies with $\text{฿ } 152,500$ share capital. Loans from Government decreased to $\text{฿ } 13,220,000$.

At the beginning, because of its inefficient management, CWST suffered loss altogether around $\text{฿ } 3.7$ million in 4 years operation out of 16 years. However, at the end of the fiscal year 1967, the amount of loss was reduced to $\text{฿ } 1.3$ million. It is expected that within 3 years from now on net loss will be totally paid off.

IMPORT OPERATION

CWST imported condensed milk from Holland, bicycle from CWS in England and etc. But import business was not satisfactory owing to the keen competition among importers and because of somewhat dishonesty of member cooperative stores. Because of these, CWST stopped doing import trade in consumers' goods for many years. From then on, for consumer goods, CWST purchased from wholesalers in Bangkok and sold to member societies.

In 1956, CWST modified its policy and imported compound fertilizer of formula 16 - 20 - 0 from Japan, selling to cooperative stores in rural area, to agricultural cooperatives, and to rural farm suppliers.

Fertilizer was sold under its own brand "Sun Brand".

As there was the meeting of the Joint Committee on Promotion of Cooperative Trade between Thailand and Japan in Bangkok in 1965, CWST was convinced of the feasibility for the opening of international trade between national cooperatives. Trade in fertilizer, then, turned to the cooperative channel under the same brand name. Day by day it gained popularity according to its standard packing and quality. UNICOOPJAPAN, branch office, opened in Bangkok facilitated and gave more coordination in cooperative trade business. Quantity of fertilizer, imported, rose year by year, from M/T 1,000 in 1966 to M/T 2,000 in 1967. There is the possibility to be imported in 1968 at M/T 4,000. New contract of M/T 3,000 has been concluded and the first shipment of M/T 1,500 are already in CWST's warehouses. Since the demand of fertilizer for paddy is now only about 40% fulfilled, CWST is trying its best to gain more share of the remaining.

PLAN TO THE FUTURE

As for fertilizer trade, CWST has the plans to expand its sales throughout the country and it also plans to open branches in the regions where the volume of business and the incomes is large enough to cover the costs. It is believed, through our cooperative channel, CWST can be able to do good to farmers, and business can be done competitively.

According to our records, it is very much expected that, in 5 years beginning from now, the demands of fertilizer among CWST members, other cooperatives and including our customers who dealt with CWST in the rural area for many years, shall be increased, yearly, not less than M/T 1,000. CWST is going to work out 5 years programme (from 1968-1972) to import compound fertilizer of formula 16-20-0 from UNICOOPJAPAN as follows:

1968	3,500 - 4,000 M/T
1969	4,000 - 5,000 "
1970	5,000 - 7,000 "
1971	7,000 - 9,000 "
1972	9,000 - 10,000 "

In this year, CWST also intends to import consumers' goods. It has contacted with UNICOOPJAPAN (Bangkok Branch) for CIF prices of table ware. This will be the new opening of consumers' goods trading.

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If this business is successful, other consumers' goods will be followed.

PROBLEMS FACED IN IMPORT OPERATION

During 2 years of import operation with UNICOOPJAPAN, there were problems which had mutually been solved.

1. The delay of arrival of fertilizer

The delay of the arrival of fertilizer in time of need caused damages to both parties to some extent. Although the exporter selected the good shipping companies but due to unexpecting circumstances, it has sometimes happened. This is what the exporter try his best to avoid. CWST and UNICOOPJAPAN mutually solved this problem. We were having close contact to discuss this matter.

2. Severe Competition

Among other problems which should be mentioned in order to develop international cooperative trade is the price of goods (consumer goods and productive goods), exporting to CWST must be competitive with goods of the same design and quality imported by other private enterprises.

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INTER-COOPERATIVE TRADE IN SOUTH EAST ASIA

I. OBSTACLES

- A. Inadequate and/or artificially restricted demand for products of the area
- B. Deteriorating terms of trade
- C. Entrenchment of powerful private trading bodies
- D. Government restrictions on trade
- E. Non-competitive prices because of low agricultural productivity
- F. Non-competitive because of inappropriate products
- G. Non-competitive because of poor or unreliable quality and/or design
- H. Non-competitive because of inadequate marketing techniques

II. TYPES OF COLLABORATION

- A. Between consumer and producer cooperatives
- B. Between consumer cooperatives
- C. Between producer cooperatives
- D. Trade involving cooperatives and state trading organisations
- E. Linking trade and assistance
- F. Exchange of information and experience between cooperatives in region and beyond

III. ORGANISATIONAL STRUCTURE

- A. Need for specialised national structure
- B. Need for supranational trade structure ?
- C. Agricultural Subcommittee for South East Asia

IV. DOCUMENTATION AND RESEARCH ON INTER-COOPERATIVE TRADE

A. Trade Directory

B. Data in Eisenberg Report

C. Additional Documentation Needed

D. Feasibility studies, Contacts in Field of Processing

V. PROBLEMS OF STAFFING AND TRAINING

VI. RECOMMENDATIONS

A. For action by cooperatives in the region

B. For action by cooperatives in developed countries

C. For action by governments in the region

D. For action in relation to international organisations
(others than ICAs)

E. For action by ICAs

I. OBSTACLES

A. Inadequate and/or artificially restricted demand for
products of the area

Protectionism in industrialised countries

anti-dumping and countervailing duties to bar low-prices imports
Fiscal duties, e.g., on tea, coffee, tobacco, wines and spirits
Import restrictions

Development of substitutes

Declining inter-regional trade within the area

1953/54 - 40.0%) of total trade of
1963/64 - 37.6%) ECAsFE countries

(Demand factors are not open to direct cooperative influence)

B. Deteriorating terms of trade

Prices of exports declining and prices of imports rising

Slow progress with primary commodity price agreements of interest
to cooperatives in area

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(Need for cooperatives to understand and to keep a watching brief on developments in this field)

- C. Entrenchment of powerful private trading bodies in some major foreign markets; difficult for cooperatives to break in. For example, tea, coffee, coconuts.

(Hardly open to direct cooperative action, unless very well organised well financed, competitive and on a substantial scale)

- D. Government restrictions on trade

Almost no evidence of discrimination in legislation against cooperatives as such

But cooperatives affected by legal restrictions, e.g. :

- limiting them to either exporting or importing, or to dealing only in commodities produced and/or required by their members, or
- ~~restricting~~ scale of operation (probably the most decisive factor inhibiting foreign trade development on a competitive basis.)
- restrictive price controls, or
- imposition of disadvantageous terms.

(No direct internationally concerted cooperative action possible, but can and should exchange experience as to how cooperatives have coped nationally)

Note that quite often (in Asia) cooperatives are granted privileges by governments :

- limited export monopoly (India)
- Import duty concessions
- tax concessions
- monopoly retailing rights in certain locations

- E. Non-competitive prices because of low agricultural productivity

Since the majority of workers in the area are dependent on the land, this means poverty and starvation; more relevant to the problem under consideration, it means only a small marketable surplus for trading, or even, in some cases, the necessity of importing food.

1. General factors hardly open to direct cooperative action

Concentration of land ownership; insecurity of tenure for most farmers

Excessive subdivision of land and fragmentation of holdings into uneconomic units

2. Factors which cooperatives can influence

Meagre irrigation facilities

Widespread illiteracy

Primitive equipment and techniques; lack of technical know-how

Lack of processing facilities

Lack of transport, storage facilities

Widespread indebtedness, weak and inefficient credit systems

Sometimes cooperatives in the area less competitive than private producers of the commodity concerned, due to factors listed above.

F. Non-competitive because of inappropriate products

marketable (except for very few sophisticated and relatively wealthy Western buyers) only in the region : e.g., certain edible nuts, spices, tropical fish and fruits, native tobaccos, traditional garments and fabrics.

(Cooperatives should aim to expand processing facilities, seek opportunities for diversification)

G. Non-competitive because of poor or unreliable quality, design, packaging, Product uniformity

(Cooperatives must stress maintenance of quality and design according to agreed samples or orders; seek expert advice on marketable qualities and designs; seek agreement in area on quality standards)

H. Non-competitive because of inadequate marketing techniques

Cooperative and government, bureaucracy, red tape, interfere with need for prompt action

Limited knowledge of packaging, bulk handling, collection, presentation, stock control, cost control, market intelligence, transport methods, etc.

Foreign trade manager needs to understand many complicated factors: unfamiliar demands, tastes, materials, distribution patterns, shopping habits, export and import regulations, documentation, export goods, handling and transport, foreign contacts need for local representation, agency arrangements food and drug regulations in other countries, etc...

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Supreme importance of precise and clear-cut formulation of all projects, proposals, offers, enquires, tenders, specifications, etc..., and prompt attention to all foreign trade propositions and transactions. (The most marked difference between the cooperatives of South East Asia proper and those of Australia, New Zealand and Japan is the decidedly more businesslike approach and attitude of the latter group).

II. TYPES OF COLLABORATION

1. Between consumer and producer cooperatives

Interest not necessarily as diametrically opposed as sometimes suggested. Both can gain measurably by direct trading relationship by passing middlemen

1. Example of purchase by a consumers' cooperative movement from a producers' cooperative movement : New Zealand Produce Association Ltd., owned jointly by CWS and SCWS and New Zealand Producers' Cooperative Marketing Association Ltd., which exports N.Z. dairy products to British cooperatives. Gentlemen's agreement that British wholesales have first opportunity to buy, but no obligation on either side has successfully operated for 45 years.
2. Example of joint buying by several consumer cooperatives, sometimes from producer cooperatives : Nordisk Handelsforbund (N.H.F), the Scandinavian Cooperative Wholesale Society. Imports fresh, dried and canned fruits, coffee, tea, cocoa, grain, rice, spices, salt, oil seeds, sisal, rubber, hemp, copra, etc. from i.a. Australia, Ceylon, India, Iran, Japan, Malaysia and Singapore, Philippines, Thailand.

Between consumer cooperatives

1. Joint buying by consumer societies of one movement : English and Scottish Joint CWS - tea, coffee, cocoa (also plantation activities); N.H.F (see above)
2. Joint buying by several consumer cooperative movements : for example, CWC (Cooperative Wholesale Committee) promotes and organises European Wholesales' joint purchases of clothing, toys, knitwear, etc. in Hong Kong, Korea, Japan and Southeast Asia.

"Several European cooperatives have, in the past, operated separately in their search for trading prospects and opportunities in the region, and occasionally still do so. However, this coordination under the auspices of CWC has already resulted in

at least two joint visits to the Far East, in order to assess and exploit the potentialities of textile supplies available there, and similar joint operations are likely to develop in respect of other commodities of common interest. Whilst such joint European buying schemes enhance the bargaining power of those seeking supplies for cooperatives in the West, those who secure the business - be they cooperatives or private traders - stand to gain from sizable orders which, if met satisfactorily, may lead to a repetition or continuation and expansion of business, with all the resulting benefits of continuity and larger scale of operation, whether in farm production, marketing, processing, manufacturing or wholesale trading".

3. Joint production planning and organisation

"...the advantage of coordinated specialisation of activities among cooperatives which are all broadly in the same field, yet may benefit from concentrating on selected fields or items, with each participant having a clearly defined range in which he operates for the others in the scheme; and all of them profit from the larger scale of operations. This is the case, for example, with the Scandinavian cooperative furniture production rationalisation scheme, where each national factory produces different items for sale to cooperative societies throughout the area, in accordance with an agreed plan".

C. Between producer cooperatives

1. Joint buying and selling by several producer cooperatives

e.g., The Overseas Farmers' Cooperative Federations Ltd., owned by the Australian Producers' Wholesale Cooperative Federation Ltd., the Farmers' Cooperative Wholesale Federation (N.Z.) Ltd., Federated Central Cooperative Company of Southern Rhodesia Ltd. and Die Federale Landbouko-operasie van Suid-Afrika Beperk. Two purposes :

- a) markets and distributes produce to UK and Continent of Europe, including fresh, dried and canned fruits, fruit juices, nuts, vegetables, honey, wheat, barley, oats, seeds, dairy produce, bacon, wool, fresh and canned meat products, and wine.
- b) purchases jointly import requirements of shareholding federations and their associates from the UK and elsewhere.

2. Trade between producer cooperatives

"In their efforts to assist food production, improve agricultural productivity, and to expand their activities in such vital fields as sugar and rice cultivation and milling, and the development of plantation crops - primarily coffee and tea - cooperative organisations in South and East Asia are invariably and continuously in need of fertilisers, agricultural chemicals and petrochemicals of various kinds; since the International Cooperative Petroleum Association not only has shareholders (cooperatives and state agencies) and trade relations in the regions, but is developing its activities in the direction of procuring and producing the aforementioned products, the possibilities of liaison and collaboration with ICPA should be kept in mind and reviewed as a continuous process. According to varying national circumstances and stages of progress towards self-sufficiency in respect of chemicals and fertilisers, ICPA should be regarded and utilised as a potential supplier of these products, and/or as a party to any production planning and development in countries of the region, enlisting the collaboration of local cooperatives wherever possible".

D. Trade between Cooperatives and State Trading Organisations

Having observed and recorded the growth of bilateral trade arrangements between countries, and of monopoly state trading institutions, Mr. Eisenberg notes that :

"The implications of these trends for cooperatives interested in foreign trade are threefold, namely (i) possible trade through their own countries' state trade organisations (with the latter frequently doing the necessary market research, securing the orders, shouldering a large part of the risks, and specifying the commodity requirements); (ii) trade with such agencies in other countries (this can lead to business on a substantial scale which is generally not beset by any doubts or hazards regarding payment, but monopoly agencies are of course in a strong position to bargain since they cannot be bypassed by anyone seeking access to the country and market they represent); (iii) where permissible, trade with cooperatives based in state-trading countries: This method, too, can lead to sizeable and continuing or repeated business, as has been the case over a number of years between cooperative trade organisations of Japan and the USSR".

E. Linking trade and assistance

"...developing cooperatives are mostly dependant on at least some degree of initial assistance, whether it be from their own national cooperative organisation, their government, the cooperative movement in another part of the world or from any other international or regional agency.

...any inter-cooperative solution should perhaps be sought along the lines of trying to link the cooperative organisation in the developing country which has the sources of raw produce or material and seeks to establish processing industries with the cooperative movement in those parts of the world where supplies of the processed or semi-processed product are required, and where a sizeable or growing market is accessible to the local cooperatives. There is a strong case for linking up prospective foreign trade with directly relevant technical, or other assistance, because there is not likely to be any really sound basis for assistance projects - especially where finance is involved - unless a certain minimum of common interests exists between the two cooperative sides in question; on the other hand, where this is the case, or where it can be demonstrated that such a proposition will, in the not too long term be of definite benefit to both parties (e.g., by ensuring a steady flow of supplies of a processed commodity on an agreed basis), it is possible that some such arrangement may be agreed to..."

A good example of such linking of trade and assistance has been achieved through an agreement reached between cooperatives in Thailand and Japan, involving purchase by Cooperatives of Japan of maize from Thailand and providing assistance to Thai cooperatives by the UNICOPJAPAN.

F. Exchange of information and experience between cooperatives in the region and beyond

"... successful organisations (have) indicated their willingness to make their experience and knowledge accessible to cooperatives eager to avail themselves of any such opportunity, whether this be done through study visits, documents and other material for information purposes, or periods allotted for advice, training or research programmes to be carried out. Based on the contacts already established, the Regional Office could effect any required introductions, or arrange the planned and controlled dissemination of the appropriate information. This would be feasible in respect of such topics as organisational structure, administration, processing techniques, technological developments, methods of carrying on foreign market research and of securing information, manner of appointing agents abroad and of dealing with them, and many other items of interest to prospective foreign traders among the cooperatives of the region".

III. ORGANISATIONAL STRUCTURE

a. Need for Specialised National Structure

"Bearing in mind the shortage of skilled management in many cooperatives, the formidable expertise required for dealing with foreign suppliers and customers, and the frequent need to

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negotiate with central government departments, it appears preferable to work towards a system under which a special centralised national cooperative agency or foreign trade department can do this work on behalf of interested member cooperatives, always provided that these members would be entitled to access to, and help and advice from, such a central agency. Independent and uncoordinated action by e.g. a number of provincial societies in the same field may not only cause wasteful duplication of effort, but may lead to their competing against each other in a foreign market, perhaps even outbidding and undercutting each others' offers..... Similarly, the effectiveness of any approach, and the conduct of any subsequent negotiations, will be adversely affected if it is necessary to deal separately or simultaneously with a number of individual cooperatives which are all interested in the same trade or commodity".

"Each national movement lacking such an organisation will, first of all, have to determine the need for, and the exact role of, such a body, bearing in mind the costs likely to be incurred and the benefits to be expected, as well as weighing up whether a sound basis exists, in the form of efficient local and district marketing, procurement, supply and distribution cooperatives, etc., for such a national superstructure to build upon".

"Where the need for, and the role of, such an organisation has been positively identified, and action is contemplated to create a national body of this type, a careful examination of the case histories of similar developments in other countries and/or in other commodity fields ought to precede the actual implementation of the decision; ..."

"... the decision to be taken ... must take into account the feasibility of securing the necessary staff of high-level competence, and of training the additional personnel likely to be required for any subsequent expansion of activities. Successfully operating cooperative organisations can make valuable contributions by informing their fellow cooperators how they go about meeting their own needs in these respects, and by indicating whether they are able to give practical training assistance to newcomers to the field of foreign trade, possibly by temporary attachment of prospective staff from other cooperatives to their already functioning foreign trade set-up".

• Need for Supranational Trade Structure ?

"What has been said earlier about the need for solidly based foundations for a national cooperative superstructure to act as a foreign trade agency is perhaps even more valid in respect of any regional or international plans of this nature. Where appropriate national cooperative departments are functioning, they build up and

cement trade contacts with other markets and not only engage in foreign trade deals, but also gather experience and knowledge about the intricacies of this type of operation; only when a sufficient number of such reasonably experienced national bases have been firmly built can one expect to create - and to PAY for - a regional cooperative trade organisation with any prospects of success ...". (Mr. Eisenberg feels that this needs stressing since there is a distinct danger of creating dazzling organisations which may not prove to be working and paying propositions).

"The Scandinavian CWS started out as a BUYING agency on behalf of a limited number of national cooperatives in countries which have the advantage of being situated close to one another, of certain affinities of language, and of other similarities of character, tastes and habits, as well as having advanced and prosperous economies. Some of these conditions do not yet prevail in South and East Asia, whilst others clearly can never apply at all. Also, the emphasis in any regional trading cooperative in this region would be on marketing and SELLING members' products abroad, certainly to begin with, since in many countries imports are currently kept down to an absolute minimum. It is a sobering thought that the Scandinavian CWS was active for some 36 years before it set up its export subsidiary".

"A regional cooperative trade organisation would face formidable additional handicaps, e.g., the vastness of the region, the difficulties inherent in conducting business and making decisions across enormous distances, and the burden of extra costs due to long-distance communications being required almost continuously. The problem of securing, and remunerating adequately, management and staff of the highest calibre would also be considerable. In view of these practical difficulties, and of limited cooperative resources, the question arises whether such a project is feasible at this point in time. Nothing would become a greater impediment to the growth of foreign trade than a premature or over-ambitious plan which might result in failure, financial loss, and the undermining of hard-won self-confidence and prestige of cooperative organisations".

Agricultural Subcommittee for South East Asia

In short, should avoid an expensive unrealistic superstructure. Must proceed cautiously on basis of contacts of those countries with foreign trading experience and organisations. Meanwhile, the Third Asian Agricultural Cooperative Conference meeting in New Delhi in January 1967 will also have an opportunity to make suggestions on the work programme of the already established IC^A Sub Committee for Agricultural Cooperation in South East-Asia with special reference to the development of international cooperative trade. The work of such a Subcommittee might, in the first instance, be based on the information compiled in the Eisenberg Report. Such a Subcommittee

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could also act as an advisory body to the new Regional Office Trade and Technical Assistance Officer.

DOCUMENTATION AND RESEARCH ON INTER-COOPERATIVE TRADE

4. Trade Directory

The Regional Office published the first edition of the Trade Directory for the region in 1964, and the second edition early in 1966. The next edition will incorporate a commodity index for easy reference. Cooperative organisations have been invited to review, amend or improve their own entries, which appear free of charge and regardless of membership of the ICA, and many additional entries have been invited, particularly from those countries of the region not represented in the earlier editions of the Directory. In February 1966, the Regional Office circulated to members and other interested parties in the region a list of postal addresses of the principal national cooperative trading societies outside the region; the list covered :

- a) European cooperative wholesale societies.
- b) Foreign-based agencies, purchasing and sales offices and productive enterprises of various European cooperative wholesale societies.
- c) Other cooperative trading organisations.

(This was done to facilitate contacts with Cooperative trading organisations in other parts of the world, such contacts having been requested by most of the Cooperatives during the survey enquiries; unless specifically requested to take any additional action, ICA left organisations concerned to make their own direct contacts abroad, but Regional Office hoped to be kept informed of developments).

Data in Eisenberg Report

The report comprises over 300 pages of statistical and factual information about cooperative trade, country by country and organisation by organisation, in Australia, Ceylon, Hong Kong, India, Iran, Japan, Korea, Malaysia, Nepal, New Zealand, Pakistan, Philippines, Singapore and Thailand, and also from or concerning ECAFE/FAO Agriculture Division, Bangkok, Indo-Pacific Fisheries Council, Bangkok, International Cooperative Petroleum Association, International Labour Office, Bangkok, New Zealand Produce Association Ltd., Nordisk Landbrugsforbund, Overseas Farmers' Cooperative Federation Ltd., the English and Scottish Joint

Cooperative Wholesale Society Ltd., and the ICA Cooperative Wholesale Committee; also figures from CWS and KF, two of the most important European Cooperatives trading with Asia.

While dealing with the Main Trading Trends and Opportunities the report sums up briefly some of the main trading trends and opportunities of interest to cooperatives in the region, as indicated from information gathered during the survey, in the ICA Cooperative Trade Directory, and, in relation to principal agricultural products, in the "FAO Commodity Review 1966". The material is listed alphabetically according to broadly defined categories of goods. In the minority of cases, where cooperatives in the region are more interested in buying than in selling, attention is focussed on potential sources of supply. In most instances, it is a question of finding markets for products from the region, and for these the major markets are mentioned. Under most headings, reference is made to direct cooperative activities and interests concerning the commodity group under review. Only the most important markets are referred to, and no claim is made to have covered either all the countries which could constitute potential markets or all the commodities which are of interest to cooperatives in the region.

The content and form of the survey were predicated on the assumption and belief that descriptive material is more useful than any attempt at comparative analysis or derivation of common policy denominators, for a region which is not really a political, economic or geographical unit.

Additional Documentation Needed

"Details re trading activities of Cooperatives in other parts of the world. (the latest ILO Directory is now ten years old, and the new ~~UN~~RRO Directory will present the position with regard to the ~~Afro-~~Asian countries only). Information needed on names and addresses of Cooperation trading organisations, lists of commodities handled, cooperative shares of national trade and/or production, etc."

"Assembling and disseminating trade literature from cooperatives for the benefit of other cooperatives, indicating the trade and commodity groups of importance, appropriate news items on new developments, techniques, enterprises and orders, and opportunities for trade. Systematic collection, selection and circulation of such news, possibly through issue by the Regional Office of a regular or occasional news-sheet or bulletin, drawing upon information from Cooperative trade sources, trade press, newspapers and other media including ICA and CWC bulletins, journals reporting trade inquiries, etc."

Feasibility studies, contacts in field of Processing

"Since the greater part of the foreign trade of cooperatives in the region - certainly as far as exports are concerned - involves food and agricultural produce, and as it is generally agreed that a more satisfactory and more profitable trade can usually be built up on refined, treated, preserved or otherwise processed products, rather than dealing in raw and unprocessed ones, the need for contacts with a specific bearing on food and agricultural processing developments and techniques, etc..., is crucial".

"...the need ... in addition to the obvious one of helping to establish appropriate contacts in the region among cooperatives with common interests, e.g., in rice-milling or fruit-canning techniques for improved channels of communication and systems of technical and financial assistance to multiply contacts between cooperatives which are intent upon developing processing facilities in the region and their more advanced counterparts in the West".

PROBLEMS OF STAFFING AND TRAINING

Very much depends on the quality and calibre of officials and staffs responsible for the conduct of cooperative foreign trade. It may well be that knowledge and experience in foreign trade - i.e., of modern techniques of packaging, bulk handling and collection, produce preservation, control of stocks and of costs, improvement of yields, market intelligence, grading of produce, maintenance of quality standards, etc. - is of more direct importance in this context than knowledge of cooperation.

Fruitful approaches in this field would seem to lie along the following lines :

- exchange of experience
- temporary secondment of experts from experienced cooperatives in the region or beyond
- temporary attachment of young officials to experienced cooperatives abroad
- expansion of training courses wherever possible, including use of business colleges and management courses
- exploitation of such sources of knowledge as, for example, foreign trade institutes, marketing intelligence and research bulletins and agencies, etc.....

VI. RECOMMENDATIONS

A. For action by cooperatives in the region

1. "Recognition that many factors which may prevent success in foreign trade are traceable not to the stage where export or import actually takes place, but to more fundamental problems in the trading and business operations of the movement, e.g., uneconomic scale of production or marketing, high costs at any given stage, such as production, storage, handling, transportation, etc., lack of quality control or inspection arrangements, failure to supply goods of uniform quality standards, lack of storage facilities compelling hurried disposal of seasonal and perishable produce at unfavourable times, unfamiliarity with modern techniques and processes, etc."
2. "Greatest possible care in study of, and attention to, background and conditions relating to foreign trade operations and opportunities; all items to be thoroughly investigated, such investigations to embrace inter alia relevant regulations, price fluctuations and market situations, differences regarding climates, habits, preferences, trading structures in foreign countries, analysis of cooperative trade position and strength in the country in question, scope for and limitations of cooperative trade activities there; where appropriate, contacts with foreign cooperative trading organisations both in their own countries and with any of their permanent or visiting representatives in the region; consideration of realistic limits to marketability and competitiveness of the region's own products in the areas surveyed, and of scope for better trade, as well as for trade via state-trading agencies in one's own country or with those of other countries".
3. "Need for an efficient structure of national foreign trade organisations and for highly skilled management, with specialist knowledge for conduct of business often requiring speedy decisions of importance, and also for frequent dealings with governmental and other agencies concerned with foreign trade licensing and policy, for securing cooperative representation on, and/or making cooperative views known to, such bodies as e.g. marketing boards and commissions, export promotion councils and those determining export incentives, regional organisations like EC&FE, bodies administering international commodity

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marketing agreements, foreign trade missions and negotiating panels, etc. To ensure continuity of supply of adequate managerial staffs, especially where foreign trade expansion is planned, a definite management development and training programme to be determined and carried out, possibly with the assistance of other cooperatives more advanced in foreign trade experience and organisation".

4. Precise and clear-cut formulation of projects, proposals, offers, enquiries, tenders, specifications, and instructions to agents; promptness and precision in all correspondence and negotiations. (of major importance in Mr. Eisenberg's view)

For action by cooperatives in developed countries

1. Purchase, where feasible commercially, of raw materials, food, processed products and manufactures from cooperatives in the region. Cooperatives in developed countries are now doing some purchasing from the area, but largely not from cooperatives. At the same time, it is important to stress the factors noted in A above: Cooperative purchasers need to buy on a strictly economic basis, and consider cooperative suppliers only when these are actually competitive; concessions cannot be expected, particularly since the former are understandably reluctant to relinquish long-standing reliable foreign contacts with private firms unless they are absolutely confident of their new sources in all respects and particularly assured continuity of supplies and of trade relationship.
2. Make foreign trade expertise and experience available to cooperatives in the region, by seconding experts, receiving officials from the region on temporary attachment, and adopting towards them "a policy of consideration and appreciation of the need to guide and advise them, in order to make these developing cooperatives successful and self-reliant in the field of foreign trade, thus enabling them to become fully-fledged foreign traders, and equal partners in future in the international cooperative trading net-work around the world". Such advice may include "information regarding market requirements and/or sources of supplies, foreign trade regulations, tariffs, general trading conditions, appropriate contacts,.... advice on handling marketing and processing of produce, channels of distribution, financial requirements for foreign trade, and availability of finance for these purposes, assistance regarding sales promotion and advertising techniques, etc. One practical form of assistance could be the provision by Western cooperatives of display facilities for products from the region". Also they

should "include the Regional Office and major trading cooperatives in the region on their mailing lists for regularly issued trade reports and bulletins and other publications from the IC. Agricultural and Wholesale Committees which reflect the trading interests and preoccupations of cooperatives in the West".

3. Actively investigate and pursue possibilities of linking cooperatives in the region which have sources of raw produce or materials and want to process them with cooperatives in other countries which want the processed or semi-processed products. Such trade potentialities could then be sometimes linked with technical assistance, thus providing a sound economic basis for the assistance projects. Some of the possible forms such assistance might take are illustrated by the Thailand-Japanese project. At the same time, however, full recognition must be given to the financial and economic limitations of cooperatives everywhere, including the International Cooperative Bank. These limitations need stressing objectively in the light of facts, without, however, using them as an alibi for inaction.

C. For action by governments in the region

1. In some countries of the region, governments exercise strict control over foreign trade and also supervise or direct cooperative activities. This poses the bureaucratic problem of having to deal with two government departments when attempting to engage in cooperative foreign trade. Also, it may be necessary to secure government permission for foreign trade involving currency and import and export licences. Although there is little evidence of legal discrimination against cooperatives, as such, there may well be actual discrimination because of the inexperience of cooperatives and the tendency to regard them as weak and inexpert in the field of foreign trade. (If not given opportunity to embark on Foreign Trade, Cooperatives can never gain such experience).
2. This underlines the importance of building up and maintaining a national cooperative trade organisation capable of safeguarding the interests of cooperative traders vis-a-vis the government. Also it should be possible for cooperators to convince governments of their common interests in developing exports, and of the usefulness of cooperatives for carrying out other vital national functions, such as distribution of goods in short supply at controlled or guided prices; orderly procurement and marketing of food; channelling of government credit to agricultural producers; implementation of government price policies; and combatting private monopoly.

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3. At the same time, governments should be prompted to :

- give the cooperatives an opportunity for operation on an economically sufficiently large scale
- stop allocating foreign trade quotas entirely and exclusively on the basis of past performance, thus effectively excluding cooperatives
- appoint cooperative representation on government boards
- promote continuity of government cooperative appointments, i.e., in government cooperative departments and in national cooperative organisations.
- "give prominent consideration to cooperatives in connection with the execution of commitments entered into by governments or their trading agencies under the terms of trade agreements and/or with state-trading countries, bearing in mind that some of the latter regard cooperative activities with a certain degree of benevolence, and also that cooperatives, acting as an instrument for implementing the government's foreign trade policy and/or commitments, can perhaps be fairly readily guided by the government to assure the satisfactory conclusion of the trade deals in question. One feasible and already tested suggestion is for cooperatives to handle and distribute PL 480 supplies from the USA."
- "To consider making funds available to trading cooperatives through cooperative banks and credit institutions, both for the finance required for such trade ventures and for the closely related purpose of developing processing industries under cooperative control for the better utilisation of agricultural and food crops destined for foreign markets".

For action in relation to International Organisations (other than ICA)

It is important that regional development in South East Asia should not take place without consultation with international banking organisations in the field; for example, the International Development Association of the World Bank is already active in cooperative development. Of great potential interest in this connection are the International Cooperative Bank and the Asian Development Bank.

1. International Cooperative Bank

"... the International Cooperative Bank... is still at an early stage of its operations, which nevertheless envisage that, in the longer term, investment capital is to be earmarked for cooperatives in the developing countries - including those of South and East Asia - provided that all such funds are used exclusively in connection with carefully vetted and approved projects; however, for the moment, and for the immediate future ahead, the Bank has no means for the implementation of such a policy, being itself faced with problems arising from the shortage of capital in Western countries, and the resulting high interest rates payable. The ICA Banking Committee has repeatedly considered the question of finance for cooperatives in the developing countries and will undoubtedly continue to review the position periodically, but the general tightness of capital availability, even in the wealthiest cooperative organisations, has to be taken into account when assessing prospects. To quote an expert opinion coming from outside the cooperative circle, I refer to a statement on behalf of the FAO in September 1965, entitled "International Assistance to Cooperatives in Developing Countries"; this speaks of the desirability of having a Central Cooperative Bank where cooperative credit needs could be assessed and dealt with, but adds that at present 'finance is still scarcely feasible between Cooperatives of one country and another', even though 'the question of credit assumes a crucial place in the development of cooperatives in (i.e.) Asia'. The ICA itself is fully cognizant of these issues; the statement on the Long-Term Technical Assistance Programme reported to the 1960 Congress said 'a number of young Movements urgently need commercial relations (i.e. with the movements in the West) for the export of their own products and the import of essential consumer goods', and later adds 'Finally, there is the all-important question of Finance - which is the crux of the whole problem'. It is not suggested that no headway has been made since then, but these quotations are as urgently true today as they were six years ago".

2. Asian Development Bank

"Since all potential sources of finance for cooperative development will need to be scrutinized continuously, the Regional Office will no doubt take a keen interest in the new Asian Development Bank; even though it is too soon to speculate about likely developments there, it is certain that many demands will be made on the resources of the bank, and the cooperatives in the region may perhaps hope to be among the eventual beneficiaries, provided their case is put with promptness and precision in the

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appropriate quarters and at the right moment, If any funds should become available for cooperatives from that source, the financing of processing establishments might well be the kind of development that might comment itself to the authorities of the Bank".

"At the ECALFE Committee on Trade meeting in Bangkok early in 1966, Mr. M. Yamashita, Chief of the Joint ECALFE/FAO Agricultural Division, said the FAO hoped the Asian Development Bank would be in a position to facilitate and increase investment for agricultural development in the ECALFE region. Whenever necessary, FAO would be willing to cooperate with the Bank in assessing and identifying agricultural development projects worthy of such investment in connection with channelling the Bank's funds to such projects".

"On the same occasion, the Executive Secretary of ECALFE said he regarded the Asian Development Bank as a symbol of Asia's first serious effort at economic development through the mobilization of internal resources ... and said the countries of the region should start working out sound economic development projects in order to submit applications for assistance from the Bank".

"The General Secretary of the Central Union of Agricultural Cooperatives of Japan has pointed out that it will not only be imperative to keep a watch on the role of the Asian Development Bank in order to seize any opportunity for securing funds and credit facilities for cooperative developments, but to determine how far any such finance made available to the cooperatives of South and East Asia ought to be channelled into food production and agriculture, and what proportion of it should be earmarked for industrial developments by cooperatives".

• For action by ICA

1. The ICA has already indicated its "decision ... in principle (to) devote increasing attention to the development of international cooperative trade, on the basis of confining itself to liaison and advisory work, without interference in the trading policies or the conduct of trade negotiations of cooperative organisations, and without accepting any role which could enable the ICA, or any of its officers, to become involved in, or responsible for, decision-making in any trade negotiations or actual deals" by establishing a new position in the Regional Office for an assistant on technical assistance and commercial matters.

2. The Regional Office also plans to intensify its efforts at compilation, systematisation, interpretation and planned distribution of information and material on cooperative trade, e.g., via the Trade Directory; a list of European wholesales; the list of foreign agencies and purchasing and sales offices; material culled from reports, and commercial and economic journals; and systematic documentation in the library of the Regional Office.
3. It also plans to keep close track of trade conferences and meeting and decisions of inter-governmental bodies like EC-EE in the region, to summarize the results and ensure their dissemination throughout the region, and to follow-up trade contacts resulting from them.
4. Increased efforts will also be made to promote trade contacts between cooperatives, for example, by examining and pursuing information on potential trade deals collected in the course of the Eisenberg survey.
5. The Regional Office will do research on the structure and operation of organisations in the region dealing with foreign trade both in the cooperative sector and in the sectors of the various national economies, with a view to securing full details of the operating methods of successful organisations.
6. The new officer for technical assistance and cooperative trade will maintain regular liaison with relevant ICA auxiliary committees, e.g., CWC and the Agricultural Committee. Eventual setting up of an Agricultural Sub-Committee for the region would greatly assist him in such efforts.

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MAIN TRADING TRENDS AND OPPORTUNITIES

On the following pages, an attempt is made to sum up briefly the main trading trends and opportunities of interest to cooperatives in the region. Based on information gathered during the survey, on the I.C.A.C. Cooperative Trade Directory, and - in relation to principal agricultural products - on the "FAO Commodity Review 1966", some main, broadly defined categories of goods are listed alphabetically.

In the minority of cases, where cooperatives in the region are more interested in buying than selling, attention is focussed on potential sources of supply. In most instances, it is a question of finding markets for products from the region, and for these the major markets are mentioned. Under most headings, reference is made to direct cooperative activities and interests concerning the commodity group under review. Since this is merely a brief summary of the world-wide position, only the most important markets are referred to, and no claim is made to have covered either all the countries which could constitute potential markets or all the commodities which are of interest to cooperatives in the region.

AGRICULTURAL MACHINERY, IMPLEMENTS AND TOOLS : Cooperatives in the region report actual and potential imports from cooperative sources in Japan, Pakistan, and Eastern Europe (including U.S.S.R.), and also from other sources in the U.S.A., Western Europe (including U.K.) and India. Cooperatives which are, or may become, buyers of such import items can be found in Australia, Burma, Ceylon, Hong Kong, India, Japan, Malaysia, Nepal, Pakistan, the Philippines and Thailand. Some of their requirements are listed in the Trade Directory.

Their needs comprise a wide range of items, from small tools to irrigation equipment, balers, tractors, pumps, etc. India is to purchase another 5,000 tractors from the U.S.S.R. A new free trade pact is designed inter alia to facilitate the entry of Australian farm machinery into New Zealand; this trade has been developing for some time, e.g. in spraying equipment.

APPLES AND PEARS : Principal producer countries in or near the region are Australia, New Zealand, Japan, China and Korea. The most substantial importers in or near the region are Taiwan, Malaysia, Singapore and Hong Kong. There is a large production of, and market for, apples and pears in North America and Western Europe, but the marketing chances there depend very much on the suitability of the particular type of fruit. Among Cooperatives in the region, those of Australia and New Zealand participate in their countries' export trade to many destinations, including U.S.A., Canada, U.K., various European countries, Africa, and the Middle and Near East. N.M.C.F. of Korea have attempted to export apples to Taiwan, whilst the Cooperatives of Japan are engaged in exporting these fruits and trying to popularize CANNED Japanese pears, e.g. in Hong Kong, as well as canned apples. Canned pears are exported from Australia. New Zealand exports canned apples and pears mainly to the U.S.A. and Canada. Outside the region, and apart from the Western markets referred to above, other substantial importers include U.S.S.R., Brazil, Venezuela, Algeria, Syria, Iraq and Jordan. The biggest portion of all apple and pear imports is taken up by Western Europe. One problem facing exporters is the shortage of suitable shipping space, specially to some destinations, such as Hong Kong and Singapore.

Business: Main importing areas are :

- U.S.A. (generally top quality fruit);
- Western Germany (largely South American supplies; imports very high per head of population);
- France (greater part from Martinique and Guadeloupe);
- U.K. (more than 90% from West Indies);
- Japan (mostly from Taiwan; total Japanese imports: U.S. Dollars 80 million per annum);
- Italy (abolition of state monopoly led to big trade increase; half the supplies come from Somalia);
- Canada (tariff on non-Commonwealth fruit 11 Dollars per ton, yet virtually all supplies from outside the Commonwealth).

Other substantial importers include Argentina and the Benelux countries. International trade, i.e. mainly supplies from developing countries to North America, Western Europe and Japan, grew spectacularly in 1965, with lower import prices and box packaging stimulating trade. Box packaging improved the condition of the fruit on arrival at destinations and also permitted better distribution arrangements. According to F.A.O., further import increases are expected in 1966, though not necessarily at the same RATE of expansion, and possibly at still lower prices. Imports into U.S.S.R. and Eastern Europe are still relatively small. In 1965, imports rose by more than 10% in Austria, Norway and Sweden, by 10% in the Benelux countries, and by 6% in Denmark. As far as exports from Asian sources are concerned, Taiwan predominates; its exports are far bigger than those of all other Asian producer countries together. In any case, total Asian Banana exports are equal to only 10% of those coming from Central and Latin America. Countries in or near the region which export bananas include Australia, India, Malaysia, the Philippines and China. Limited imports into New Zealand are controlled by an organisation of fruit merchants there. A number of exporting countries are trying to ascertain the right type of banana for sale to Japan. Indian Cooperatives have done some banana exporting. Very recently negotiations were due to begin for the export of Indian bananas to Japan.

CITRUS FRUITS : World trade in citrus fruit is concentrated primarily in areas other than Asia; in or near the region, major producers include China, India, Japan and Australia. They have a sizable export trade, with the emphasis to a varying extent on CANNED fruit exports, and with substantial Cooperative participation in the three countries of the region. For the Japanese industry and Cooperatives in particular, canned tangerines are one of the main export items (The Scandinavian C.W.S. states that insufficient quantities are available to it). Production in New Zealand is for the domestic market only. From Nepal, there are small exports to India. In other parts of the world, the principal import areas are Western Europe, including the U.K., Canada, the U.S.S.R. and Eastern Europe. In the E.E.C., tariff adjustments are increasing discrimination in favour of members and associates, so that fruit from Italy, Greece and Algeria receives preferences. Citrus fruit imports in the region, as reported by Cooperatives, include lemons coming to Japan, and very limited citrus imports into New Zealand and India, whilst the whole range is brought into Hong Kong and Singapore. Also worth mentioning are ZENHAKREN's exports of fresh oranges to Canada as special Christmas trade. Pakistan Cooperatives are interested in exporting citrus fruits, possibly to Hong Kong and the Middle East. Another important citrus fruit exporter is Israel which exports to some 30 countries, mainly in Europe, but also shipping some fruit to the U.S.A., Canada and the Far East. Cold storage is being used in Israel to an increasing extent to prolong the exporting season, especially for grapefruits.

COCOA : The Ceylon Agricultural Producers' Cooperative Societies Union Ltd., indicated their interest in exporting cocoa, and the Philippine Producers' Cooperative Marketing Association Inc. ("Philprocem") are engaged in cocoa trading. Principal importing areas are: U.S.A., Western Germany, the Netherlands, U.S.S.R., U.K., other countries in Western Europe, the Netherlands, U.S.S.R., U.K., other countries in Western

Europe, China. The main importing country in the region appears to be Japan. UNICOOPJ list cocoa beans as an import commodity of interest to them; imported cocoa powder (ready for consumption) is sold in consumers' Cooperative stores in Japan, and in those of certain other countries, such as Australia and New Zealand. In Western Europe, cocoa is a commodity handled by many consumers' Cooperatives, and wholesaling organisations such as N.S.F. (Scandinavia), English and Scottish Joint C.W.S. Ltd. (U.K), G.E.G. (Western Germany) and others purchase cocoa for resale to consumers' societies and for chocolate manufacturing plants operated by the Movement in several countries. There are cocoa export developments of potential cooperative interest in Papua, New Guinea, and Fiji.

COCONUT PRODUCTS, COPRA, PALM OIL, ETC : Producer countries in or near the region are Ceylon, India, Indonesia, Malaysia, New Guinea, Singapore, and the Philippines. New Guinea, Ceylon, India, Malaysia and the Philippines have Cooperative organisations interested in selling these commodities, and in Malaysia a cooperative palm oil development scheme is under way.

Cooperative societies in Pakistan are listed in the Trade Directory as potential buyers of coconut oil and other coconut products. Several Cooperative wholesale organisations in Western Europe have interests in soap and/or margarine manufacture, e.g. in Scandinavia, the U.K., West Germany, the Netherlands, Switzerland, Austria and Finland. Many of the purchases made by, or on behalf of, these Western Cooperatives are effected through brokers, mostly in London. N.S.F. buy, on behalf of Scandinavian Cooperatives, Philippine copra through dealers in London, palm and palmkernel oil from Malaysia in Singapore and partly through European firms, and desiccated coconut from Ceylon. Main markets for coconut products are the U.S.A. and Western Europe. A cooperative in Ceylon is producing rubberised coir as a cushioning material. New Zealand cooperatives have been concerned with imports of desiccated coconut. Producers of coconut products face competition from other parts of the world, e.g. the South Pacific area, Africa and South America. Details of principal uses of coconut products, producer and exporting countries, as well as of the main buying and consuming areas, are given twice a year in the F.A.O. publication "Coconut Situation" which reports on the latest position at mid-March and mid-September respectively. A review of 1965 says prices showed exceptionally wide fluctuations, imports into the U.S.A. and Japan rose, whilst the major European markets - West Germany and the U.K. - recorded decreases, as did India and Australia. Malaysia increased copra shipments to India, but for the second year running had no exports to Western Europe. Indonesia is rapidly becoming re-established as a major supplier to the Netherlands, accounting for 23% of copra bought by that country in 1965. The Philippines are now the world's largest producer and supplier; changes in the pattern of supply and exports may follow any normalisation of trade between Indonesia and

Malaysia and Singapore. Coir products (mats and matting) are exported from some countries in the region, mainly to the U.S.A., Western Europe, U.K. and Australia. Copra oilcake has been exported by Indian cooperatives, e.g. to Western Europe.

- COFFEE : The bulk of world coffee production comes from Latin America and Africa. Principal importing areas are: U.S.A., E.E.C., other countries of Western Europe, and Eastern Europe. In the region, coffee importing territories include Iran, Australia, Hong Kong, Japan, Malaysia, New Zealand, Nepal, Singapore and Thailand; there are also some imports into Korea, Pakistan and the Philippines, but none are permitted into Ceylon, whilst India, the one substantial producer in the region, produces 2% of the world coffee output and does 1/2% of total global exporting; Indonesia, and to a lesser extent the Philippines, also export coffee, whilst there is some re-exporting from Malaysia where cooperatives are engaged in coffee processing. Indonesia was, before the confrontation, the chief supplier to Singapore. In recent years, India exported to the following countries in the region: Australia, Hong Kong, Malaysia, New Zealand, Pakistan and Singapore. Consumers' Cooperatives in various countries of the region handle imported coffee, e.g. in Australia, Japan and New Zealand. In Nepal, the office of the Registrar of Cooperative Societies referred to possible Cooperative interest in the import of coffee. India has Cooperative coffee growers with an interest in developing exports: the Mysore Coffee Processing Cooperative Society Ltd. has approached the Registrar in Kathmandu with a view to exporting coffee to Nepal. In the Philippines, a Cooperative sells raw coffee beans on the domestic market, and the heads of the Agricultural Credit Administration thought the development of Cooperative exports was a possibility. There is a coffee growers' Cooperative in Papua, New Guinea. Substantial coffee buyers among West European Cooperatives include Nordisk Handelsforbund for Scandinavia, G.E.G. for Western Germany, S.G.C.C. for France, and the English and Scottish Joint C.W.S. Ltd. for the U.K. Another coffee importing country is Israel.

CONSUMER GOODS OTHER THAN FOODSTUFFS, i.e. TOILETRIES, HARDWARE, HOUSEHOLD GOODS, ETC : Exports of various categories are available from the majority of countries in the region; examples of goods which are, or can be, exported by cooperatives include inter alia radio sets, cameras, toys and porcelain from Japanese cooperatives; sports goods, glassware, carpets and rugs from India; cutlery, nursery goods, toys, sports goods from Pakistan; matches from India and Nepal; various commodities from Hong Kong, through C.W.S. depot there. On the importing side, a distinction needs to be made between, on the one hand, cooperatives' actual imports and purchases of imported goods in recent years, and on the other hand, the interests of cooperatives in the possibility of importing or acquiring such goods in countries where rigorous restrictions may not in fact permit such imports. The Indian consumers' cooperative N.C.C.F. has secured licences for certain imports. Examples of actual trade done include: Cosmetics, soap, shoe polish and

toothpaste imported by, or for, S.W.H. Nepal; kitchenware and household goods for the Philippine 'consumers' cooperatives; Japanese torch batteries sold by consumers' cooperatives in Hong Kong; crockery for some Pakistan cooperatives; foreign consumer goods bought by cooperatives in Iran; soap, razor blades and oil heaters imported by Japanese cooperatives; matches, tableware, hardware and fancy goods items for Australian cooperatives; watches for a Singapore cooperative. The category of potential but possibly academic interest in imports by cooperatives comprises e.g. Burmese cooperative interest in watches, clocks, torches, batteries, toothbrushes, etc., and Indian cooperative interests in similar lines, and also in cutlery, china, jewellery. Restrictions similarly impede consumer goods imports to cooperatives in Ceylon, New Zealand and Pakistan.

COTTON : In spite of an anticipated increase in world cotton consumption, production is currently expected to keep ahead of usage, and the F.A.O. expected total world stocks to reach an all-time record in August 1966. Production in the U.S.A. is to be curtailed during the period to 1969, as stocks are at record levels. Of the countries in or near the region, China, India, Iran, Japan and Pakistan are important cotton producers. Of these, at least China, India and Japan are also worthwhile importers, others being Australia, Hong Kong, Korea, Taiwan and Thailand. Elsewhere, sizable imports enter Western Europe, Canada, Latin America, U.S.S.R. and Eastern Europe, but Cooperatives are understood not to be playing any major role in the cotton importing business there. In the region, the principal Cooperatives active or interested in foreign trade in cotton are located in Pakistan and India. Due to the progress of synthetic fibres, the F.A.O. estimates that cotton consumption is likely to decrease in Western Europe, Japan and U.S.A. An expansion of cotton usage is anticipated in China and in developing countries. India buys some cotton from the U.S.A. Indian cooperatives want to build up some cotton exports to Japan. Iran exports raw cotton.

COTTON MANUFACTURES : Cotton goods for export are produced in or near the region in Burma, China, Hong Kong, India, Japan, Korea, Pakistan and Taiwan. In addition to competition from the older cotton goods manufacturing countries in the West, there are now export-minded cotton goods industries in Central and Latin America, the U.S.S.R. and Syria. Principal markets for exports, **apart** from those in the region, comprise the U.S.A., U.K. and Western Europe, the Near East, U.S.S.R. and Eastern Europe. There is growing competition from synthetic fibre materials to be overcome, and also the G.T.T. agreement on cotton textiles which imposes limits on exports to some Western markets; recently, the U.K. announced reduced quotas for imports until 1970, when the G.T.T. agreement is due for re-negotiation. Cotton yarn exporting is being developed from Israel. In recent years, the greatest progress among the exporters of the region was made by Hong Kong in the U.K. (fabrics) and U.S.A. (garments), whilst exports from India and Pakistan in 1965 were

below the level of 1960. Exports from Korea and Taiwan are directed chiefly to the Far and Near East, but have also been successful in Western markets, especially the U.K. Exports from China are also growing, being sold at keen prices in many developing countries. Goods from the U.S.A.R. find their main markets in Eastern and Western Europe, and U.S.A. In 1964, the C.W.S. imported cotton yarn and manufactures into the U.K. from a variety of sources, including Hong Kong, India and Singapore. Imports into Ceylon are restricted to extremely low-price fabrics bought by C.W.E. for distribution under a rationing scheme operated by C.W.E. shops and Cooperative stores. When the I.C.A. Trade Directory was compiled, the central Cooperative organisation in Burma was interested in the export and import of certain cotton manufactures. Cooperatives in Pakistan are interested in foreign trade in yarn, and in exporting finished cotton goods and fabrics. They have imported yarn from China and Japan, and also exported cotton yarn. Iran has been curtailing its imports of cotton goods. The U.S.A. are still substantial importers of low-quality cotton cloths from Asia. Under the terms of a recently negotiated credit, Indonesia is to buy cotton yarn and textiles from India.

D.AIRY PRODUCTS : Most countries of the region are potential or actual importers of dairy products, rather than exporters. The major exporters are Australia and New Zealand. In India, the Kaira District Cooperative Milk Producers' Union ("MUL" Dairy) has indicated its interest in exporting dairy products, though availability for exports depends on internal conditions and production commitments. The "MUL" Dairy has imported milk powder from Australia and New Zealand, while some of its own products have been sold to Nepal, including the S.J.H. organisation there. Imports into the countries of the region are made difficult by foreign exchange shortages. In Japan, imports are restricted by Government control to protect domestic dairy farmers against foreign competition, with the result that consumer prices of dairy products are said to be high. In some countries of the region, local and foreign interests (the latter from countries like Australia, New Zealand and the Netherlands) have combined to create establishments for the reconstitution of imported milk powder, inter alia in Ceylon (technical assistance from New Zealand), Hong Kong, the Philippines, Malaysia, Singapore and Thailand. Where imports take place, supplies come mainly from Australia, New Zealand, the Netherlands, Denmark and the U.K. an example of inter-Cooperative trade is the New Zealand Produce Association in London which channels dairy products from Cooperative farmers in New Zealand to consumers' Cooperatives in the U.K. The latter also purchase inter alia from Scandinavia and Holland. Known dairy produce import interests in the region include: Milk Powder to India, Japan and Nepal; baby foods to Nepal; condensed and evaporated milk, butter and cheese to Malaysia,

the Philippines, Singapore and Thailand; cheese to Japan; casein to Japan and Thailand; condensed milk, milk foods and milk powder to Pakistan. In Iran, a Cooperative organisation reports purchases of butter and cheese originating from Bulgaria. Dairy produce supplies from Australian Cooperative organisations, and from New Zealand, to India were not commercial sales, but on an "aid" basis, or for Indian defence contracts.

DOMESTIC AND INDUSTRIAL APPLIANCES AND MACHINES(bicycles, sewing machines, radio sets, office machinery, etc.): Cooperatives in virtually all countries of the region referred to actual or potential imports of various appliances and machines. Supplies largely come from Western countries or from Japan.

Some supplies - notably

bicycles - are available from India and Pakistan, the latter country having a Cooperative cycle factory which exports. Some appliances supplies are available from Hong Kong and Singapore. Examples of Cooperative interest in importing some of these goods in the region are: Philippine Federation of Consumers' Cooperatives imports for sale to consumers and for use by industrial cooperative societies; in Korea, there is a possible trade in supplying machinery and components to the Small and Medium Industries Cooperatives Federation for brushmaking, footwear manufacture, etc; electrical equipment is listed in the Trade Directory as a potential import by an Australian cooperative, and a cooperative in Iran reports buying imported electrical appliances, whilst the Japan Cooperative Trading Co. Ltd. have supplied industrial sewing machines and other machinery to China.

Limited quantities of bicycles have been brought into New Zealand for sale by consumers' cooperatives there. Under their new free trade agreement, New Zealand is due to admit Australian machinery under conditions of decreasing tariffs.

DRIED FRUITS : In or near the region, the major producers are Australia and Iran; India and Pakistan produce on a more limited scale, and are in fact both exporters and importers. There is some Cooperative involvement in all four countries, in so far as Iran is a supplier to N.A.F., Australia has Cooperative producers' organisations and foreign Cooperative customers, such as C.W.S. and N.A.F., and Cooperatives are participating or interested in the dried fruit trade in the other two countries. Other major dried fruit producers include Greece, Iraq, Spain, South Africa, Turkey and the U.S.A. Important markets for dried fruit include the U.K., Scandinavia, the E.E.C. countries, U.S.S.R., East Germany, and other countries in both Western and Eastern Europe, as well as Canada. In the region, importing countries include Japan (Cooperative interest in imports), New Zealand (some Cooperative import from Australia), Malaysia, Ceylon, Singapore and Hong Kong. The major producer countries have

combined in international agreements for raisins and sultanas. Raisin marketing in the U.S.A. is carried out under a Federal marketing agreement which permits volume control. The international producers' agreements between Australia, Greece and Turkey - with the U.S.A. closely associated - concern themselves with the maintenance of minimum prices. From Iran, cooperative exports to the U.S.S.R. are being undertaken. Dried fruits from New Zealand are to be more freely admitted into Australia under the new free trade Pact between these two countries. The National Cooperative Consumers' Federation of India was recently granted licences to import dried fruits and dates from Iran and Iraq. In Turkey, the 1965 crop of raisins reached a record level, and exports showed a substantial increase (total sales abroad 88,000 tons).

EGGS :Japan, Korea, China and Taiwan are exporters of eggs; and a Cooperative society in Kerala (South India) is included in the Trade Directory as a potential exporter. "ZENHUNREN" of Japan and N.A.C.F. of Korea are interested in egg exports. The former have sold supplies in Western Germany (the world's largest importer, followed by Italy), Scandinavia, the Middle East and Hong Kong (the Crown Colony being the biggest importer outside Europe; it buys 90% of its eggs from China, and that competition had a serious effect on "ZENHUNREN" trade in Hong Kong -

N.A.C.F. is the sole Korean supplier of eggs to U.S. and U.N. personnel there, and has attempted to sell eggs to Taiwan - International trade in eggs is limited and shows a downward in recent years. North America, the largest producing region, is virtually self-sufficient; in the U.S.A., egg consumption per head of population has been declining continuously for the last 15 years, and import demand in Western Europe as a whole is also decreasing, with Western Germany buying less, since domestic self-sufficiency has risen there from 60% to 90% in the last six years. Italy's increase in imports was met largely from Eastern Europe, where output has gone up steadily in the last few years. The group of producer countries comprising Japan, South Africa, Australia and New Zealand increased its production (as a group) by more than 150% in the last ten years; Japan (the largest producer among the four) alone tripled its output during that time. - All developing countries of the world together account for only 15% of the international trade in eggs, and the F.A.O. does not anticipate any major change in that figure, since the trend generally is for increased demand to be met by expanding domestic production. There is a high degree of protection for home producers in Western Europe, the area likely to remain the major outlet for foreign egg supplies. Production there is understood to be increasing again in 1966. New major outlets are unlikely to open up in the near future. World trade in eggs decreased between 1964 and 1965 by 10%, and was down by 40% from the average for 1957-1961. There is believed to be a market for eggs in the Middle East.

FERTILISERS, PESTICIDES, INSECTICIDES, FUNGICIDES & AGRICULTURAL CHEMICALS:

There are substantial requirements of either raw materials or finished products almost everywhere in the region; supplies come from the U.S.A., Canada, West European countries, including the U.K., the U.S.S.R., West Africa, Israel, Japan and India. The region as importing area, with some examples of cooperative interests selected at random, comprises virtually all the countries surveyed, e.g. Thailand (fertilizer imports to various cooperatives), the Philippines (C.C.E. import fertilizers cheaper than

domestic products), India (great need for certain products, e.g. by plantation crop cooperatives, such as coffee growers), etc. References to import requirements appear in almost every national section of the report and the Trade Directory, either finished products or raw materials, or both, being required for use by cooperatives. Although most countries of the region plan to become self-sufficient by creating domestic production, attainment of that goal appears to be some way off in various countries, and imports still have to be secured. The main problem seems to be that of cooperatives acquiring an adequate share of the imports. In Korea, fertilizer imports are made by the government, but the entire distribution is handled by the cooperative N.A.C.F. The Japanese agricultural cooperatives are importers of raw materials for fertilizer manufacture under their own control, with some export possibilities for the finished fertilisers. In Iran, rural cooperatives have developed the production and distribution of insecticides, and also handle the distribution of fertilisers. In India, a cooperative mission from the U.S.A. is to study the feasibility of developing cooperative fertilizer manufacturing which would (presumably) require the importing of some chemicals, at least in the early stages. Some of the petrochemicals for such developments may become obtainable through the I.C.P.A. and perhaps the Pakistan Cooperative Petroleum Association.

FISH AND MARINE PRODUCTS : Of the total world fish catch, one-third is marketed fresh, 30% are reduced to meal, oil, etc., 25% are cured or frozen, and 10% canned. Leading fish export countries are Japan, Canada and Norway. Almost all countries of the region, including Iran, export some fish products, and in Australia, Ceylon, India, Japan, Korea and Pakistan Cooperative fishery organisations are either engaged in this trade or interested in developing exports. - In 1964, no fewer than 66 countries - nearly all in the developing regions of the world - supplied shrimps to the U.S.A., and in 1965 that number increased, mainly due to new African ventures. The U.S.A. buys 40% of the fishery exports of the developing countries, and Japan (with fish imports increased five times in the 1961-64 period, and now the world's sixth largest importer) gets the bulk of its imports from South-East Asia. China is assuming growing importance as a marine foods exporter. Other important fish-buying countries (U.K., W. Germany, Italy) buy a small portion of their requirements from the developing nations, and draw the bigger part of their supplies from the West, Scandinavia, Japan and the U.S.S.R. Foreign trade in TROPICAL fish comprises mainly the supply of tuna, prawns and crayfish to the U.S.A., Japan and Europe. Cooperative organisations in Western Europe import fish, particularly canned, from many sources, Japan being the main supplier from the region. The N.A.F. also buy, for Scandinavian requirements, canned shrimps from India and crabmeat from Japan. From the information supplied by Cooperatives in the region, it was found that the following are some of the main fishery products imports: Australia: Canned crab, salmon, sardines, herrings; frozen fillets; smoked fish. Ceylon: Dried fish. Hong Kong: Free port for all types of fish, etc. to be landed there. Japan: Herrings, crayfish, prawns, lobsters, octopus, shrimps and edible seaweed. Malaysia: Canned fish, including sardines. Mauritius: Dried fish. 7

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New Zealand: Canned fish, including sardines, salmon and cysters.
Philippines: Canned fish, including tuna, sardines and salmon. Ryukyu Islands: Frozen fish. Singapore: Dried and frozen fish; prawns. Burma : Prawns and shrimps. Perhaps worthy of special mention is the Fremantle Fishermen's Cooperative in Western Australia which, until six years ago, sold abroad entirely through exporters but is now conducting only direct foreign sales in Europe and North America.

FISH MEAL: Principal producer countries, in order of importance: Peru, Japan, Norway, U.S.A., South Africa, U.K., Western Germany. Other leading suppliers of raw material for (exports of) fish meal include Angola, Chile and Morocco. In the region, fish meal is produced in Ceylon, India, Pakistan and Korea. China is also a producer. - Cooperative organisations in Australia, the Philippines and Japan are definitely interested in importing meal, provided supplies of sufficiently high protein content can be secured; this is the main problem, and the reason why previously acquired supplies from other countries in the region proved unsatisfactory. Cooperative organisations in the region which were thought to be potential suppliers have been advised, but no firm deals are known to have been made by August 1966. FAO reports that fish meal is to be used in certain products intended for human consumption, e.g. wafers for undernourished children, on the basis of a discovery made in India. The Japanese Cooperatives have imported fish meal from Peru, South Africa and China, while South African supplies have also reached Australian cooperatives.

FISHERY BY PRODUCTS :

Main problems are lack of regular channels for foreign trade, and the generally limited quantities of the products in question, making systematic foreign trade difficult to develop, and necessitating special trade promotion efforts and contacts. Fishery cooperatives in Ceylon, India and Pakistan are active and/or interested in exporting all or some of the following: Sea slugs, sea shells, isinglass, fish maws, shark fins, shark meat, shark oil. Hong Kong, Singapore, Mauritius and Malaysia are among the potential markets, with also a possibility of sales of isinglass to the U.K. and other beer-brewing countries. (There is a cooperative beer brewery in Sweden). Sea Shells (mainly for decorative work) are perhaps marketable in India and Pakistan. Import requirements made known by Cooperatives include frog meat for Japan, and fishheads, for bait, for Australia. Details of trade done appear in appropriate national sections of the report. Trade in edible seaweed involves mainly China, Taiwan, Korea and Japan.

FISHERY EQUIPMENT : Cooperative fishery organisations in several countries of the region referred to the need to import fisheries equipment, ranging from yarn and nets to engines, fuel oil, echo sounders, net-making and fish-canning plant, as well as wood for boat-building, etc.

Cooperatives interested in these items exist in Australia, Ceylon, India, Korea, Hong Kong, Pakistan and Japan, the latter country being the region's main supplier and exporter of fishery equipment; Japanese cooperatives have supplied e.g. nets to Canada, Iceland, Australia and the U.S.S.R. Other organisations of fishermen requiring such items operate in Singapore and Malaysia. Canada has shipped nylon yarn to Pakistan for use by fishery Cooperatives there, the Philippines supply hamp for rope-making, and Hong Kong may develop an export trade in fishing boats, whilst the principal foreign trade in fuel oil for fishing boats are the supplies from the U.S.S.R. to Japan. Other prominent suppliers of fishery equipment include Scandinavia, the U.S., Western Germany, France, Italy, and the U.K. The Cooperative organisations of Norway and Western Germany especially are prominently involved in fishing and fish-canning ventures. The I.C.P. could also supply fuel oil, and so can the Pakistan C.P. The principal problem regarding the import of fishery requisites into most countries of the region is that of foreign exchange being made available for the purpose. In view of the economic importance of the fishing industry to most of these countries, cooperatives have suggested that equipment for fishing and for fish-canning and net-making ought to be made available as part of the aid received from various sources and agencies.

FRUITS AND VEGETABLES, NUTS, HONEY, EDIBLE OILS, JUICES, PRESERVES, ETC:

Virtually all countries of the region are exporters of some of these products, and in most cases there are cooperatives directly involved in such trade, which has to compete with products from neighbouring territories like China, Taiwan, Indonesia, North Korea, the Maldives Islands, Iran, etc. Cooperatives are engaged, or interested, in exporting a wide range of commodities, including pulses, fresh, canned and dried vegetables and fruits, various kinds of nuts, vegetable oils, fruit juices, preserves, honey and even flowers. India processes African cashewnuts for re-exporting. On the importing side, there are the following market opportunities, with again some cooperative interest, or actual import performance, in the following instances: Australia - Dates, olive oil and occasionally peanuts; New Zealand - nuts, some fruits, cooking oils; Ceylon - onions, chillies, pulses, some fruits, imported via C.W.E.; India - certain nuts, dates; Pakistan - vegetable oils, dates, nuts; Malaysia - chillies, potatoes, onions, honey; Japan - nuts, beans, jams, honey, peas, certain fruits; Philippines - canned peaches, almonds; Burma - nuts; Western Europe, including Scandinavia and U.K. - fresh and canned fruits and tomatoes, honey, onions, canned vegetables, fruit juices. Other general import performances or opportunities include: Canned and fresh fruits and honey to Hong Kong; canned fruits to Vietnam, New Guinea, West Indies, and most of the Mediterranean area and islands, as well as East Africa; fresh and canned fruits to Canada; dried mushrooms to U.S.S.R.; pulses to Mauritius and Middle East; pulses and fruits to Persian Gulf area; canned fruits and vegetables, and nuts, to Singapore; dates to Pakistan; pineapples, cashewnuts and honey to India; potatoes and dried mushrooms to New Zealand. From Iran, cooperative exports to the U.S.S.R. (onions and hazelnuts) are being developed. Dates may become a cooperative export from Pakistan.

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GRAINS: (See also separate note on Maize). Over the last four years, world surplus stocks have been reduced substantially, and demand and production are much more balanced than some years ago. Three factors brought about this major change: The U.S... reduced stocks by keeping output in the last four years below the level of current requirements. Secondly, the Communist countries depend to an increasing extent on imports, as shown by exceptionally large imports into the U.S.S.R. and long-term contracts entered into by China to purchase grains. Thirdly, there is a serious deficit between supplies and requirements in several developing countries, for example in India where grain production rose by an average 1.1% between 1959 and 1964, whilst the growth of population exceeded 2% - Most of the countries of the region are actual or potential importers of many types of grain; exporters in the region include Australia, New Zealand and Thailand, plus Cambodia and - under normal conditions - Indonesia; Korea and China are engaged in foreign trade in both directions; though China is now a much bigger importer than exporter. As far as Cooperative transactions are concerned, the following may be mentioned: The Japanese Cooperatives are the biggest buyers and traders among the importing cooperatives of the region; their maize purchases from Thailand, Korea, China and other sources are referred to under the heading "Maize", and in various national sections of the report. ZENHANREN have a large internal trade in wheat and barley, whilst ZENKOREN are interested in imports of oats, which the Grain Pool of Western Australia wants to sell to Japan. In the Philippines, C.C.E. handle American supplies of sorghum grain, which N.A.C.F. have also been importing into Korea from the U.S.A. and sorghum is shipped to Japan (UNICOOP). In Nepal, reference was made to possible future Cooperative exports of some foodgrains. In the West, Cooperatives with flour milling interests are substantial buyers of wheat, but many of these supplies come from sources outside the region to the Cooperative mills in Scandinavia, U.K., Western Germany, France, Finland, the Netherlands, Switzerland, etc. The F.A.O. says the gap between population growth and grain production may continue to widen in the developing countries in the next decade, and they are unlikely to be able to increase grain imports on commercial terms. Main exporting countries: Australia, Canada, Argentina, France, U.S.A., South Africa.

HANDLOOM AND HANDICRAFT PRODUCTS, UTENSILS, CANE FURNITURE, ETC: Actual or potential Cooperative participation in exporting these products has been referred to in Ceylon, Hong Kong, India, Korea, Malaysia, Nepal, Pakistan and the Philippines. There are thought to be markets for some of these products in North America, Western and Northern Europe, Japan, Taiwan, Singapore, the Middle East, Africa, Aden, and possibly Australia, but the difficulties and competition to be faced must not be underrated. On 1st September, 1966, the "Times of India" contained a report which stated that c.g. embroidered fabrics from India could be marketed in

W. Germany free of quota restrictions, though subject to 22% import duty, but had to compete against similar goods from Austria and Switzerland, two of Germany's neighbours. Thus the Indian goods face a tremendous handicap as regards freight and insurance costs and transport hazards, and their cost of manufacture needs to be extremely competitive to have any prospects of success under such conditions. In addition to the more systematic, Government-supported attempts to sell these products from the LARGER countries in the region (and their Cooperative organisations), the possibility of exporting Nepalese brass and copper utensils (to India) is said to be under consideration; N.A.C.F. have sold Korean handicrafts in Japan and attempted to do so in the U.S.A. and Western Germany. Australia has secured from G.A.T.T. the right to give preferential tariff treatment to such goods from developing countries; that market may now merit closer examination. There are also limited possibilities of interesting European Cooperatives in some of these products, e.g. the current examination by K.F. of potential trade in cane furniture from Hong Kong. East European countries have also purchased handicraft products from the region.

JUTE AND JUTE GOODS : There are Cooperatives in the region with a definite interest in purchasing jute products in Australia, Malaysia, New Zealand and the Philippines; details have been given to other Cooperatives which are thought to be potential sellers, and some enquiries have been pursued by the parties concerned. - Jute faces increasing competition from synthetic fibres and from alternatives to its end products, e.g. the substitution of disposable paper bags for jute sacks. Principal jute producer countries are Pakistan, India and Thailand, there is also some production in Nepal, the output being largely sold to India, and a Cooperative Society in Eastern Nepal conducts some of this trade. India is a fairly substantial importer, as well as producer, especially in bad crop years. The main jute-buying area is Western Europe which absorbs half the world's imports. The bulk of jute manufacturing and processing is concentrated in the jute growing countries, in Western Europe, Japan, the U.S.A., Brazil, Burma and Africa. The following quotation from the "F.A.O Commodity Review 1966" shows the trend in jute manufacturers: "A reorientation in the structure of export markets has taken place in India in recent years, while the traditional sacking markets have in varying degrees contracted as a result of competition from Pakistan, this loss has been more than offset by exceptionally heavy sales of both hessian and sacking to Eastern Europe, mainly the U.S.S.R., and by finding a new outlet in the form of jute backing for carpets in the North American market. It should be noted, however, that in the United States jute carpet backing is being faced by increasing competition from synthetics". As regards trade in jute goods among Cooperatives of the region, the abovementioned potential buyers make it clear that substantial business might be transacted in hessian (cloth),

jute sacks for rice, corn, etc., and in jute wool packs, provided sizes, quality grades and specified standards are observed by suppliers in accordance with requirements. In some cases, e.g. Western Australia, sizable imports already come in from Pakistan and India, the two countries with the principal cooperative exporting potential for jute goods. C.C.E. has also imported jute bags to the Philippines and recently invited an Indian cooperative to submit a tender for such bags. A report in the Indian press in September 1966 states that the Vietnam war has caused a shortage of jute goods, including gunny bags, in the U.S.A. India having provided the necessary credits, Indonesia is to purchase jute goods from that country.

LEATHER, HIDES, SKINS, LEATHER GOODS AND FOOTWEAR: Foreign trade deals and opportunities revealed by the information supplied by cooperatives include the following: Exports of leather and leather goods from cooperatives in India and Japan; footwear from cooperatives in India and Pakistan, and from Hong Kong; hides and skins from Australia, and from cooperatives in Pakistan and India. Other specified actual or potential trade developments include the import of leather supplies from the U.S.A. and Sweden to some cooperatives in the region, e.g. American leather to industrial Cooperatives in the Philippines; footwear components to the Small and Medium Industries Cooperatives Federation in Korea; Australian (and other) hides and skins to C.W.S., England; Indian Cooperative footwear to the U.S.S.R.; Hong Kong footwear to Western Europe, including Scandinavia and the U.K.; hides and skins to UNICOOPJ.P.N; leather from K.F., Sweden, to India and Thailand, Hide and skin imports into India have been (temporarily) liberalised since devaluation in June 1966. Reports in Indian newspapers in September 1966 say there continues to be a market in the U.S.A. for hides and skins, leather goods and footwear such as can be supplied from South and East Asia. The countries of Eastern Europe also buy leather footwear from the region. Hides and skins are also exported from Iran. During the year to 31st March 1967, raw hides and skins can be imported into India under open general licence.

LIVESTOCK: Livestock trade involving Cooperatives in the region includes the following deals or possibilities: N.A.C.F. imports livestock from the U.S.A. and Canada, and attempts to sell to Japan, where Cooperatives are interested in importing. The C.W.S. of Thailand once exported some livestock to Hong Kong. Two sugar marketing Cooperative Federations in the Philippines are interested in importing livestock (and semen). The possibility of organising Cooperative imports of sheep from Australia to Singapore has been mentioned. The Farmers' Cooperative Wholesale Federation imports Australian sheep and British cattle into New Zealand. Livestock exporting countries, in addition to those referred to above, include New Zealand, China (supplying e.g. pigs to Hong Kong), and the Philippines as a prospective exporter

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in due course. Livestock trade is inhibited to some extent by regulations to prevent the spread of diseases. Livestock Cooperatives were visited in Hong Kong and the Philippines (also the Poultry Farmers' Cooperative Society in Brisbane). The Farmers' Cooperative Wholesale Federation is concerned with exports of New Zealand livestock to the U.S.A., Japan and Latin America. Livestock exports from New Zealand to Australia are now banned, but New Zealand is now exporting sheep to China. Australian cooperatives are engaged in exporting livestock, including pigs, to such destinations as Burma, Singapore, Malaysia, Philippines and Thailand, and are trying to develop trade with inter alia India and Bhutan.

MAIZE: In the region, the principal importers are the Japanese cooperatives which have secured supplies from cooperative sources in Thailand, Argentina and Korea, from the state trading agencies of China, and from other suppliers in U.S.A., South Africa, Cambodia, Roumania. N.A.C.F. imported maize from the U.S.A. into Korea in 1964. In Nepal, the possibility of maize exports by a cooperative district union was referred to. Other possible sources of supply include Burma, Indonesia and Australia. Among Western cooperatives, the C.W.S. imported more than £ stg. 2 million worth of maize and corn into the U.K. in 1964, the bulk of the supply coming from the U.S.A., and some part of it from Argentina, Roumania and West Germany. In 1966, N.A.C.F. Korea is scheduled to make some exports to a cooperative in Northern Japan; if satisfactory, it is hoped to develop a larger and continuing trade from these beginnings. JENKOREN handles 32% of total maize imports into Japan.

MEAT, MEAT PRODUCTS, POULTRY AND CASINGS: Principal suppliers from the region are Australia and New Zealand, both with Cooperative enterprises which have a sizable trade with Cooperatives in the U.K. An Australian meat trade cooperative is also supplying Japan, where the agricultural and consumers' movements are engaged or interested in imports of meat, meat products and casings. The New Zealand meat production works of the English C.W.S. trade with the U.K., U.S.A., France, Canada and Japan. Cooperative exports from Australia have included canned meats to e.g. Singapore, and the New Zealand Cooperative Pig Marketing Association supplies meat products to the U.K. and U.S.A. The continuous search for new markets and sources of supplies is illustrated by the news that the U.K. is for the first time buying beef from South-West Africa. JENHAKUREN of Japan has a large internal trade in poultry, but no exports so far. The Poultry Farmers' Cooperative Society of Brisbane, Australia, has exported poultry meat to New Guinea, and is interested in sales elsewhere, e.g. Japan. Mention has been made of the possibility of importing Australian meat by Singapore Cooperatives.

The consumers' movement in the Philippines imports canned meat from Argentina and Denmark, whilst N.A.C.F. of Korea attempt to export rabbit meat to Japan. Meat products from China come into Hong Kong. It is also understood that meat products from the U.S.A. and the Netherlands are sold in the region. The most important item entering world meat trade is beef, trade in which has expanded rapidly in recent years. During the last 10 years, Australia and New Zealand have largely switched their beef exports from less profitable carcass meat (sides or quarters) to boneless beef and special cuts. These more highly processed products yield better prices, while other meat exporting countries in Latin America and Africa still continue to export largely carcass meat. Thus the former two countries benefit from increases in the unit value of their exports, whilst the latter have to increase their volume of sales to raise their earnings. The new free trade pact between the two countries provides that Australia is to facilitate the entry of some New Zealand meat. In Malaysia, there are plans for Cooperative involvement in poultry marketing.

MOLASSES : The principal party interested in purchasing is the Japanese cooperative movement. Negotiations for supplies from sugar Cooperatives in India were concluded in September 1966, and enquiries had also been made by UNICOC J.P.A.N in June 1966 at one of the Philippine Cooperative organisations for sugar marketing. Other potential sources - including some Cooperatives - include Australia, Malaysia, Pakistan and Thailand, and also Burma, China, Indonesia and Cuba. The Japanese cooperatives have made purchases from some of these countries. Some molasses from the Pakistan cooperative sugar mill find their way abroad, inter alia to U.S.A. and Germany. The Indian cooperative sugar factories are looking for additional markets for molasses, possibly in the Near and Middle East, and/or Eastern Europe. Molasses are also produced under the control of farmers' cooperatives in Iran.

MOTOR VEHICLES AND COMPONENTS: Apart from such more general requirements of Cooperatives as tractors for agriculture, and trucks for goods transport, the following are some of the actual or potential trade opportunities involving the region and Cooperatives there: Exports: Tyres, tractors, trucks and motor cycles from UNICOC J.P.A.N (tyres have been supplied to U.S.S.R.); Indian-made buses, vehicle spares and motor workshop equipment to Nepal; Rubberised coir for vehicle upholstery from Ceylon Cooperative Industries' Union; tyres from Singapore; tyres from U.S.S.R. (supplied to the Cooperative Federation of Ceylon); tyres and vehicle accessories from K.F., Sweden (some supplies to Ceylon and Iran). Imports: "Centrosos" have imported tyres into U.S.S.R. from UNICOC J.P.A.N; Cooperative Federation of Ceylon have imported tyres from U.S.S.R.; S.N.H. Nepal import buses, vehicle spares and motor workshop equipment from India; according to information furnished (for the I.C.A. Trade Directory), Cooperatives in Australia, Burma and India are interested in the import of tractors and some in Pakistan in the import

of trucks, and of motor cycle manufacturing machinery (for the manufacture of motor cycles by a Pakistan Cooperative). New Zealand cooperatives have bought motor cars from Japan. Cooperative organisations in Pakistan report importing tyres and tubes from the U.K. and Japan. India is due to resume importing tractors from the U.S.S.R. and from some other countries. Exports of tyres and tubes are being developed from Israel, while Iran imports tubes, tyres, cars, trucks and accessories.

PAPER AND PAPER PRODUCTS, PULP, BOARD, BAGS STATIONERY GOODS: Principal paper importing areas are Europe, Asia and North America. Cooperative importing interests and trade in the region include these examples: Parchment and paper (for wrapping produce) to Australia; onion bags, and paper and paper products for school and office purposes, to the Philippines; bags for desiccated coconut to Ceylon; some stationery requirements to Burma; general paper needs to Indian cooperatives, and paper for printing and publications to SAJHA in Nepal. From the Swedish KF organisation, paper products have come into Hong Kong, Malaysia, Pakistan, Thailand, Australia, Ceylon, India and the Philippines. Other paper exports to cooperatives in the region have come from the U.S.A., Germany, Japan, the U.K., New Zealand and China. UNICCOPLA-PAN list paper and paper products as exportable commodities. The trade in materials for fruit wrapping appears to be of some importance; "Overseas Farmers" purchase Australian and New Zealand requirements to some extent from the U.K. and Scandinavia, but manufacturing developed in New Zealand is now also supplying fruit wrapping paper to Australia; paper supplies needed in Nepal may come from China. Stationery trade items are imported by a cooperative in Pakistan, the "LAMUL" Cooperative Dairy has brought parchment paper from W.Germay into India, and there is some cooperative paper-making in Malaysia. India has also bought paper from the U.S.A., but supplies from that source are now believed to be more limited. India in turn is due to sell certain paper supplies to Indonesia under the terms of a recent agreement between the two countries.

PETROLEUM PRODUCTS, LUBRICATING OILS AND GREASES, FUEL OILS: The International Cooperative Petroleum Association has a number of shareholders in the region and has sold some supplies to Government monopoly agencies in India and Ceylon. A Cooperative source of supplies located in the region is the Pakistan Cooperative Petroleum Association, Karachi, while supplies from extra-regional sources have come mainly from the U.S.S.R. In Iran, foreign trade in oil and oil products is controlled by the State. UNICCOPLA-PAN list petroleum products among their potential imports. In Nepal, Cooperative district unions are importers of kerosene, whilst the SAJHA organisation import diesel oil from India for their buses and lorries. Perhaps the biggest potential business

is the supply of fuel oil to Cooperative fishery societies which operate in Australia, Ceylon, Hong Kong, India, Japan, Korea, and Pakistan. There is also a similarly substantial trade potential for supplying diesel oil, other fuels and lubricants to meet the needs of mechanised farming activities, e.g. through the cooperative farm service centres due to be developed in West Pakistan, and other similar ventures elsewhere in the region.

PROCESSING AND MILLING EQUIPMENT AND MACHINERY: (See also FISHERIES EQUIPMENT). During the survey and via the Trade Directory, a number of Cooperatives in the region have made known their needs for various items in these categories. It seems that supplies have to come mainly from Western countries, from Japan (and the cooperatives there) and to some extent also from India; the following import requirements have been specifically mentioned by cooperatives: Burma (rice milling machinery); Ceylon (fruit and vegetable processing and canning); India (juice extracting machinery, leather tanning machines); Malaysia (rice milling); Nepal (rice milling, and fruit processing and canning); Pakistan (rice milling, fruit juice processing, and canning); Philippines (rice threshing); and Thailand (rice milling). Sugar milling equipment required by cooperative factories in India is now made entirely within that country.

- ↳ RICE: World rice output is increasing by 2-3% annually, but that increase is largely cancelled out by population growth. In 1965-66, the upward trend in production was halted by crop failures in India, which country accounts for 40% of the total rice output of the developing countries. The tight supply position has helped rice-exporting countries to earn more foreign exchange since 1962. Based on 1964 figures, the principal rice exporting countries (in order of export values) were: Thailand, U.S.A., Burma, China, U.S.S.R., Cambodia, Pakistan and Taiwan. Other exporters in the region include Australia, Korea and Nepal. In the past three years, developing countries which export rice have increased the value of their total rice exports by 25% and the volume of their sales is one-third above the 1953-55 level. Rice shipments from the U.S.A. have been increasing notably to India, Vietnam and Japan. - Rice importing countries include Japan, India, Ceylon, Pakistan (both exporter and importer), New Zealand, the Philippines, Malaysia, Hong Kong, Singapore, Indonesia and Vietnam. Rice importers elsewhere include the Arab countries, the Near East, Cuba, West Africa, the U.K., and many European states - N.W.F. is a substantial importer of rice for Scandinavia's consumer Cooperatives and buys Thailand rice from mills in Europe. In 1964, the C.W.S. imported Australian rice into the U.K. In the E.E.C. countries, high levies are imposed on rice imports from non-member countries and consequently demands are likely to be met increasingly from internal production in France and Italy, to the detriment of rice-exporting countries in Asia. Rice has been exported by a cooperative

organisation in Iran to the U.S.S.R. New Zealand cooperatives have imported rice from Australia. There is some cooperative rice processing in Malaysia. In Japan, the acreage under rice cultivation and the rice harvest have been decreasing over the last three years; the 1965 crop was the smallest since 1959 and may necessitate larger imports, which had already topped 1 million tons in 1965-66. Imports into Japan come mainly from Taiwan, U.S.A., Korea, Spain, Thailand and Burma. Though Korea is normally a rice exporter, N.M.C.F. imported rice from Taiwan in 1963 as the agent of the Government of Korea.

RUBBER: Producer countries include Malaysia, Indonesia, Ceylon, Burma, India, Thailand and Vietnam. In Malaysia, Cooperatives produce rubber in latex form; the Senior Assistant Commissioner, Cooperative Development Division, thought direct Cooperative exports might be developed. K.F. of Sweden buy rubber from Malaysia and Indonesia for their tyre and rubber footwear factory; N.M.F., who buy via London and Singapore, think the trade may decline in view of competition from synthetic materials. UNICOOPJAPAN list crude rubber as one of their import commodities.- Principal rubber import areas, in order of importance, are: Western Europe, U.S.A., U.S.S.R., China, Eastern Europe. Some of the prominent producers of synthetic rubber, such as Japan, Canada and South Africa, report a declining consumption of natural rubber. The largest increase in consumption of natural rubber are taking place in the Communist countries.

4. **SEEDS (Agricultural and horticultural):** Many Cooperatives have referred to an interest in foreign trade in various types of seeds. Countries in the region which are concerned with both exports and imports, with some examples of Cooperative interest, are: Australia (imports of grass and clover seeds, exports of small seeds like canary, panicum and millet); India (imports of chicory seeds and seed potatoes, exports of castor and mustard seeds); Nepal (import of various seeds, export of mustard seed and linseed); Japan (import of linseed, cotton and kapok seeds, export of seed potatoes, vegetable and rice seeds). Other seed exporters (apart from Western countries like the U.S.A., U.K., Western Germany, the Netherlands, France and Denmark, which are all suppliers to the region) include Burma (seed potatoes), New Zealand (pasture and pea seeds), and Pakistan (mustard seeds). Other seed importing areas include Ceylon (vegetable seeds), Hong Kong (flower and vegetable seeds), Korea (vegetable seeds), Philippines (onion seeds, seed potatoes, etc.) and North Korea (rice seeds). The C.W.S. imports seeds into the U.K., e.g. from New Zealand. In many of these countries, Cooperative organisations are either involved in the seeds trade, or interested in participating in it. Australian Cooperative seed exports go to a variety of destinations, e.g. the Mediterranean area (including the C.W.J. of Israel), Pakistan and Borneo. Some Pakistan cooperatives are interested in importing seeds. In Iran, C.C.R.C. is involved in the distribution of a wide range of seeds to farmers' cooperatives.

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SILK AND SILK GOODS: Silk producing countries in or near the region include China, Japan, Thailand, Korea (South and North), and India. Known Cooperative activities and interests include the following examples: (1) An official of K.F., Sweden, reports that Thai silk goods are on sale in Sweden and that K.F. will examine the possibilities of buying Thai silks for Swedish Co-operatives. (2) The Philippine Federation of Consumers' Cooperatives has purchased raw silk from Japan. (3) UNICOOPJAPAN has bought silk from North Korea. (4) N.M.C.F. is the sole Government-authorized collecting agent of raw silk in Korea (South), but has to transfer the collected silk to private spinners who, through their exporters' association, then engage in profitable exports of finished silk goods, mainly to Japan. N.M.C.F. wish to participate in this export trade, which amounted to 8 million U.S. Dollars in 1965, and is likely to reach 12 million Dollars in 1966. (5) Pakistan Cooperatives report imports of silk yarn and an interest in exporting silk fabrics and garments. (6) Indian silk fabrics are exported to Europe, U.S.A., Africa, Australia and the Middle East. (7) Silk yarn and raw silk from Japan are imported for handloom cooperatives into India, but the Government of India maintain certain restrictions on the export of hand-spun silk yarn.

SPICES, CONDIMENTS AND SALT : In or near the region, the following export trade activities or opportunities involving cooperatives have been reported: Ceylon cooperative interest in export of cinnamon, cloves, nutmeg and pepper; Indian and Pakistan cooperative export interests in cardamoms, pepper, salt and turmeric; Thailand cooperative exports of salt. Other general exports from the area come from Indonesia (pepper), Japan, Malaysia, including Sarawak (pepper) and Singapore, and the Philippines. Salt from Australia (and from the UK) was exported to New Zealand, but the trade is declining in view of local production developments there. Other trade items reported include the following: Scandinavian cooperatives purchased spices from India, Singapore, the Philippines, and Indonesia; Pakistan cooperatives are potential buyers of cardamoms, cinnamon, cloves, pepper and other spices; pepper and other spices are sought by UNICOOPJAPAN; imported salt and corianders are sold by Malayan C.W.S.; salt and spices are imported by cooperatives into Nepal; consumers' cooperatives sell imported salt and condiments in Hong Kong; possible cooperative imports of cloves into India, and of various spices into Singapore. Other general markets importing spices - some of them buying inter alia from cooperatives in the region - include U.S.S.R., Eastern Europe, Persian Gulf, U.S.A., Italy, Israel, and to a lesser extent other countries in Western Europe. Competition comes also from Africa, e.g. Tanzania which sent its Minister of Commerce and Cooperatives to the U.K. in June 1966 in connection with attempts to sell cloves to British cooperatives. Generally speaking, the market for most spices is more limited in Western countries than in the region and throughout Asia and Africa. Salt and pepper are the most widely bought and used items, but some rather optimistic assessments are occasionally made about the opportunities to market other, less familiar spices in Western countries

in general. In some areas, there is a certain resistance to various spices, the consumption of which is regarded as a potential health hazard. Salt imports into Japan are regulated by the Government there. G.E.G., Germany, have bought some Indian spices in the past.

SUGAR: Prices of raw sugar on the free world market in 1965 were the lowest since 1941, and far below average production costs in ANY country. Sugar producing countries in or near the region include: Australia, China, India, Japan, Pakistan, Philippines, Ryukyu Islands, Taiwan, Thailand, Vietnam. Of these, India, Pakistan and the Philippines have Cooperatives engaged in sugar production and/or marketing. Indian sugar Cooperatives contribute substantially to raw sugar exports and are interested in developing exports direct to foreign cooperatives. All Philippine sugar exports go to the U.S.A. - Countries in the region which depend to a varying extent on sugar imports include Ceylon, Hong Kong, Iran, Japan, Korea, Malaysia, Nepal, and Singapore. Among the Cooperatives in those areas, the Japanese are interested in importing raw sugar. Outside the region, the main importing areas are Western Europe, including U.K. - North America and U.S.S.R. The U.S. sugar legislation provides definite quotas for the supplying countries to fulfil, a large proportion of imports coming from Central and Latin America and the Caribbean. Among the countries of the region which have a quota are Australia, India and the Philippines, and also Taiwan. In the absence of supplies from Cuba, the Philippines have the largest quota among all foreign suppliers to the U.S.A. and have sometimes difficulties in meeting the requirements. The Philippines are also the only country permitted to sell a volume of refined sugar to the U.S.A. African countries still largely dependent on imports (with a low consumption per head of population) include Ghana, Ivory Coast, Malawi, and Nigeria. Imports of sugar into Iran are controlled by the Government. Sugar is also produced in Fiji and exported from there. Another sugar-importing country is Israel. Imports into Japan are expected to total some 1½ million tons in 1966, with supplies coming mainly from Cuba, Taiwan, Okinawa, South Africa and Australia.

TEA: Principal producing areas: India, Ceylon, China, Japan, U.S.S.R. Pakistan, (East) Africa, Latin America, Indonesia, Taiwan and Malaysia. Main import areas: U.K., Africa, U.S.A., Oceania, U.S.S.R., E.E.C. Other tea importers outside the region include Western Europe, Canada, the Middle East (notably Iraq), Israel, Latin America, Eastern Europe. In or near the region, tea is imported into Australia, Burma, China, Hong Kong, Japan, Malaysia, New Zealand, Nepal, Pakistan, the Philippines, Singapore, and Iran. Cooperatives in India and Ceylon are concerned with, or interested in, exporting tea, whilst some Pakistan Cooperatives are listed in the I.C.A. Trade Directory as potential importers. In Iran, a Cooperative society has imported tea from the U.K. Cooperatives in many countries of the region handle imported tea, notably in Australia, New Zealand, the Philippines and Japan. In Nepal, the office of the

Cooperative Societies' Registrar referred to the possibility of importing tea through Cooperatives. The market for tea in India is growing rapidly, says the F.A.O. "Commodity Review 1966". Of the Cooperatives in Western Europe, the English and Scottish Joint C.W.S. Ltd., with its own tea estates in India, Ceylon and Tanzania, is by far the biggest tea trader. N.A.F. also purchase tea which comes from the region, most of their business being done in London. In Iran and Japan, there exist regulations which provide for the blending of imported tea with locally grown varieties.

TEXTILES, CLOTHING, KNITWEAR (See also HANDLOOM AND HANDICRAFT PRODUCTS):

Cooperatives with an interest in exporting exist in India, Japan and Pakistan, and other exporting countries include China, Korea, Taiwan, and Singapore, as well as Hong Kong, where the C.W.S. of England are engaged in two-way trade, i.e. some exports from the U.K. to the region, and vice versa. Textiles from the region are exported to, or required in, the U.S.A., the U.S.S.R. (where Japanese cooperatives have supplied fabrics, shirts and knitwear), China (which has also bought from Japanese cooperatives), the U.K. and Western Europe, including Scandinavia, Japan, the Philippines, Thailand, Malaysia (limited cooperative requirements), Ceylon (cheap fabrics imported via C.W.E. for sale also through Cooperative shops), Australia (some drapery and clothing items for consumers' cooperatives), Nepal (cotton and woollen textiles for S.A.H. organisation), New Zealand (mutton cloth, also some drapery and clothing items), Burma (some cooperative fabrics requirements), and Iran (cooperatives buying imported textiles locally). Some textiles from the region also have a market in the Middle and Near East and Africa. A cooperative federation in Pakistan reports an interest in the import of cloth, yarn and fabrics, whilst other Pakistan cooperatives want to develop exports of fabrics and of clothing. There are also exports from the region to Eastern Europe (woollen fabrics, clothing, knitwear). Main markets for the traditional types of garments, e.g. saris, are likely to be in the region, and in adjoining areas, including Persian Gulf, Middle and Near East and Africa. Under the terms of a recently negotiated credit, Indonesia is to buy some textiles from India.

TOBACCO AND TOBACCO PRODUCTS: The difficulties presently encountered by Rhodesia offer to other countries which produce Virginia tobacco some special opportunities. Tobacco-growing countries in the region include India, Japan, the Philippines, Pakistan and Ceylon. Some tobacco is also grown in Malaysia, Nepal, Thailand, Indonesia, China, Australia and New Zealand. In India, Ceylon, Pakistan and the Philippines, there are Cooperative organisations with definite interests in the export of various types of tobacco. Some areas of the region also import tobacco and/or tobacco products; these include Hong Kong, Japan, Malaysia, Singapore, Thailand, Australia and New Zealand. The trade in special native tobacco and tobacco products between India and Ceylon appears to have come to a halt, as a result of which the existence of a cooperative

in Ceylon is in danger. These special types of native tobacco (for smoking or chewing) which are cultivated mainly in Ceylon, India and Pakistan appear to have a market potential only in the region, in the Persian Gulf area, the Middle East and parts of Africa. Cigar leaf tobacco from the Philippines and Indonesia is sold largely to the U.S.A. and Western Germany (for Bremen auctions). - In most parts of the world, Virginia tobacco is more readily and widely accepted, but it cannot be assumed that e.g. Philippine or Indian varieties could automatically and necessarily become an immediately accepted substitute for the not available Rhodesian tobacco or for expensive American types. Principal tobacco importing areas are: E.E.C., other countries of Western and Northern Europe, U.S.S.R., North America. In a number of West European countries, and in Japan, tobacco importing is the concern of a state monopoly organisation. In some countries of Western Europe, the Cooperative Movement owns cigarette and cigar making factories, e.g. in the U.K. and Western Germany; in 1964, the C.W.S. imported a limited volume of unmanufactured tobacco into the U.K. from India and Indonesia. India's exports of flue-cured leaf cigarette tobacco have been rising for a number of years and reached 80,000 tons in 1965, when the U.S.S.R. replaced the U.K. as India's top customer for tobacco; Soviet purchases are concentrated on the lower grades. There has been at least one Cooperative export deal involving the shipment of Indian tobacco to the U.S.S.R. In the E.E.C., the dismantling of internal tariffs may well result in tobacco requirements being met increasingly from the two tobacco-growing associates of E.E.C., Greece and Turkey. In Iran, foreign trade in tobacco is state-controlled. In Australia and New Zealand, manufacturers must use a certain percentage of domestic tobacco.

WOOD AND WOOD PRODUCTS : Principal importing regions, in order of importance, are: For sawn softwood and sawn hardwood - Europe and North America; Wood pulp - Europe, North America, Asia; Roundwood: Pulpwood - North America, Europe, U.S.S.R.; coniferous sawlogs and veneer logs - North America, U.S.S.R., Europe; broadleaved sawlogs and veneer logs - Asia, Africa, Europe. Sources of supplies of some types of wood and/or wood products include Burma, India, Japan, Korea, Malaysia, Pakistan, Philippines and Taiwan. Areas known to import certain types of wood and/or wood products include: Hong Kong, India, Japan, Pakistan, Singapore and Thailand within the region; elsewhere the U.S.A., U.K., Norway, Finland and various other European countries. According to the type of wood in question, substantial exports originate in many different parts of the world, inter alia in the U.S.A., Canada, U.S.S.R., West Africa, Sweden, Finland, Roumania, etc. Japanese Cooperatives are importers of timber logs used for pulp and building work, and of other soft and hard woods; a substantial portion of their supplies comes from the U.S.S.R. Some Pakistan Cooperatives are interested in imports of wood, including teak wood for building fishing boats; an Indian Cooperative is listed as a potential buyer of plywood. Both Pakistan and India have entries

in the Trade Directory for societies which are (possible) exporters of wood and/or wood products. The recent free trade pact between Australia and New Zealand provides inter alia for the progressive elimination of Australian tariffs on New Zealand forestry products.

WOOL: Main exporting countries are South Africa, Australia, New Zealand, Uruguay and Argentina. Exports from the region include inter alia wool from Pakistan and India; certain types of wool are imported into India to some extent. Similarly, Iran is both an exporter and import of wool, and also buys some wool manufactures abroad. The developing countries and the Communist states together account for one-third of the world's total wool consumption; among other countries, the principal wool consumers are the U.S.A., Canada, Japan, the U.K. and various West European states. More than 80% of all imports are absorbed by the 14 biggest importing nations. - The principal Cooperative wool trade appears to be the importing of New Zealand wool by the C.W.S. into the U.K. (value in 1964 more than £ 1½ million). In New Zealand, the Farmers' Cooperative Wholesale Federation claims to be the country's second largest wool trader, accounting for 22½-25% of the New Zealand wool clip. Generally speaking, wool is a commodity not particularly suitable for Cooperative involvement in marketing. One Cooperative organisation in East Pakistan is listed in the Trade Directory as a potential importer of wool yarn; that commodity has also been imported, to a very limited extent, by (or for) a consumer' cooperative in New Zealand. Present trends in New Zealand suggest that the number of sheep there may approach 70 million by 1972-73, in which case the total wool clip would amount to 850 million lb., against 660 million lb. today, but the industry is confident it will sell all the wool it can produce, in spite of competition from synthetic fibres.

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INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA - A REVIEW
OF RECENT DEVELOPMENTS

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By : Mr. M.V. Madane

The purpose of this paper is to review very briefly the recent trends in the sphere of international trade with special reference to trade by some of the cooperative organisations in the countries of South-East Asia. The review is based on the information available in the Regional Office of the International Cooperative Alliance and on the basis of the impressions gathered during visits to some of the countries in the Region.

RECENT TRENDS

During recent years, international trade has been the subject of constant debate in several international forums both within and without the UN Organisation. The agencies which are seriously concerned with the problem are UNCTAD and the GATT. Efforts have also been made through special negotiating machineries such as the Kennedy Round. The regional economic commissions of the UN and the regional economic groups such as the EEC and EFTA have undertaken a number of measures aimed at developing the trade of their member countries.

The main objective of the UN and allied agencies in debating the issue is to help the developing countries in increasing their share of international trade. As a part of this effort, several studies have so far been made by UNCTAD and the GATT. The main issues discussed at UNCTAD-II held recently in New Delhi were: (a) Commodity agreements, (b) Trade preferences in favour of developing countries on a non-reciprocal non-discriminatory basis and, (c) the increasing flow of international public and private capital to developing countries.

The report by the Secretary-General of UNCTAD to the Second Session held at New Delhi again pointed out that: "one of the basic features of the developing countries trade is the slower growth of their exports compared to those of other economic areas and that, in consequence, their share of the world market has been declining steadily". Referring to the declining exports to developed market economy countries, the Secretary-General stated: "with the exception of Japan for which exports have been increasing at an average annual rate of about 14 per cent for the period 1960-66, exports to developed

market economies increased during the same period at an average of 5.8 per cent. In 1960, out of world exports to the developed market economies of US\$82.9 billion, developing countries accounted for 19.8 billion or just under one-quarter. By 1966, their share amounted to US\$27.8 billion out of a total of US\$138.9 billion, or about one-fifth". The only exception was with regard to trade with socialist countries where the imports from developing countries increased from 7.4 per cent to about 10 per cent in 1966.

Although the quantum of exports of the developing countries increased during 1955-65, there was a marked fall in the export unit value. So, the export earnings increased at a much lower rate than the volume of exports. Simultaneously, the costs of imports increased and the total effect was that the purchasing power of exports increased at a much lower rate than that of total value of their exports.

RESULTS OF UNCTAD-II

It would be too optimistic to expect concrete results out of a conference of the type of UNCTAD-II if sufficient spade work was not done and if a general consensus on most of the important issues had not been arrived at earlier meetings of the various groups. No wonder UNCTAD-II passed on most of the important issues for consideration and decision to its continuing machinery. On the question of preferences, the conference reiterated its agreement in principle on non-discriminatory and non-reciprocal preferences and referred it to a special committee for further consideration. Nothing much happened regarding commodity agreements except the consensus on supplementary finance. Although 1% of GNP was agreed in principle by developed countries as the quantum of aid to the developing countries not many concerted to reach the target within a specified period.

INTER-COOPERATIVE TRADE

In the context of such unfavourable trends for trade by developing countries, it is not expected that the cooperative organisations should be able to achieve significant progress in international trade. Their trade prospects are bound to be conditioned by various factors which govern international trade and any growth in this direction will have to be within the limits prescribed by the various bilateral and multilateral trade agreements among different countries except in cases where no such restrictions are imposed. However, the questions that can be asked is whether the cooperatives have been able to increase their foreign trade to the full capacity and to the extent permitted by external factors, and whether the cooperatives have given up the trade or have tried to improve their performance in order to regain a foothold in the foreign market.

On the basis of these questions, if we were to review the performance of most of our cooperative trading organisations, we may not be able to find a positive answer in a majority of the cases. Except

in the case of Australia, New Zealand and Japan, the trading cooperatives in the Region have entered foreign markets only recently and it will take years of hard and patient work before they will be able to get a firm foothold in this field.

ROLE OF THE ICA

The International Cooperative Alliance has, during recent years, taken a keen interest in promoting and expanding foreign trade by cooperatives. The 1960 Lausanne Congress of the ICA had made a specific reference to promotion and expansion of trade as a part of the long-term Technical Assistance Programme formulated by the Congress. The 1964 Tokyo Conference, which considered "The Role of Cooperation in Social and Economic Development" felt that the subject of foreign trade by South-East Asian cooperatives needs to be studied in detail in order to collect factual data and material which may necessitate a follow-up action by the ICA. The Technical Assistance Sub-Committee of the ICA endorsed the suggestion made by the Tokyo Conference and authorized the ICA Executive to appoint a qualified officer, on a temporary basis, to conduct the study in South-East Asia. Accordingly, Mr. Walter Eisenberg, from the Cooperative Wholesale Society Limited, Manchester, joined the Regional Office of the ICA at New Delhi and completed the study within the stipulated period. The findings of the study have now been published under the title "Trading of Cooperatives - South-East Asia" (Vols. I, II & IIIA). This report is available at the conference for reference and its summary has been earlier circulated to the delegates.

The survey conducted by Mr. Eisenberg has revealed many potentialities in the field of cooperative trade, although the actual percentage of total trade by cooperatives so far has been very meagre.

The Third Asian Agricultural Cooperative Conference (Cooperative Trade Conference) which met in New Delhi during January 1967 made a number of recommendations to government, to cooperatives and to international agencies to actively assist in accelerating the growth of inter-cooperative trade. It also recommended the setting of export-oriented cooperative processing industries and providing facilities for the training of managerial personnel.

The above conference has helped in bringing to the forefront a number of problems faced by cooperatives in foreign trade. The measures suggested are both of short-term and long-term nature. Before considering the present problems and future prospects, it will be interesting to see what is at present being done by cooperatives in this field.

TRADING BY COOPERATIVES

Imports and exports by cooperatives form a very small proportion of the total foreign trade of the countries of South-East Asia. Most

of the international trade of the cooperatives has been in the past through private traders already established in international trade. Only in a few countries, some cooperatives are responsible for a good percentage of the exports of certain commodities. Almost all Australian exports of wheat and dried fruits are handled by or through cooperatives. In the case of dried fruits, though only 60% of exports are handled by cooperative packers, the cooperative producers retain the ownership of the other 40% which are handled for export packing and despatch by private packing firms. A large proportion of Australian exports of fresh and canned fruits and dairy products are supplied by cooperatives.

In the field of imports, cooperatives also account for a sizeable percentage of a limited number of commodities. For instance, ZENKOREN, the National Purchase Federation of Agricultural Cooperative Associations of Japan, accounts for about one-third of the total national imports of Rock Phosphate and maize into Japan.

In some countries cooperatives export or import through government marketing boards or State Trading Corporations. In New Zealand, for example, the dairy cooperatives export through the New Zealand Dairy Board. In India, the leather footwear manufacturing cooperatives export through the State Trading Corporation of India. The National Agricultural Cooperative Marketing Federation of India has been granted monopoly rights by the State Trading Corporation of India for the export of pulses to Ceylon, U.K. and Mauritius. The Federation has also imported fertilizers, seeds and other farm requisites through the State Trading Corporation of India. Very recently, the National Federation of Cooperative Sugar Factories, which entered into an agreement with UNICOOPARAI for the export of molasses, had to channel its export through the State Trading Corporation of India as it was not possible to fulfil this agreement direct at that time.

In some countries, cooperatives have been given monopoly for the export of certain commodities. We understand that the Maharashtra State Cooperative Marketing Federation and the Gujarat State Fruit and Vegetable Marketing Federation in India are the main exporters of bananas from Maharashtra and Gujarat States respectively. In Ceylon, the Northern Province Fishermen's Cooperative Societies' Union has been granted monopoly in the export of Beche-de-mer (Sea-slugs) and Conch-Shell.

International trading between two cooperatives is much more limited than international trading by cooperatives as a whole. Trade between the Cooperative Wholesale Society of England and the New Zealand Dairy Cooperatives dates back to 1921 and is conducted through the New Zealand Produce Association, London. In Australia and New Zealand, the agricultural producers' cooperative wholesale federations do a considerable amount of trade in U.K. through the Overseas Farmers' Cooperative Federations Ltd., London. The Japan Cooperative Trading Company does a considerable amount of trade with the Soviet Consumers' organisation 'Centrosoyuz'.

ZENHANREN, the National Marketing Federation of Agricultural Cooperative Associations of Japan, exports canned oranges to Nordisk-Andelsforbund (NAF), the Scandinavian Cooperative Wholesale Society, and the G.E.G. in Western Germany. UNICOOPJAPAN does a considerable amount of trade with cooperatives in Thailand, Republic of Korea, U.S.S.R., Czechoslovakia, Argentina and Peru. The Sydney Depot of the Cooperative Wholesale Society Ltd. exports canned fruits to cooperatives in Western Germany, Iceland and Sweden.

A few cooperative wholesale organisations in the Region import consumer articles from Europe. However, direct imports by consumers' cooperative organisations in S.E. Asia from the productive departments of European Cooperative Wholesale Societies are not significant. The European Cooperative Wholesale Societies import substantial quantities of commodities obtainable in the Region, but not wholly or even mainly from cooperatives. For instance, the Nordisk Andelsforbund (NAF) imports fresh, dried and canned fruits, rice, coffee and other commodities from South-East Asia. In July 1966, a delegation from the Cooperative Wholesale Committee bought £60,000 worth of knitwear in Hong Kong on behalf of cooperatives in Britain and Western Germany, and £200,000 worth of knitwear in the Republic of Korea on behalf of consumers' cooperatives in Sweden, West Germany and Switzerland. All these purchases were made from private suppliers.

A significant example of international trade between cooperatives in South-East Asia is the agreement of March 1965 for the supply of maize by Thai Agricultural Cooperatives to Japanese Agricultural Cooperatives. Under the agreement the Bangkok Cooperative Farm Product Marketing Society Ltd. (COPRODUCT) agreed to supply 30,000 M/Tons of maize to UNICOOPJAPAN, who were importing it on behalf of ZENKOREN, the National Purchase Federation of Agricultural Cooperative Associations, during 1965-66, and the agreement of March 1966 provided for the supply of 50,000 M/Tons of maize during 1966-67. It also provided that the Japanese agricultural cooperatives will provide technical assistance to Thai cooperators in the production of maize. The third agreement signed in March 1967 provided for the supply of 60,000 M/Tons of maize during 1967-68. A notable feature of this agreement was the provision relating to the training of Thai personnel in cooperative business management in Japan, and for making available the services of a Japanese Cooperative Marketing Specialist to Thai agricultural cooperatives for a period of two years under the Colombo Plan, or preferably under the direct aid plan of ZENKOREN. The agreement also provided for the display of Japanese farm requisites and household goods for Thai farmer members of cooperatives to be sent by UNICOOPJAPAN in the showroom of COPRODUCT for the promotion of cooperative trade between the two countries. It is understood that the Japanese agricultural cooperatives have expressed their willingness to assist in establishment of silo facilities at Bangkok to facilitate the collection and export of maize from Thailand.

AN ANALYSIS OF THE PERFORMANCE

Although the above description is not comprehensive, it certainly outlines some of the important foreign trade activities undertaken by cooperatives in the Region of South-East Asia. As already mentioned, except in the case of Australia, New Zealand and Japan, the trade is very insignificant compared to the total national export-import trade in the respective countries of the Region. However, this should not lead us to believe that the cooperatives are to blame for this unsatisfactory state of affairs. While analysing the growth of foreign cooperative trade, we have to bear in mind the difficulties faced by these organisations in entering a field which was and which still is the exclusive operational area of the private companies and government agencies.

One of the most important reason for the failure of the cooperatives to make any significant contribution in promoting international trade is their lack of experience in this field. Even a powerful private organisation may find it difficult to enter trade in commodities in which other companies are already trading for a long-time. In such a situation, the cooperatives are bound to face greater difficulties as they lack the experience as well as the strength which is needed to compete effectively against strong combines monopolistic groups. The only possibility of getting a foothold in a foreign market would, therefore be, at least in the initial period, by a direct contact with the cooperative in another country. There again the terms and conditions of trade will have to be at least on par with those offered by other agencies to the cooperatives with whom the trading activity is to be undertaken. The cooperatives desiring to enter foreign trade markets must be prepared not only to improve their own managerial and business ability to gain an entry into the market but also make sure that the terms and conditions offered by them are not less favourable than those of the competitors in the field.

The second most important reason for insufficient coverage by cooperatives is, we are told, the restrictions placed by government on cooperatives trying to enter foreign trade. Government restrictions normally relate to certain commodities or groups of commodities which are not open to cooperatives. They may also relate to the quotas in certain commodities or to certain countries with which trade cannot be undertaken by cooperatives. The government will certainly have their own reasons for imposing the control on foreign trade operations and the cooperatives will have to deal with and seek approval of the governments in order to obtain wherever possible the necessary sanction or permission to get into the foreign market. Also, as the cooperatives do not have sufficient accumulated experience to show that they will be able to efficiently fulfil the obligations under foreign trade agreements, the governments may sometimes be hesitant to grant the cooperatives import and export licences. While it is true that bureaucratic practices make the small restrictions placed by government appear larger and more difficult, some of the restrictions may be such that with a proper approach the effect of a number of them can be eased to facilitate operations by cooperatives.

Although we would be wrong in under-estimating the difficulties encountered because of government restrictions, it would not be correct to say that the restrictions placed by government would be permanent impediments in undertaking foreign trade. Mr. Walter Eisenberg discussing government restrictions in his Trade Survey Report states: "Considerable though the restrictions and impediments created by official policies are - and I would not wish to minimise the difficulties involved in becoming established and accepted as a bona fide foreign trader in the eyes, and with the authorisation, of national governments - I am under the impression that ON BALANCE these problems are perhaps less formidable than those posed by the shortcomings of some of the cooperative organisations themselves. Business efficiency is likely to be the most effective weapon in the struggle to overcome both legislative restrictions and economic barriers".

Another difficulty is the question of balance of payments which has been the main reason for cooperatives not being allowed to import consumer and other commodities in their countries. However, this difficulty does not relate to export trade by cooperatives. The foreign exchange difficulty will continue to hamper trading activities until the foreign exchange position of the respective countries is improved or a solution is found, through payments arrangements initiated by international agencies like the World Bank or the Asian Development Bank or perhaps the International Cooperative Bank to arrange for payments in such a way that the foreign exchange requirements are minimised for undertaking import of the required commodities.

Quite often foreign trade operations by cooperatives are undertaken without the existence of necessary pre-requisites, namely, the existence of an efficient internal market structure in the country, the existence of a strong national cooperative marketing organisation, the availability of efficient trained personnel required for handling trade, the availability of services such as market intelligence, market research and finally the availability of finance for import and export. The very competitive field of foreign trade entails the existence of a very vigilant and efficient cooperative organisation capable of handling all the intricate operations. The ever-changing scene of international trade demands, on the part of the cooperatives trying to enter it a very high degree of sophisticated efficiency and skills. Most of the trading cooperative organisations therefore may have to reorganise their structures so as to develop the above services and to adopt an aggressive policy of salesmanship, to be able to make an impact on the market. Lack of initiative on their part so far has kept them in the background and only alertness and a bold approach will help them to make a break in this direction.

The International Cooperative Alliance Regional Office and Education Centre, which is also functioning as a clearing House for the last two years, is very anxious to develop bilateral trading relationship between two cooperatives in different parts of the World.

The Regional Office assists a cooperative in locating markets, provides market information and wherever necessary assists in conducting negotiations without involving itself in the trade transactions. It is quite likely that in many cases a mutuality of interest could be found amongst cooperatives of different countries. This could be in two directions; one would be that the cooperatives in the other country requires the commodities exported by the cooperative from the first country. In this situation not much difficulty can be encountered in entering into a trade agreement provided other terms and conditions are at par with the market position. The other possible area of collaboration would be that the two cooperatives could enter into a broader agreement which can encompass both trade and technical assistance activities. This is possible if one of the trading cooperatives is a highly developed one. In this case the developed cooperative movement can assist in the establishment of a processing industry for agricultural and other products and later import the processed commodities required for its own members. The assistance provided earlier can be repaid in the form of goods processed and exported to the developed countries. In addition, efforts could be made to find private contacts for import or export if a cooperative organisation is not available for meeting the requirements of the one which seeks such contacts.

As indicated earlier, there is a lack of trained personnel for managing different cooperative trading operations. The ICA Regional Office and Education Centre is very anxious to provide opportunities to business executives for training and with this objective in view the current conference has been organised. Recently, we have also brought to the notice of our cooperative members the facilities provided by the UNCTAD/GATT International Trade Centre and other agencies for training of managerial personnel. The cooperative organisations can derive much advantage if they use the opportunities available both within the country and outside in order to build up an efficient cadre of managerial personnel to man their trading departments.

In addition to the points of handicap mentioned above, a number of factors determine the competitiveness or otherwise of the agencies in foreign trade. Most of these have been mentioned in the Trade Survey Report and are being listed below with a view to bring them to the notice of the trading cooperatives and with the hope that they will be able to pay greater attention to these aspects in their future dealings in the field of international trade. Most of the topics mentioned below will be discussed in detail at the various sessions of this conference and it is hoped that the discussions here would help in creating a better understanding of the various aspects of these problems and may help the cooperatives overcome the difficulties in

undertaking these responsibilities in their respective countries in the years to come.

The difficulties mentioned in the Trade Survey Report are: High cost of production; lack of quality control; failure to maintain agreed standards, or to adhere to arrangements made in other respects of the product; lack of adequate transport and storage facilities, and consequent inability to collect, store and ship produce on a competitive basis and/or at the appropriate time; corresponding shortcomings relating to receipt, handling and processing of incoming goods or materials; insufficient cooperative processing facilities for many commodities, thus making cooperatives, and their ability to fulfil contracts, dependent on private firms at some vital stage; limited knowledge of, or even attention to, the development of modern techniques in many fields, such as protective and attractive packaging, bulk handling and collection of many types of products (including liquids), food and produce preservation, control of stocks and of costs, improvement of yields, market intelligence, etc.

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SOME RECENT EXAMPLES OF INTER-COOPERATIVE TRADE IN
SOUTH-EAST ASIAN REGION

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

jointly organised by

INTERNATIONAL COOPERATIVE ALLIANCE
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43, Friends' Colony, New Delhi .14.

CENTRAL UNION OF AGRICULTURAL
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INTERNATIONAL COOPERATIVE ALLIANCE
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SOME RECENT EXAMPLES OF INTER-COOPERATIVE TRADE IN
SOUTH-EAST ASIAN REGION

By : Jai Prakash

I. EXPORT OF INDIAN MOLASSES TO JAPAN THROUGH COOPERATIVES

During the course of the fact-finding survey relating to international trade and trading prospects involving cooperative organisations in South-East Asia conducted by the International Cooperative Alliance (ICA) during 1965-66, ZENKOREN (National Purchasing Federation of Agricultural Cooperative Associations), Tokyo, had indicated its desire of importing molasses into Japan. The enquiry was referred to the National Federation of Cooperative Sugar Factories Ltd., (FEDSUCOP), New Delhi, who were interested in the export of molasses. The two parties were put in touch with each other by the ICA Regional Office during April 1966. Further correspondence was exchanged between UNICOOPJAPAN, acting on behalf of ZENKOREN for the import of molasses into Japan, and the FEDSUCOP.

The UNICOOPJAPAN indicated their requirements of molasses at 20,000 M/Tons at a certain price, which was accepted by the FEDSUCOP. The FEDSUCOP secured an export licence for 20,000 M/Tons in July 1966 for six months.

In order to finalise the agreement with FEDSUCOP for the export of 20,000 M/Tons of molasses to Japan, two representatives, one from UNICOOPJAPAN, and another from ZENKOREN, visited New Delhi between September 12th and October 1st, 1966.

Several meetings of the two parties took place at the ICA Offices at New Delhi and an agreement was signed on September 30th, 1966, which provided for three shipments, the first shipment of 4,000 M/Tons of molasses to take place before January 3rd, 1967, the second of 8,000 M/Tons before March 13th, 1967 and the third of 8,000 M/Tons before June 30th, 1967, from the ports of Madras and/or Vishakhapatnam. The agreement also provided for the purchase by UNICOOPJAPAN of a further quantity of 10,000 M/Tons of molasses for delivery before December 31st, 1967, subject to FEDSUCOP securing an export licence.

The responsibility of FEDSUCOP under the agreement was to arrange for storage tanks, loading and unloading facilities, and the UNICOOPJAPAN was to arrange for shipping vessels. The exact schedule

of shipments was to be fixed in consultation with each other. The first shipment was fixed for late in December 1966.

During November 1966, the FEDSUCOP faced innumerable difficulties regarding storage tanks, loading and unloading facilities. The FEDSUCOP had discussions with the Indian Molasses Co., which controls storage tanks and loading and unloading facilities for molasses at the ports of Madras and Vishakhapatnam, for allotment of facilities during December 1966. However, the Indian Molasses Co., maintained that due to its heavy commitments to ship molasses from the above ports during December 1966, it could not release any space to FEDSUCOP and indicated that it might be possible to accommodate the request of FEDSUCOP during January 1967. Hence, the December 1966 shipment could not be made, and the UNICOOPJAPAN which had chartered a vessel for this shipment had to cancel the shipping accommodation. In view of the difficulties in securing storage space, loading and unloading facilities faced by FEDSUCOP, the UNICOOPJAPAN indicated the need of their representative visiting New Delhi to discuss with FEDSUCOP, ICA, Indian Molasses Co., and Government authorities the need for the first shipment to be made late in December 1966, as also future problems connected with the expansion of trade in molasses. A representative of UNICOOPJAPAN visited New Delhi between November 27th and December 30th, 1966.

The representatives of UNICOOPJAPAN, FEDSUCOP and the ICA had several discussions with the State Trading Corporation of India (STC), regarding the implementation of the agreement. The STC maintained that it would not be possible for FEDSUCOP to honour the agreement as prior commitments made by the Indian Molasses Co., to importers abroad would make it physically impossible for them to provide additional shipments on behalf of FEDSUCOP. However, the STC agreed to accommodate one shipment of 3,000 M/Tons of molasses to UNICOOPJAPAN from the stocks already held by the Indian Molasses Co. at Madras port, to be replenished by the FEDSUCOP, provided UNICOOPJAPAN entered into an agreement with the STC for this shipment.

A contract for the export of 3,000 M/Tons of molasses to Japan in the first week of February 1967 on the same price as agreed to between FEDSUCOP and UNICOOPJAPAN earlier, was, therefore, signed between the STC and UNICOOPJAPAN towards the end of December 1966. This contract also mentioned the earlier agreement signed between UNICOOPJAPAN and FEDSUCOP.

After the first shipment of 3,000 M/Tons had been made, discussions between the President of FEDSUCOP and the Chairman of the STC were to be resumed to find out ways and means of enabling the FEDSUCOP to export molasses to Japan in collaboration with the STC.

During January 1967, the Managing Director of UNICOOPJAPAN, who was in New Delhi to attend the Third Asian Agricultural Cooperative Conference, had discussions with FEDSUCOP concerning future export of

molasses to Japan.

A shipment of 3,000 M/Tons of molasses left Madras port for Japan on February 8th, 1967.

During June 1967, the UNICOOPJAPAN wrote to FEDSUCOP to re-open negotiations for 30,000 M/Tons of molasses during the calendar year 1968. The FEDSUCOP replied to say that the prospects for the production of molasses during 1967-68 were not bright and that the Government was seriously considering the problem and a decision was expected soon. It was, therefore, premature for FEDSUCOP to express any opinion about reviving the trade in molasses.

The Government of India banned the export of molasses by an Export Trade Notice issued on July 17th, 1967. Further negotiations regarding the export of molasses to Japan can be resumed only after the Government of India lifts the ban on the export of molasses.

II. JAPAN-THAILAND JOINT COMMITTEE ON THE PROMOTION OF COOPERATIVE TRADE

At the time of the First Asian Agricultural Cooperative Conference held in Tokyo during April 1962, representatives of the agricultural cooperatives in Japan had discussions with the Thai delegates from the Ministry of Agriculture on the promotion of maize trade.

Between July 1962 and November 1963, the Japanese agricultural cooperatives sent several investigation teams to Thailand for studying maize production and the possibility of its marketing through cooperatives. Later, an agreement was reached between the two parties on the promotion of cooperative trade.

The Thai Government changed the name of the Bangkok Cooperative Salt Marketing Society Ltd., to Bangkok Cooperative Farm Product Marketing Society Ltd. (COPRODUCT) in August 1963, and assigned the latter with the task of organising local farmers' cooperatives and besides salt the collection and marketing of farm products.

In March 1964, the Japanese agricultural cooperatives sent a team to Thailand consisting of five experts drawn from the Central Union of Agricultural Cooperatives, National Purchasing Federation of Agricultural Cooperative Associations (ZENKOREN), National Marketing Federation of Agricultural Cooperative Associations (ZENHANREN), Central Cooperative Bank for Agriculture and Forestry, and UNICOOPJAPAN, to form a mission representing the entire Agricultural Cooperative Movement in Japan. This team suggested the organisation of a Joint Committee on the Promotion of Cooperative Trade between Japan and Thailand for

holding periodical talks between Japanese and Thai Cooperators. The team also suggested that the Thai Government should extend financial assistance to COPRODUCT for buying maize from the producers. A preparatory meeting was organised in Tokyo during April 1964 (which coincided with the Second Asian Agricultural Cooperative Conference) for discussion on the constitution of the Joint Committee. It was also decided at this meeting that the first session of the Joint Committee would be held at Bangkok during 1965.

First session of the Joint Committee

The first session of the Joint Committee was held at Bangkok during March 1965. The target for the collection of maize for 1965-66 was fixed at 30,000 M/Tons by COPRODUCT to be delivered to ZENKOREN through UNICOOPJAPAN, which was accepted by the Japanese delegation. Other subjects discussed related to the pricing policy for maize, Thai Government aid to COPRODUCT for purchase of maize, establishment of model cooperatives and the National Federation of Marketing Cooperatives in Thailand, training of Thai Cooperators as Cooperative Instructions at IDACA (Institute for the Development of Agricultural Cooperation in Asia), Tokyo, etc.

Second session of the Joint Committee

The second session of the Joint Committee was held at Tokyo during March 1966. The target for the collection of maize by COPRODUCT was fixed at 50,000 M/Tons for 1966-67. Other matters discussed related to the training of Thai Cooperators in the management of agricultural cooperatives in Japan, providing the services of a Japanese expert on Cooperative Management under the Colombo Plan to work in Thailand for two years, and the possibilities for export by UNICOOPJAPAN of farm requisites and consumer goods required by Thai farmers to COPRODUCT and the Cooperative Wholesale Society of Thailand.

Third session of the Joint Committee

The third session of the Joint Committee was held at Bangkok during March 1967. The target for the collection of maize by COPRODUCT was fixed at 60,000 M/Tons. Other subjects discussed related to the farm and household supply project for which the COPRODUCT had completed its showroom to be used for displaying the goods sent by UNICOOPJAPAN, Silo joint venture to be set up by COPRODUCT in collaboration with ZENKOREN and UNICOOPJAPAN, possibilities for export of rice to Hong Kong by COPRODUCT in cooperation with ZENHANREN and UNICOOPJAPAN through ZENHANREN's Hong Kong branch office, establishment of a small-size chemical factory by COPRODUCT in collaboration with ZENKOREN, training of Thai personnel in the structure of the Japanese Agricultural Cooperative Movement and cooperative business management, services of one Japanese Cooperative Marketing Specialist to be made available to Thailand under the Colombo Plan to assist Thai Agricultural Cooperatives, etc. (In view of the long procedure involved in securing the services of an expert under the Colombo Plan, the Thai delegation preferred to have an expert direct under an aid plan of ZENKOREN).

- III. Trade links between Chittagong Cooperative Mechanised Fishing Society Ltd., Chittagong (E.Pakistan), and M/s. H. Cramant (Malaya) & Co., Singapore, for the export of some fishery products to Singapore.

The Provincial Fishermen's Cooperative Society Ltd., Chittagong (E. Pakistan), approached the ICA Regional Office during January 1967, with a request to explore possibilities for export of dried shark fins and tails from East Pakistan to Thailand and Singapore. The Regional Office asked for details regarding quantity, f.o.b. prices, etc. from the Society. The queries were replied to by the Chittagong Cooperative Mechanised Fishing Society Ltd., Chittagong, a member-organisation of the Provincial Fishermen's Cooperative Society Ltd.

The Regional Office took contact with cooperative organisations in Thailand and Singapore for exploring the possibility of importing the above fishery products from East Pakistan. However, these cooperative organisations were unable to locate suitable cooperative importers in their respective countries. Contact was then taken with M/s. H. Cramant (Malaya) & Co., in Singapore, who act there as agents of the English Cooperative Wholesale Society. This firm offered to import dried shark fins and tails from East Pakistan on a consignment basis. The goods were to be disposed off at the best market prices and the sale proceeds less the agency commission and other charges were to be remitted to the Society in East Pakistan. Accordingly, during March 1967, the Chittagong Cooperative Mechanised Fishing Society entered into an agreement with M/s. H. Cramant (Malaya) & Co.; for the export of dried shark fins and tails on a consignment basis to Singapore.

The Chittagong Society sent a shipment of 41 bags of dried shark fins and tails to Singapore on June 13, 1967.

IV. EXPORT OF BECHE-DE-MER (SEA-SLUGS) FROM CEYLON

The Northern Province Fishermen's Cooperative Societies Union Ltd., Jaffna (Ceylon), approached the ICA Regional Office during March 1967 to help them in finding suitable outlets for the export of Beche-de-mer in Singapore, Malaysia and Hong Kong. The Union was finding difficulty in exporting this commodity due to unhealthy practices followed by traders in Singapore and Ceylon.

The Regional Office took contact with cooperative organisations in Malaysia, Hong Kong and Singapore, as also with M/s. H. Cramant (Malaya) & Co., Singapore.

No response was received from cooperative organisations in Malaysia and Singapore. The Hong Kong Depot of the English Cooperative Wholesale Society (CWS) made extensive enquiries for the import of Beche-de-mer into Hong Kong, but were unable to obtain any interest in its import. However, they indicated that they would pursue the matter further.

The Hong Kong branch of ZENHANREN (National Marketing Federation of Agricultural Cooperative Associations of Japan) conducted a survey on import of Beche-de-mer into Hong Kong and prepared a report which showed that the Ceylonese Beche-de-mer was not an established item in Hong Kong market. The report was forwarded by the Regional Office to the Union in Jaffna.

M/s. H. Cramant (Malaya) & Co., Singapore, indicated that they would be interested in importing Ceylonese Beche-de-mer on a consignment basis, but the Union in Jaffna stated that the Government of Ceylon would not allow them to export Beche-de-mer on a consignment basis.

During October 1967, the Hong Kong Depot of the CWS wrote to the Union in Jaffna that they have received an enquiry from an importer in Hong Kong for a quotation for 2/3 tons of Beche-de-mer and wanted samples, details on availability, types of packing, c.i.f. price, terms of payment, etc. Later, developments are not known in the Regional Office.

The Union again approached the Regional Office during November 1967 for finding export outlets for Beche-de-mer from Ceylon. The Regional Office referred the Union to the enquiry for Beche-de-mer from Hong Kong Depot of CWS and suggested to the Union to send samples, prices, etc. of Beche-de-mer to the Hong Kong Depot of CWS and ZENHANREN, Hong Kong Branch, to enable them to locate suitable importers.



WORKING PAPERS

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WORKING PAPER

INTEGRATED COOPERATIVE MARKETING STRUCTURE AS BASIS FOR
SUCCESSFUL INTERNATIONAL COOPERATIVE TRADE : OUTLINE

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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INTEGRATED COOPERATIVE MARKETING STRUCTURE AS BASIS FOR
SUCCESSFUL INTERNATIONAL COOPERATIVE TRADE : OUTLINE

By : Mr. J.M. Rana

Concept of Integration

Strictly speaking, integration would mean the amalgamation of units operating at the same level or of the federal society and the affiliates in order to achieve unified policy and action. In the context of South-East Asian Movements, however, the question of achieving a unified policy and action for the cooperative movement as a whole may be discussed in two categories.

1. Coordination between the federal society and its affiliates on the traditional concept of Federalism;
2. Under the strict definition of integration which may take the form of establishing special apparatus for undertaking a few functions of the primaries, since total integration does not seem to be a possibility in the near future.

These concepts have been defined by Mr. Andreas Korp who initiated discussions on the subject of Integration at the ICA Meetings. Although the concepts were defined for discussions of integration within the consumers' movements of Europe, these definitions are valid for a discussion of integration within agricultural movements as well.

Federalism "is based on two main principles : (i) that self-determination autonomy and full responsibility for the primary cooperatives are the cornerstones of the cooperative system, and (ii) that any delegation of powers to federal organisations at a higher level can only take place if it is to the advantage of the primary cooperatives. Thus, in principle, the sovereignty of the individual cooperatives remains unshaken, it has merely been curtailed by certain federal obligations enforced not by actual sanctions, but by the loyalty of the cooperatives". Coordinated working between the federal societies and the primaries is necessary to achieve unified policy and action in mutually agreed fields.

Mr. Korps defines "Integration as the process by which the primary cooperatives either wholly or partly, but absolutely and irrevocably, relinquish their sovereign rights to higher associations at either regional or national level. When this process only extends to individual functions, e.g. purchasing, warehousing, pricing and stocking policy, accounting, it should be known as partial integration. In this case the primary cooperatives keep their individual legal entity; the exercise of the integrated functions is, however, geared to the regional or national planning and subordinated to a common policy. It is of small importance in the end whether such an integration process is carried out under an agreement or simply *vis facti*".

Aims of Coordination and Integration

The following advantages would accrue through coordination and integration between the federal society and the primaries:

- i) Elimination of duplication of facilities and functions for developing greater collective bargaining strength and to achieve commanding position in the market,
- ii) Achieving economies of scale through saving in overhead costs per unit of service, or output,
- iii) Ensuring dependability of services for the affiliates and the farmer-members,
- iv) Centralising decision-making power and thus achieving managerial efficiency; and
- v) Making channels of communications among the business units more effective.

Some of the specific advantages that would accrue to the constituent societies and the farmer-members are:

- i. Economies would be effected through standardisation of certain facilities at the local or constituent level such as standardisation of storage houses or standardisation of book-keeping.
- ii. Management training would be facilitated, thereby ensuring maximum utilisation of manpower resources within the entire cooperative structure. A career programme for managers and employed personnel would also become available which would enable them to move to higher positions, thus providing them with incentives as their skills improve.

- iii. The structure as a whole will be able to achieve greater competitive capacity and thus a favourable image of cooperatives would be created. The cooperative structure would also be able to project its image properly through the use of trade marks, uniform packaging etc.

Obstacles in achieving Integration

- i. Sentiments of attachment of local people to smaller units may be an impediment to amalgamation of units at the same level as well as centralisation of certain functions in the interest of business efficiency. Persons of responsibility in local organisations may find their social status diminished as a result of horizontal or vertical integration.
- ii. Present leaders and members may not fully appreciate the advantages of integration and may, therefore, not give the needed support to federal bodies or to larger cooperatives which have emerged through amalgamation of smaller units.
- iii. Lack of adequate capital may prevent effective integration taking place between the federal body and the constituent units.
- iv. On account of lack of planning, the federal bodies may not be able to find out significant areas of activities which they could develop on a centralised basis and thus provide effective services.
- v. Lack of availability of skilled managerial and other personnel may impair the efficiency of federal organisations where the complexity of business is much greater.

Techniques of achieving Integration

- i. Careful planning should be made for defining the objectives of integration and areas of activities where integration is required.
- ii. While making such careful planning for securing integration, the relationship of the parts to the total structure should be clearly defined through demarcation of the responsibilities of the affiliates and the federal bodies. In this connection, the federal organisations should not rely, except in the formative or critical periods, on the member loyalty alone at some sacrifice but should make that loyalty effective on account of efficient services given.

- iii. It was necessary that the facilities in terms of capital and managerial resources should be acquired in order to perform the centralised or integrated functions effectively.
- iv. When integration of any activity is established, members and leaders of constituent unit should be convinced through educational activities of the value of integration.
- v. Where full integration is not feasible or considered desirable, integration may be developed between the constituent units and the federal bodies through the development of contractual relationship such as management contracts as practised in Ontario Province of Canada, or produce delivery contracts.
- vi. The State itself may adopt policies likely to promote integration amongst cooperatives. For example, the State may agree that the Cooperatives will be utilised as a channel for dispensing credit to farmers for procurement of supplies or that a particular district would get the benefit of a minimum price guarantee for the produce if two-thirds or three-fourths of the produce in that area is marketed through cooperatives.

Conclusion

The following criteria may be used for assessing as to what extent integration has been of value to the Movement:

- i. The extent of increase in benefits to the farmers, primarily in economic terms but also the social benefits; the gains to farmers could be converted as and when possible, in monetary terms for measurement purposes.
 - ii. The extent of capital accumulation in order that the structure as a whole can provide sustained benefits to the affiliates over a long term period.
 - iii. The extent to which operations are rationalised and costs lowered.
 - iv. The extent to which a two-way communication system is developed whereby member influence is reflected in centralised decision-making and the services provided through the centralised organisation reach effectively the affiliates and the individual members.
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WORKING PAPER

METHODS FOR ASSESSMENT AND COLLECTION OF SURPLUSES (BOTH AGRICULTURAL AND
NON-AGRICULTURAL COMMODITIES) FROM AFFILIATES FOR EXPORT

By : Mr. T. Ishii
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METHODS FOR ASSESSMENT AND COLLECTION OF SURPLUSES (BOTH AGRICULTURAL AND
NON-AGRICULTURAL COMMODITIES) FROM AFFILIATES FOR EXPORT

By : Mr. T. Ishii

The subject I have been asked to introduce for your discussion is "Methods for assessment and collection of surpluses (both agricultural and non-agricultural commodities)". I should like to present before you the method of collection of exportable products currently adopted by our organisation, the National Marketing Federation of Agricultural Cooperative Associations or Zenhanren as we call it.

Zenhanren has a basic policy on its marketing activity; it collects agricultural and livestock products from the member cooperative societies upon the term known as unconditional marketing consignment.

In order to understand the method of collection adopted by Zenhanren let us go deeper into the marketing structure of agricultural cooperatives. At local community, that is, in a village or town is located a primary society. The primary society in consultation with the farmers will formulate annual collection plan for each item of products. The plan made by primary society is submitted to the prefectural federation. The prefectural federation, in turn, based on the plans submitted by the primary societies of the area formulate annual collection plan of its own which again is submitted to national organisation or Zenhanren. Thus Zenhanren can formulate its annual collection plan on national basis and products are entrusted to it for marketing upon term of unconditional consignment.

Marketing activity of Zenhanren is, therefore, based on its annual collection plan. Zenhanren will take care to place the consigned products upon market for the highest possible price and at most appropriate time. Zenhanren's sales markets are not, as a matter of policy, confined only to domestic markets but it will sell in the overseas markets if they are found favourable. For Zenhanren overseas markets are not just a mean of surplus disposal but they are considered as a possible alternative to domestic market which could prove to be better outlets.

Export could be an appropriate mean by which to bring demand and supply of the domestic market into an equilibrium. Yet we do not think it a good policy, in view of establishing overseas markets, to take export

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merely as a mean of surplus disposal. That is because surplus disposal implies marginal transaction which may turn out to be unstable business.

An important element for the success of export business of agricultural and livestock products is to export a set amount of product at set price on a continuous basis. It will not be desirable, in view of securing stable overseas markets, to change amount and price of export product year by year due to the change in each year's domestic output.

It is highly important to propagate the idea down to the farmers that export on a regular basis, i.e. set amount of product at set price, will bring to them better return in the longer run. However, it is not an easy task and so will it have to be supplemented by corresponding measures on the part of the government.

Let me take up now, as an example of our export activity, canned mandarin oranges. Canned mandarin oranges is a peculiar product; peculiar in the sense that it is under specific regulation from the processing up to the export stage.

Regarding the processing of canned oranges, there is an association by the name of Japan Canned Mandarin Orange Packers Association which is established under special law. All the packers join this association and each member get his share of processing quota. Agricultural cooperative societies are also members of this Association. Since no member can process the orange in excess of the given quota annual processing volume is predetermined at certain level for Japan as a whole. Canned mandarin oranges produced has to be sold exclusively to the members of Japan Canned Goods Exporters Association, to which Zenhanren is also a member. Japan Canned Goods Exporters Association has its members agree on the amount and price of export.

You have learnt that the amount of processing, the quantity and price for export are all regulated in case of canned mandarin oranges. It is a peculiar product that is under regulation from the processing to the export stage.

Zenhanren as well as those agricultural cooperative societies engaged in canned mandarin orange processing for export purpose participate in this system and help stabilize the processing and export of canned mandarin orange.

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WORKING PAPER

EFFECTIVE LINK UP OF IMPORTS WITH PRODUCTION AND DISTRIBUTION ACTIVITIES
IN A COOPERATIVE MOVEMENT

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EFFECTIVE LINK UP OF IMPORTS WITH PRODUCTION AND DISTRIBUTION ACTIVITIES
IN A COOPERATIVE MOVEMENT

By : Mr. H. Imai

Present position of Inter-Cooperative Trade

I. Cooperative Trade with U.S.A.

1. Feedgrains

i. Trade Partner

Producer's Export Company : This is a trading firm organised by grain marketing cooperatives of U.S.A.

ii. Historical retrospect

Contact with cooperatives in the U.S.A. has been furthened since Zenkoren opened its New York Office.

In December 1966, Zenkoren established trade agreement with the Producer's Export Company. On the basis of this agreement it made trade contract by which 125,000 tons of milo was to be shipped during the period from April to December 1967. Since February 1968, when Zenkoren Boat made her maiden voyage, Zenkoren has been using this chartered boat on an exclusive basis. Quantity of contract in 1968 will be about 800,000 tons.

An escalator is under construction now at New Orleans which will be operated for maize and soybean export. This is a joint project of eight grain marketing cooperatives of Midwest. Zenkoren is considering establishment of trade contract of milo with the cooperative organisations there after the completion of the escalator

2. Alfalfapellet

i. Trade Partner

Pacific Alfalfa Export Corporation (PALEX for short) : This is an alfalfa export body in California.

ii. Historical retrospect

Zenkoren made the first trade contract with this trading body in July 1966 by which some 100,000 tons of alfalfa pellet was to be shipped. The contract was renewed in July 1967.

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The contract is established on f.o.b. base and chartered boat of Zenkoren has been used for shipment.

In order to promote trade on a stable basis, Zenkoren will continue this contract in the future.

3. Cooperative Trade with Thailand

Historical retrospect

Exchange of personnel between Thailand and Japan was started in 1962. Japanese side also sent many related personnel including Mr. Mihashi, President of Zenkoren, to Thailand for further consultation on the promotion of maize trade with Thai cooperatives.

In March 1965, the first session of Joint Committee Meeting was held at Bangkok. The Joint Committee has met once a year since then, alternatively in Tokyo and in Bangkok, for the evaluation of each year's performance and formulation of next year's plan for cooperative trade between the two parties. The fourth session is to meet at Tokyo some time during June this year.

Trade Performance with Thai Cooperatives : Maize (Unit : tons)

1963	16197	1966	50538	
1964	15066	1967	31699	decrease due to poorer
1965	41542	1968	60000	crop.

Related Programmes

- a. training of Thai cooperators under Colombo Plan (Japan)
- b. special training programme for Thai cooperators at the invitation of Zenkoren: several trainees each year for the duration of 3-4 months (Japan)
- c. despatch of cooperative experts under Colombo Plan
- d. invitation of high officials of Thai Government by Zenkoren for studying Japanese agricultural cooperative movement.

4. Argentine

- i. Trade partner
 - ASSOCIACION DE COOPERATIVAS (A.C.A.)
 - FEDERATION ARGENTINA DE COOPERATIVAS (FACA)
 - A GRICULTORES FEDERADOS ARGENTINOS (AFA)

- ii. In 1964, manager of feed department of Zenkoren visited Argentine and made consultation with the above mentioned organisations on promotion of cooperative trade in such products as milo, maize and millet. As a result trade target of 120,000 tons was agreed.

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In March 1966, the manager of feed department made a trip to Argentine again when he renewed the trade contract with the organisations.

Trade target with Argentine, however, has not been fully attained due to limitations on export to Japan caused by crop conditions and locational condition for trading.

Rationalisation in Purchasing and Shipment of Feedstuffs

1. Boat

In view of saving cost of shipment and of promoting planned import, Zenkoren has chartered or will charter in the future boats to be used exclusively by us.

Hagoromo-maru	37,000 tons since September 1967
1st Zenkoren-maru	37,000 tons since January 1968
2nd Zenkoren-maru	47,000 tons since January 1969
3rd Zenkoren-maru	47,000 tons since May 1969.

2. Construction of grain centres.

Along with the chartering of ships Zenkoren has constructed or is constructing grain centres as described below in order to improve the import facilities at the harbours and thereby to reduce the cost of unloading.

	Berth	Draft	Cilo
Kawasaki: completed	350m	12m	41,000 t
Shimizu: completed	210m	12m	72,000 t
Kashima: by 1970	300	12	1,20,000
Nagoya: by 1969	470	12	50,000
Kobe by 1969	229	12	30,000
Miyazima by 1969	350	12	30,000

3. Allocation of Bulk Train

Since 1966, Zenkoren has chartered bulk trains of 35 tons for the transportation of feeds by which speedy transportation between grain centres and feeds mixing plants has been realised. In the near future, all the feed grains will be carried by bulk trains and it will contribute for reducing cost of transportation.

4. Bulk Transportation of Processing Goods

Alongwith the sizable expansion of livestock farms it is getting more customary to transport the feeds to bulk consumers in bulk form so as to avoid wrapping and unwrapping work as well as cost involved in doing so.

Storage tanks of one to five tons are being constructed on the farms while plants are getting themselves ready for bulk despatch by constructing

necessary facilities. As tools of transportation bulk lorries of 3 to 5 tons or partly container bags are employed.

Bulk transport of processed feeds is making great contribution in reducing transportation cost on the one hand and it saves labour outlay in feeding work on the farms on the other.

The figure as of April 1967 shows that some 20% of feeds distributed by Zenkoren is under bulk transport.

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Parallel Sketch on Trends in the Number of
Livestock and Demand for Mixed Feeds

LIVESTOCK

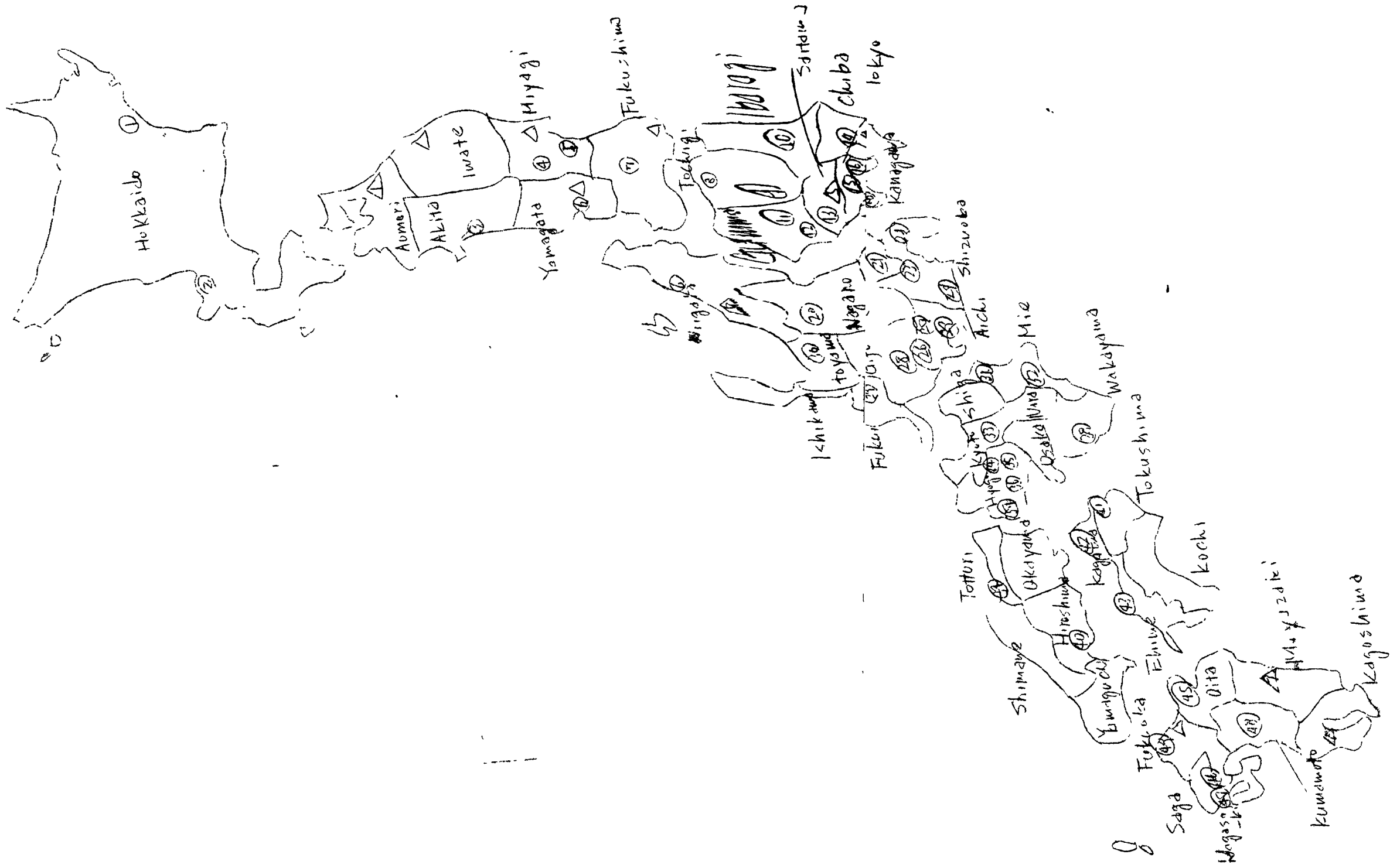
	Poultry		Cow		Cattle		Pig	
	1	2	1	2	1	2	1	2
1960	54627	14.2	824	2.0	2314	1.2	1918	2.4
1961	71891	18.9	885	2.1	2326	1.2	2640	2.9
1962	90006	23.7	1002	2.4	2332	1.2	4033	3.9
1963	98447	26.4	1145	2.7	2337	1.3	3296	4.1
1964	120912	34.6	1238	3.1	2208	1.3	3461	5.0
1965	138476	42.4	1289	3.4	1886	1.3	3976	5.7
1966	136420	49.0	1310	3.6	1577	1.4	5160	7.2

Column 1 : Total number of livestock in each year. Unit : 1000
Column 2 : No. of livestock per farm.

FLOW OF MIXED FEEDS

	Poultry ²			Cow			Cattle			Pig			Total		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
			%												
1960	2320	521	22.5	309	113	36.6	5	-	-	83	-	-	2634	717	27.2
1961	3127	618	19.8	403	130	32.3	11	7	63.6	465	126	27.1	4006	881	22.0
1962	3704	713	19.2	520	156	30	16	11	68.8	628	169	26.9	4868	1049	21.5
1963	4530	1124	24.8	640	218	34.1	36	28	77.8	875	298	34.1	5081	1668	27.4
1964	5431	1542	23.4	711	216	30.4	55	39	70.9	1157	457	39.5	7354	2254	30.6
1965	5312	1531	28.8	804	251	31.2	77	52	67.5	1774	790	44.5	7967	2624	32.9
1966	6097	1783	29.0	924	326	35.3	125	78	62.4	2552	1207	47.3	9698	3394	35.0

Column No. 1 : Amount of flow in the country. Unit: 1000 tons
" " 2 : Amount handle by Zenkoren Unit: 1000 tons
3 : Column 2/Column 1 in terms of percent.



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Prefecture	No. of factories in the Prefecture	Factories affiliated to Zenkoren
Hokkaido	16	①. Kushiro Kumiai ②. Otaru Kumiai
Aomori	One completed and one under construction.	①. Aomori Kumiai (under construction)
Akita	2	③. Nihonkai Shiryo
Miyagi	Four completed and one under planning.	④. Miyagiken Kumiai ⑤. Katakura NPK ⑥. Ishinomaki factory
Yamagata	1	⑦. Yamagata Kumiai
Fukushima	One completed and one under planning	⑧. Fukushima Kumiai ⑨. Onahama
Niigata	2	⑩. Niigata Kumiai ⑪. Niigata Kumiai II
Tochigi	3	⑫. Tochiraku ⑬. Mama da Kumiai
Gumma	3	⑭. Kanto Kasei ⑮. Kumma Kumiai
Saitama	4	⑯. Seibu Saitama ⑰. Seibu Kawagoe
Tokyo	13	⑱. Toyo Haigo
Chiba	12	⑲. Nichirei Noss ⑳. Chiba Kumiai
Kanagawa	16	㉑. Kawasaki Kumiai ㉒. Fuji Deve. ㉓. Tokyu Etisu
Ibaragi	3	㉔. Ibaragi Shiryo
Yamanashi	1	㉕. Sakamoto Sangyo
Nagano	6	㉖. Shinsu Shiryo ㉗. Nagano Kumiai
Shizuoka	8	㉘. Tobu Kumiai ㉙. Honen Seiyu ㉚. Fuji Seifun
Aichi	19	㉛. Nagoya Kumiai ㉜. Aichi Kumiai ㉝. Meiho Kogyo

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Prefecture	No. of factories in the Prefecture	Factories affiliated to Zenkoren
Gifu	5	(28) Gifu Kumiai
Fukui	1	(29) Fukui Kumiai
Toyama	1	(30) Kumiai Shiryo
Mie	4	(31) Isewan Shiryo (32) Chu Nihon Shiryo
Kyoto	4	(33) Ghitsu-Ka-Rin
Hyogo	18	(34) Kobe Kumiai (35) Sanko (36) Setbu Osaka (37) Hyogo Kumiai
Wakayama	1	(38) Wakayama Kumiai
Tottori	1	(39) Sanin Kumiai
Hiroshima	4	(40) Pref. Agri. Coop. Fed. Firm
Tokushima	2	(41) Pref. Agri. Coop. Fed. Firm
Kagawa	7	(42) Nokyo Shiryo
Ehime	1	(43) Kyowa Shiryo
Fukuoka	16 under operation one under planning	(44) Moji Kumiai △ Fukuoka Kumiai
Oita	1	(45) Oita Kyowa
Kumamoto	2	(48) Sanraku Ocean
Saga	2	(46) Riken Nosan
Nagasaki	4	(47) Nagasaki Kyowa
Kagoshima	One under planning	△ Kagoshima Kumiai
Miyazaki	One under planning	△ Pref. Agri. Coop. Fed. Firm
Other	16	none
Total	211	58

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TRENDS OF FEEDING STUFF IMPORT

M A I Z E

	1965		1966		1967	
	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t	total/t	Zenkoren/t
U.S.A.	2017673	537650	2020433	740700	1722662	612700
Thailand	569431	235395	758342	234390	509634	186040
Continental						
China	241428	77360	144308	56605	61268	16900
Indonesia	3692	1000	14200	6300	89096	2200
Burma	-	1700	3154	2540	-	-
Rumania	35429	20700	-	41500	62420	-
Brazil	6848	350	31189	3000	54171	26500
Argentina	9212		17218	7500	48922	8000
Cambodia	23560		24027	7590	14562	
South Africa	29571		-	-	653636	297300
Mexico	3766		11976		62374	43500
Total:	2940610	874155	3054847	1100125	3278745	1193140

M I L O

	1965		1966		1967	
	total/t	Zenkoren/ t	total/ t	Zenkoren/ t	total/ t	Zenkoren/t
U.S.A.	1278505	615900	1988024	849982	2153994	90000
Argentina	126311	34100	169167	99700	112109	39500
Thailand	20413	1200	57592	4600	29748	2300
Mexico	-		-	17600	108907	12000
SouthAfrica	-		-		113768	13000
Total:	1425229	651200	2214783	971882	2518526	976800

ALFALFA - PELLET

	1965		1966		1967	
	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t
U.S.A.	231801	93560	301144	145430	312617	118617

SCREENING PELLET

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	1965		1966		1967	
	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t
Canada	41334	12835	49768	28060	45200	23150

RYE

	1965		1966		1967	
	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t	total/ t	Zenkoren/ t
Canada	45919	2480	73717	24050	91920	19650

TRENDS IN THE AMOUNT OF FERTILIZER HANDLED BY ZENKOREN : POTASIUM AND PHOSPHATE RCKK Unit : Ton

	Muriate Potash		Sulphate Potash		Phosphat Rock
	for pro- cessing	direct appli- cation	for pro- cessing	direct appli- cation	
1956	27375	300773	8017	72648	-
1957	25117	284589	11704	66154	-
1958	59785	323925	17795	78617	-
1959	99478	295712	18815	67588	327330
1960	151002	286773	13139	70739	412704
1961	198752	236974	9200	59341	523221
1962	277418	212351	20499	62045	641111
1963	303330	192487	20567	61003	767547
1964	396363	148419	24822	67167	945518
1965	409169	140531	28389	64435	992385
1966*	436473	126038	39594	66902	1024493
1967	500888	129000	37030	66000	1167513

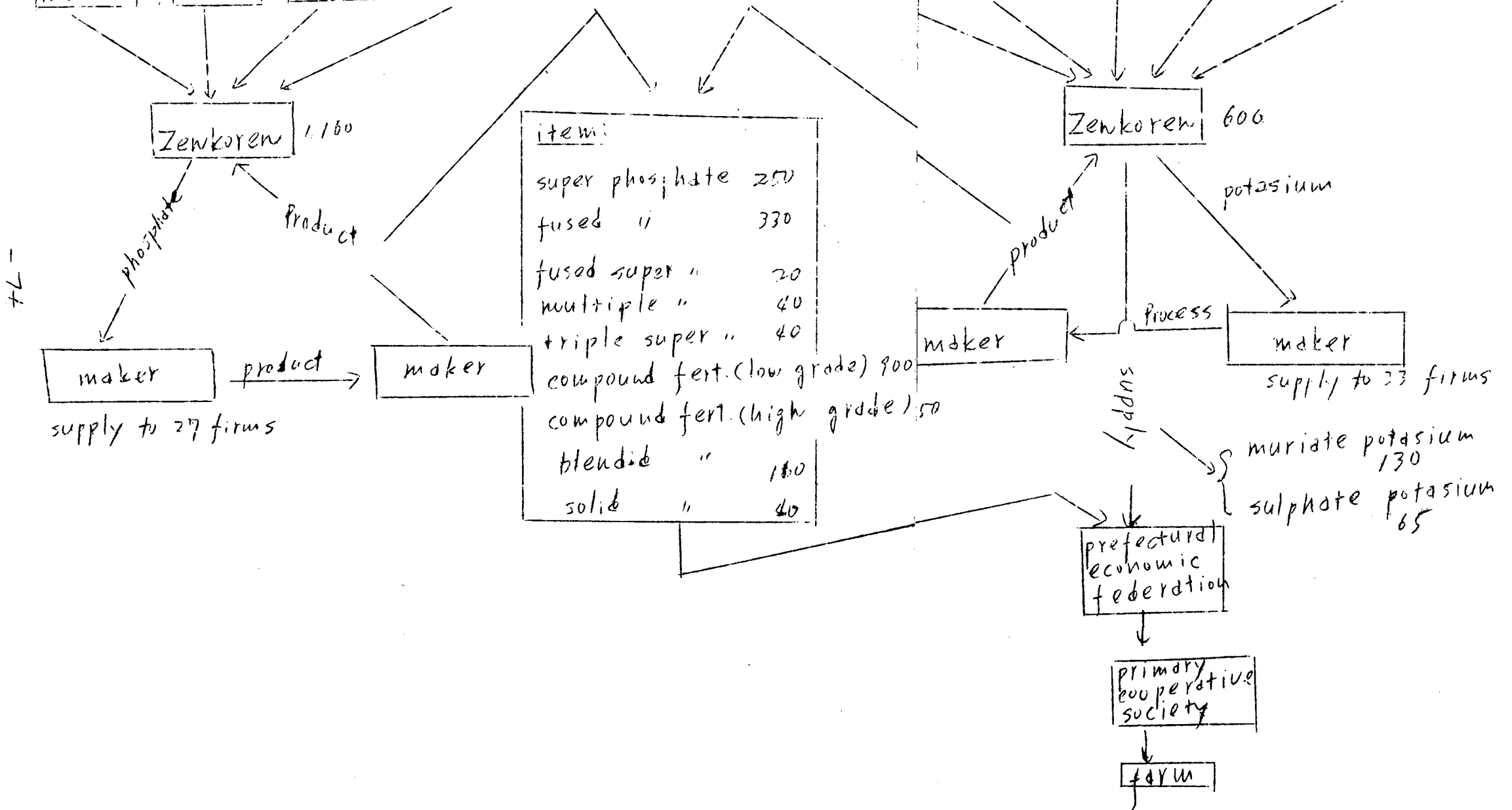
Fertilizer

Phosphate Rock (unit: 1000t)

Florida	Tajba	Togo	ISRAEL
1000	100	30	30

Potassium (unit: 1000t)

CANADA	U.S.A.	U.S.S.R.	ISRAEL	W. Germany France
150	120	130	70	80



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WORKING PAPER

SOME IMPORTANT FACTORS GOVERNING INTERNATIONAL TRADE - TRANSPORTATION,
STORAGE, LOADING AND UNLOADING FACILITIES
(AN OUTLINE)

By : Mr. H. Nagasawa
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Trading Department
UNICOOPJAPAN
Tokyo. Japan.

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

jointly organised by

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony, New Delhi.14

CENTRAL UNION OF AGRICULTURAL
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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony, New Delhi 14

pk/31st May, 1968

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SOME IMPORTANT FACTORS GOVERNING INTERNATIONAL TRADE - TRANSPORTATION
STORAGE, LOADING AND UNLOADING FACILITIES

By : Mr. H. Nagasawa

This afternoon I want to explain another important factors governing international trade - transportation, storage, loading and unloading facilities.

TRANSPORTATION

In case of making a choice of ship or freight space,

1. Needless to mention, we choose ship or freight space which can load with cargoes at loading port within the terms of shipment.
2. The ship must not call at many ports on the way. And, the faster speed she has, the better. Thus she will be able to arrive at destination quickly and in time.
3. We choose the ship with excellent facilities and high capacity for loading and unloading.

Considering these conditions, ship or freight space is chosen. Especially, we must pay much attention to (a) the goods market of which is subject to sharp fluctuations, (b) the goods quality of which is easy to change, for instance, easy to grow rotten, and (c) the goods which are in short time demand and must be delivered as soon as possible.

After deciding the time of shipment, sellers have a close contact with producers or manufacturing factories and pay attention not to make a mistake in securing the quality, quantity, shipping time, etc. On the other hand, upon receipt of sellers' shipping advice, buyers take note of ship movements, and, when Expected Time of Arrival (ETA) comes near, buyers make good preparations for unloading, customs clearance and distribution,

In case of choosing ship to load, its ocean freight is one of the important factors too.

In the meantime, after loading grains and others, we must investigate its facilities or equipments before hand. After loading grains and other agricultural products, climatic changes often happen on voyage, and sweat and heating damages occur as a result. It is one example. Engine

troubles and winch troubles also often occur. We must pay attention always.

TRANSPORTATION, STORAGE, LOADING AND UNLOADING FACILITIES

Referring to Charter Party which is concluded between owner and charter, I will explain the captioned items.

Increasing of loading or unloading efficiency and completeness of port/storage facilities are two important factors. I want to itemize them while pointing out some examples.

1. It is directly concerned with despatch money/demurrage to speed up loading or unloading.
2. It is a matter of course that we must carefully check port/storage conditions when loading or unloading time comes near, but we can confine berth waiting to the minimum when loading or unloading efficiency is increased and port/storage facilities are completed.
3. In some cases, laydays are calculated under the conditions of 1,000 L/T per WWDSHEX and ocean freight is US\$10.00 per L/T. In such a situation, if loading or unloading efficiency will be increased and port/storage facilities will be improved, we shall be able to fix ocean freight at the rate of US\$8.00 per L/T subject to laydays 5,000 L/T per WWDSHEX.
4. Besides there is "delayed shipment penalty". -According to LCFTA (London Cattle Food Trade Association) and NAEGA (North American Export Grain Association), importers must pay a penalty for delayed shipment to domestic customers, for instance, 1/2 per cent of contract price FOB and C&F for less than 4 days delay, 1 per cent of the same for less than 6 days delay, etc. On the other hand, shippers will claim additional storage charges and additional interest when shipment was delayed.
5. We must also cover much risk of fluctuation in market price.

When above mentioned factors are improved, we can save much money, making ocean freight lower and saving various kinds of expenses.

At the same time, transportation, storage, loading and unloading facilities also play an important role in maintaining or improving quality.

Good facilities will guarantee lower moisture, less damage, less shortage of grains. As an example, moisture of U.S. corn Grade No. 2 must not exceed 15.5 per cent on shipped quality terms according to domestic standard.

However, regarding U.S. corn Grade No. 2 which UNICOOPJAPAN has been importing directly from U.S. Agricultural Cooperative Organisations, moisture

is 14.5 - 15.0 per cent on shipped quality terms actually, because they have established facilities both in local countries and in shipping ports for themselves. If farmers have good storages and dryers in country and in shipping port, they can keep better quality of their products.

CONCLUSION

As mentioned now, transportation, storage, loading and unloading facilities occupy a relative important position for guarantee of quality and quantity, distribution in time, prompt loading and unloading, reduction of various kinds of expenses including ocean freight.

National Purchasing Federation of Agricultural Cooperative Associations in Japan (ZENKOREN) in charge of purchasing business for member farmers is now constructing large-scale port facilities including storages, and, at the same time, ZENKOREN has own grain bulk carriers in order to save transportation charges and to deliver raw materials for feedstuffs in time. Japanese cooperatives have also been importing a lot of maize directly from Thai cooperatives, and we have invested to silo company in partnership for our joint work. This joint work is now coming to good results.

Without untiringly trying to solve these important matters step by step, it will be quite difficult to eliminate the monopoly of big private enterprises and to expand our international trade.

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WORKING PAPER

QUALITY CONTROL, GRADING, TIMELY DELIVERY AND SPEEDY
COMMUNICATION - AN OUTLINE

By : Mr. H. Nagasawa
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pk/31st May, 1968

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QUALITY CONTROL, GRADING, TIMELY DELIVERY AND SPEEDY
COMMUNICATION - AN OUTLINE

By : Mr. H. Nagasawa

I want to explain some important factors governing international trade - quality control, grading, timely delivery, speedy communication and others. I will explain some important points of such factors, because time will not permit me to touch upon them more than briefly.

FUNDAMENTAL CONDITIONS OF CONTRACT

As gentlemen attending this conference know, fundamental conditions of trade contract are as follows:

1. Details of article and quality
2. Quantity
3. Price
4. Time of shipment
5. Terms of Insurance
6. Payment

Besides packing is one of the important conditions, too.

DETAILS OF ARTICLE & QUALITY

Now I want to take up item No. 1 out of the said fundamental conditions "Details of article and quality".

So far as international trade is concerned, it is quite difficult for buyers to personally inspect the whole quantity of the goods to be imported. Generally speaking, buyers have no means to do so. For this reason, after concluding the contract, sellers should do their best to be worthy of buyers' confidence. Sellers are responsible to make a careful inspection regarding quality, quantity, packing, etc. before shipment. Buyers must keep the fact in mind that buyers are responsible for quality and others whether inspection is made by inspection organ or for themselves.

HOW TO DECIDE DETAILS OF ARTICLE OR QUALITY

I would like to mention how to decide the details of article or quality. Methods can be classified into the following items:

1. Sales by Quality Sample: In this case, business is done according to quality sample, but often it has additional conditions, for instance, to the effect that moisture should not exceed 2 per cent and admixture 1.5 per cent.

2. Sales by Standard : This is often used for business dealings in natural products. Concretely speaking, the following systems are adopted:

FAQ (Fair average Quality)
GMQ (Good Merchantable Quality)

3. Sales by Trade Mark or Brand : This method is used for dealings in very famous commodities.
4. Sales by Specifications : This method is used for dealings in machinery, chemical goods, electric equipments, etc.

Actually these methods are often used in combination. After mutual agreement, it is quite necessary to describe details of article or quality as clearly as possible in order to confirm it and avoid misunderstanding.

QUALITY CONTROL & INSPECTION

In case of export, inspection fixed between sellers and buyers is done before shipment. In Japan, if the export goods are designated by domestic law, it is necessary for sellers to make an inspection of quality and packing by designated inspection organ. When designated goods passed an inspection, an indication of "PASSED" (and grade if necessary) is done in inspection certificate. This inspection certificate is one of the documents indispensable for customs clearance. Whether inspection is done by inspection organ according to law or not, whether it is done by manufacturer's laboratory or not, most important and fundamental point is severe quality control which is taken by sellers or producers themselves. I wish to point out this matter.

It is a matter of course that the export goods with standardized quality and specifications are more marketable and easy to sell. Agricultural cooperatives are pushing forward their activities for the purpose of improving the marketability of farm products. Namely, they are pushing technical guidance on the production level, guidance concerning standardisation, and they are playing leading parts in joint marketing and joint quality control or grading. Thus they are doing their best to eliminate the price beating down or trick business common to private merchants who are difficult to be unselfish.

On the other hand, we must pay special attention to perishable goods, grains, etc. of various kinds in transportation or in storage.

I wish to emphasize that unit cooperatives, prefectural cooperatives and national federations must play an important role in quality improvement and quality control of cooperative members' products.

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In the meantime, I want to refer to industrial products in our country. Industrial products are standardised by Japanese Industrial Standard (JIS), and constantly inspected in individual manufacturer's laboratory. Taking chemical fertilizer, inspection certificate is issued by manufacturer itself or inspection organ after sampling and inspecting it to be exported, according to contract. The following items are specified in it as examples:

- The name of shipper
- The name of steamer to be shipped
- Details of commodities and quantity
- Packing
- Marking
- Results of analysis
- Results of weighing
- Results of measurement
- Others

In the item of "Sampling", it is mentioned as follows:

Sampling was effected on a reasonable number of bags selected by us at random and sample material was drawn from a reasonable number of bags selected by us at random. The sample material thus obtained was well mixed, reduced by successive quartering in order to constitute six(6) final samples which were placed into clean sample bags properly labelled, sealed and distributed as follows:

Analysis	:	1 sample
Makers	:	1 sample
Shippers	:	1 sample
PESCO	:	3 samples
(Inspection Company)		

I also point out that cooperative organisations should try to train many specialists for quality improvement and quality control.

TIMELY DELIVERY & SPEEDY COMMUNICATION

It is needless to say that timely delivery and speedy communication are another important factors governing international trade. These factors are indispensable for conclusion of better contract, development of business relations, amicable fulfilment of contract, adequate pre-arrangement for loading, unloading, transporting or distributing, etc. Those who are connected with international trade between cooperatives should acquire skill in practical business of international trade. I will refer to the item of "Timely Delivery" together with transportation and other factors, because it is closely concerned with such factors to be taken up this afternoon. Let me take this opportunity of talking about communication and contact between

cooperative organisations for developing cooperative trade business. Frankly speaking, we should keep in further close contact with one another and endeavour to establish friendly business relations. I think that we have only intermittent or fragmentary contact with one another for the time being. To fulfil the contract, we should always bear ourselves strictly, but we can have a heart-to-heart talking with one another, because we are brothers. It is mentioned that cooperative federations in northern European countries have close communications and information exchange about market prices of foreign goods and other conditions to protect members' benefits.

We have our own ideal. We would like to do our best to reach our ideal step by step through international cooperative trade. I eagerly hope all gentlemen attending this conference today will have a discussion in real earnest and will obtain fruitful results.

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CONFERENCE
ON
INTERNATIONAL CO-OPERATIVE TRADE IN SOUTH-EAST ASIA
T O K Y O
3rd - 22nd JUNE, 1968

"PROMOTION OF FOREIGN TRADE : WESFARMERS' EXPORTS
OF GRANNY SMITH APPLES"

Presented by :

I.H. Hunter,
Marketing Manager,
Westralian Farmers Co-operative Limited,
569 Wellington Street,
Perth,
Westralian Australia, 6000.

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PROMOTION OF FOREIGN TRADE

Wesfarmers' Exports of Granny Smith Apples

The Product: Characteristics, Advantages and Problems

The major apple type exported from Western Australia is the Granny Smith, a palatable green all-purpose apple ideal for both eating and cooking. The climate of Western Australia is particularly suited to the production of Granny Smiths. The quality is high relative to those apples produced of highly coloured red varieties.

The special advantages of the Granny Smith variety are:

1. They find ready acceptance in world markets, especially the U.K., the Scandinavian countries, Germany, Singapore and Malaya. Early and mid-season shipments are sent to East Africa and the type is now finding acceptance in the Arabian Gulf countries.
2. They grow perfectly under West Australian conditions. (The climate of W.A. is not suitable for most existing highly-coloured red varieties and they are not up to the standard of other States. It is expected that at least ten years' work will have to go into improving and propagating the red varieties before they are of high enough quality and quantity to be really competitive on world markets. Meanwhile, growers are being encouraged by the Company into specialised orchards, mainly Granny Smiths - producing more fruit per acre and better quality.)
3. The economics of the Granny Smith are excellent. The type is more economic to produce, showing very heavy crops, especially each second year, and it commands premium prices. This is not to suggest that Western Australia has the Granny Smith market to itself. In fact, the competition is extremely fierce from other States in Australia. Strong overseas competition comes mainly from New Zealand and South Africa, who sell hard in the U.K. and on the Continent; the Argentine also sells actively in Scandinavia and in European markets.

Both South Africa and New Zealand have a trading advantage that stems from the control of Government Marketing Boards capable and willing to subsidise prices to gain entry into new markets or retain existing ones.

Argentina is the third major competitor. In recent years competition from this direction has become fiercer and, in fact, Argentina, with the advantage of better shipping programmes and trading terms, has captured the bulk of the Scandinavian markets. Although the Argentinian growers, like Australian growers, operate as a private market, certain manipulations of the currency rates of exchange are worked to their advantage at times.

Australia is at a big disadvantage, particularly with South Africa and the Argentine. Both countries are within a fortnight's sailing time of European markets; their sailing and, above all, arrival times, are unvarying. Australian fruit is afloat for six weeks from W.A. ports. Vessels 'bunch', so that several may be discharging at U.K. or German ports at the same time. Arrival times cannot be forecast with accuracy - a great disadvantage to buyers.

This long voyage and the amount of handling between grower and consumer makes the matter of product quality of vital importance.

Another major export marketing problem is the biennial cropping characteristic of apples - in normal conditions there is an unevenly heavy crop each second year. Placing crops in glut years calls for special efforts by Wesfarmers' representatives overseas. The Company's technical officers are working with the Department of Agriculture to try and prevent such fluctuations - often up to 1,000,000 bushels from one season to the next - especially by means of artificial thinning techniques. Experiments have proved encouraging but so far results have been minimal over the industry as a whole.

a) Improving the Product Quality

Wesfarmers have always jealously guarded the image of their "Black Swan" brand, which has an excellent reputation in the world fruit trade. The fruit packed under this brand is noted for its uniform quality.

In 1957, the Company first decided to appoint a technical adviser to the industry - a step still unique in the industry. A second adviser was appointed in 1964. These officers act as a spearhead for the Company's drive to step up standards within the industry. One officer is posted at Bunbury, the other at Bridgetown. The services of Wesfarmers' technical advisers are available free to growers. To some extent they act as an extension of the services offered by the Department of Agriculture, and Wesfarmers' advisers work in close association with the Department and its officers. Advice is given on such diverse aspects as orchard location, planting, drainage, irrigation, pruning and the proper application of sprays and fertilisers. The advisers are highly qualified and have won the confidence of the growers, who have reacted favourably to their advice. Even growers who do not yet market their fruit through Wesfarmers are prone to seek their advice.

Their influence extends to the Company's packing sheds. In the initial stages of the Wesfarmers' switch to carton packing, the Company's senior adviser played a significant part in ironing out the problems encountered in setting up the new system of handling. As part of the Company's overall policy, officers are sent interstate to check packing and handling methods elsewhere in Australia.

b) Increasing Acreages under Granny Smiths

The adviser's main area of influence has been to encourage an increase in acreage under Granny Smiths, but they are also active in the work that will result, within the next decade, in an improved quality of the highly-coloured red varieties. This development will help open up markets such as West Africa and the Philippines, where the red varieties are preferred.

c) Packaging

In 1961 the entire West Australian apple crop was marketed in wooden cases. In 1966, 72.4% of the West Australian apple crop was marketed in cardboard containers. This dramatic change was to some extent a direct result of the Company's marketing leadership. For some years the United States apple growers had dispensed with the traditional method of packing apples in wooden cases, and although the distinctive West Australian redwood case was well-known and liked by overseas buyers, the case had many disadvantages. The major problem was one which has always plagued fruit industries - bruising. The intensity of competition in world markets for prime fruit had stepped up so much that the high proportion of bruised fruit landed in overseas markets by West Australian growers was having an adverse effect on sales and, more important, on buyers' attitudes to buying Australian fruit.

During personal visits to these markets, senior officers of the Company noted the sharp trend in preference for the cardboard container, and it was decided immediately that the Company could not afford to ignore the trend. Although cardboard containers did not in fact cut overheads in terms of cost per pound of fruit, they had the supreme virtue of giving their contents far better protection from bruising and enabled fruit to be presented more attractively.

In close consultation with the Company's office, it was decided that, by the 1967 season, cases would be dropped entirely except for special deliveries of small quantities to fulfil special orders, and that the necessary steps would be taken to change attitudes within the industry itself.

A series of experimental shipments were undertaken with the close co-operation and with much assistance from the Australian Paper Manufacturers.

The reaction was immediately apparent and as soon as the Company was satisfied of the effectiveness and the acceptance of West Australian apples in cartons, the policy was adopted. Two types of packs were decided upon: the 'cell' pack (in which each apple is held in a complete cell of cardboard) and the 'traypack' (in which the apples are wrapped and held in trays).

It was decided that the cover of the cardboard pack should be distinctive and clearly present the contents in an attractive manner to increase its end-use at the point of sale. The design eventually decided upon received much praise throughout the industry and is considered to be one of the best in use.

The effectiveness of Wesfarmers' campaign to switch shipment over from cases to cartons can be demonstrated by the following figures for the Company and the industry as a whole.

In 1961 - no cartons. In 1965 - Wesfarmers' shipments to all European and the U.K. markets 77.7% cartons; 11% bulk bins and 11.3% in cases. This compares with the overall market figures for Western Australia, which were 70% cartons; 4.4% bulk bins and 25.2% cases. In other words, the Company set the lead in packaging and still holds it.

The effect on sales as a result of the introduction of cardboard containers has been positive. New orders could be traced immediately to the adoption of the new cartons, especially from Germany. Selling has become easier in the U.K. Most orders now received are specifically for apples in cartons.

It is not only in the switch to cardboard packs that Wesfarmers has maintained leadership in the field of packaging. The Company has always demonstrated willingness to undertake experiments in this field. Wesfarmers was one of the first companies in Australia to ship bulk bins for apples in quantity. These bins, which hold 25 bushels of apples, were specially designed to diminish bruising. Several experimental shipments proved their effectiveness in overcoming this problem. (Freight rates have affected this method of handling of late, although some apples shipped in bulk containers still find acceptance in Scandinavia. 11% of the total W.A. crop was shipped by this method in 1966.)

d) Handling and Treatment

The Company set about the business of improving handling methods by palletisation and the installation of modern graders with improved packing facilities for the speedier handling of fruit. This has had a great effect on quality standards although much remains to be done. Improved methods of handling cartons into and out of vessels at loading and discharging ports must be devised. The problem calls for a much greater degree of hard thinking and closer co-operation between shipper and shipowner than has existed in the past.

e) Mechanical Handling

The economics of mechanical handling are such that only the biggest packaging sheds can handle enough fruit to justify the installation of advanced equipment. The Company continued its own policy of concentrating production on its three main sheds at Manjimup, Bridgetown and Donnybrook and now fruit is handled in as highly mechanised a manner as the economics of volume allows.

f) Cold Storage

Adequate cold storage facilities are vital to the apple industry because of the necessity to pre-cool fruit before shipment. One of the recommendations of the Royal Commission on the West Australian apple industry was the establishment of another cold store in Bunbury, the main port for apple exports, since it was considered that available facilities were inadequate. Wesfarmers became a shareholder in the company that was formed for the establishment of this facility and now is its major user.

g) Shipping

Lack of shipping has been a problem which has plagued the industry, particularly in the alternate years when crops are especially heavy. Shipping from Australia is done on a nation-wide basis and negotiations on shipping rates are handled by the Australian Apple and Pear Board. Wesfarmers is an active member of the W.A. Fruit Shippers' Committee, whose main function is to ensure that sufficient freight is available to lift the West Australian crop and the allocation of freight as between shippers. The turn-around of vessels on the W.A. coast is now being actively progressed by the Committee, which is currently working towards being able to ship upwards of 3,000,000 bushels in coming years. So that the Company's interest can be protected, officers of the Company have been prominent in shipping and Wesfarmers has always made it Company policy to be deeply involved in the affairs of the industry as a whole.

Sales Organisation

Our fruit export markets are defined into four separate parts:

- 1) The United Kingdom and Europe
- 2) Singapore/Malaya
- 3) East Africa and the Arabian Gulf
- 4) Hong Kong and the Philippines.

Each of these is a separate market and our sales organisation has been built up to take account of the particular characteristics and conditions applying in each market.

Headquarters of the Company's selling operations in Europe is the Overseas Farmers' Co-operative Federation Limited, a London company formed and owned by primary producer organisations in Australia, South Africa, Rhodesia and New Zealand. The basis of the company's European marketing operation is the maintenance of constant day-to-day contact with European importers through this company. The Overseas Farmers' representatives regularly travel throughout Europe, cultivating present markets and examining future prospects. All sales are made against irrevocable letters of credit to importers in European countries. To this extent the company's marketing operations are simplified in that no direct contact has to be made with retailers and consumers. This side of the marketing programme is left to importers, each of whom knows intimately his own particular region.

This comprehensive selling organisation is backed up by periodic visits from company officers who are able to deal first-hand with problems, and are able to make accurate assessments of trends and market potential.

Parallel with the increasing affluence of South-East Asian countries and the changing attitudes of Australians generally to the possibilities and the need to do business nearer home, the Company has been particularly active in pursuing business in places other than the traditional northern hemisphere markets.

The Singapore/Malaya market is the most important market for West Australian apples other than the U.K., Scandinavia and the Continent. The Company has always enjoyed a reasonable share of it, but in recent years keen competition from the Eastern States, with cheaper red varieties, and Granny Smiths from New Zealand and South Africa, has severely affected Western Australian shipments.

It was decided to appoint a representative for the entire area. Wesfarmers was the first West Australian fruit exporting company to take this step. Since the appointment of this representative, sales have risen markedly. His efforts are backed by regular visits by the Company's own officers, sent to iron out the various problems that arise.

After importers are contacted by our representative, sales are made by direct contact, mainly by cable, between importers and the Company's Fremantle office.

East Africa and the Arabian Gulf

These markets are of growing importance to the Company and the services of an outside trade representative are used to make contacts in these areas. He makes an annual trip for a group of Australian exporters, visiting major trade centres in Mauritius,

East Africa, Aden and the Gulf.

One aspect of the way in which the Company tackles the opening up of new markets is worth mentioning. Whenever a new market opens up, one of the Company's officers is made personally responsible for exports to that area. His job is to follow up in close detail all correspondence with prospects. When the market is developed and has proved sufficiently interesting to warrant a special trip to the area, it is this officer who will eventually make face-to-face contact with buyers in the market.

This method of handling new business has several advantages: firstly, it enables the Company to make the business of selling as personal as possible; secondly, it ensures that each new market is opened up with first-rate service, and thirdly, it is an excellent way to train the Company's officers for greater responsibilities in the future.

Hong Kong and the Philippines

These markets are at the very small stage but are developing consistently. Sales organisation is built around visits by Company officers and follow-up of correspondence on the same lines outlined above for East Africa and the Arabian Gulf.

Pricing

The Australian Apple & Pear Board, in consultation with licensed exporters, sets a base price for exported Granny Smith apples at the beginning of each season, taking into account cost of production and market competition from all other types of fruit. It is then up to each exporter to gain the best prices offering above this minimum in all markets.

Competition

Although 90% of the Company's fruit exports are Granny Smith apples, it considers its marketing policy in the broader context as part of the overall fruit industry. This is most important because the price and availability of other types of fruit has a significant influence on the season's market for Granny Smiths. For example, in the United Kingdom and Europe, the earliness of the strawberry and stone fruit crop has a vital bearing on how well the tail-end of the Australian apple crop sells. A further factor influencing competition has been the advent and growing efficiency of gas storage in the northern hemisphere, whereby fruit can now be carried over into the off-season for longer periods than previously.

Sales Promotion

Advertising is undertaken on an industry basis by the Australian Apple & Pear Board promoting apples to consumers and

retailers. The Company follows up this promotion by regular visits to importers by representatives and periodic visits by Company officers.

A new field the Company has entered into is having "splash" advertisements in East African newspapers as the first shipments of apples for the season arrive.

The Company misses no opportunity to display fruit in the actual markets and it has been represented in both the Trade Ships sponsored by the Department of Trade specifically to open up markets in South-East Asia. On both the "Straat Banka" and the "Centaur" the Company had its own display. On the "Centaur", Wesfarmers also took part in the joint industry display. Refrigerated fruit was sent with both ships as samples, which were distributed for the appraisal of potential buyers aboard ship. Brochures accompanying both displays dealt with the full range of the Company's various exports and were printed in the various languages of the countries visited. A Company representative made the trip on both occasions.

The Company firmly believes in the policy that the best way to advertise is to insist on the highest quality of fruit for export and to investigate continually ways and means of improving product quality. We feel that this policy, added to the principle of regular personal contact, leads to a highly efficient method of sales promotion.

Market Intelligence

This, a most important part of the total marketing environment, is undertaken through a number of channels.

- 1) The Australian Apple & Pear Board operates an information service which issues periodic bulletins analysing the previous season's crop and reactions to it in the various export markets. During the season exporters receive information on competitor countries and assessments of quantities and qualities of fruits to be exported in the coming season.
- 2) Coupled with this, the exporters receive information from Australian Trade Commission offices on potential markets. The Company then follows up these leads by personal contact and by correspondence.
- 3) The Company regularly gathers information from its representatives as to acceptance of the product, competition, expected market growth and potential markets.
- 4) This is added to by information gained in these spheres by visits of Company officers.

All this data is compiled and collated to facilitate forecasting of demand and thorough analysis of trends in the different markets. The information is then disseminated to fruitgrowers through the Company advisers stationed in fruitgrowing areas. From this, growers can determine their course of action needed to satisfy future demand.

The Company does not initiate surveys with, or gather information from, consumers or retailers in our export markets because we deal directly with importers. It is left to these importers to determine this information by their own resources and to use it when ordering from us. However, they are encouraged to gather this data and to supply the information to us so we have accurate assessments of the future of our markets.

Summary

A basic fact of marketing strategy which the Company acknowledges is the necessity to adapt a marketing system for each different market. All marketing systems evolve over a long time period and the challenge to exporting companies, especially in South-East Asian markets, is the creation of a marketing system uniquely suited to their problems and culture. To this end, the Company has made use of distributors who are intimately concerned with the day-to-day problems in their own particular area, and are therefore better equipped to solve the many problems which arise than are officers of the Company who live thousands of miles from the market.

We believe that this system, coupled with frequent visits by our representatives and by Company officers, and regular flows of information between our Head Office and various export markets, is the most satisfactory method of expanding exports. This policy, together with heavy emphasis on product quality - because product quality is the best advertisement - we have found to be the most effective way of promoting foreign trade.

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WORKING PAPER

PROMOTION OF FOREIGN TRADE : RECRUITMENT AND TRAINING OF PERSONNEL
FOR COOPERATIVE TRADING ORGANISATIONS

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PROMOTION OF FOREIGN TRADE : RECRUITMENT AND TRAINING OF PERSONNEL
FOR COOPERATIVE TRADING ORGANISATIONS

By : Mr. H.D. Shourie

I. INTRODUCTION

There is no denying the fact that cooperatives can play a vital role in the promotion of and greater participation in foreign trade. The need for developing cooperatives in the sphere of foreign trade stems from the fact that the entrepreneurial effort in the developing countries will greatly benefit from the supplementation by the cooperative effort.

Due to historical reasons, import and export trade in many developing countries has initially been, in substantial measure, in the hands of foreign companies and trading houses who initiated effort in this direction. Traditional trade links established between these companies and their principals located in the former colonial countries, shaped the pattern of trade of developing countries in such a fashion that they became predominant suppliers of raw materials and food articles, and importers of finished products. With the advent of independence, the urge and necessity of changing this trading system arose in many countries. Numerous difficulties have been faced by these countries in diversifying their foreign trade structure. The problems besetting them include the deficiency of entrepreneurial skill, inelastic demand and supply, quantitative restrictions and tariff and non-tariff barriers in the markets of developed countries, lower qualities, low productivity, higher production costs and uncompetitive prices, etc. The policy of centralised buying followed by industrial countries through a new work of international cartels and monopolies further hampers the bargaining position of developing countries vis-a-vis the developed countries. It is in this context that the need for strengthening the organisational structure of foreign trade of developing countries, by forming cooperatives, assumes importance.

In the recent years the movement of establishing cooperatives has made fairly good progress in certain fields of economic activity in a number of countries. According to a survey made by the ILO, the cooperative organisations exist in 128 countries. In 1966, there were as many as 5,75,000 cooperatives in the world. Their activities are mainly confined to such fields as farming, mining, fishing, housing, industrial production, dairy farming, credit facilities, road transport, distribution, etc. In the field of marketing, cooperative operate mainly for handling

internal trade in agricultural and plantation products. Their participation in foreign trade has hitherto been almost insignificant in both the developed as well as developing countries. In most countries trade is handled either direct by the manufacturers or by private export-import trading houses. Of late, State sponsored organisations have also entered the field of foreign trade, though the volume of business handled by them, as compared to the total quantum of foreign trade, is not very large.

Accurate data regarding the nature and extent of external trade handled by cooperatives in different countries is not available. There are, however, fair indications that except in a few countries, cooperatives do not participate, on any appreciable scale, in the external trade of the country concerned. Take the case of India. In agricultural products, only two cooperative societies, namely, Maharashtra State Cooperative Marketing Society and Gujarat State Cooperative Fruit & Vegetable Marketing Federation, have been operating in the export of bananas to Middle East countries. The National Agricultural Cooperative Marketing Federation has been exporting pulses to Ceylon. The Maharashtra State Cooperative Marketing Federation has exported onions to Malaysia, Ceylon and Singapore. Cooperative societies have also functioned in relation to various other products, namely, coconuts, copra, cardamom, sugar, etc., which have been exported by them to different countries. Cooperatives dealing with production of tea have delivered substantial quantities of tea to the Tea Board for export, and likewise, the coffee processing societies have delivered coffee to the Coffee Board for export. In the field of handloom textiles, the Handloom Fabrics Marketing Cooperative Society has been actively in operation in export markets. They have direct association of 64 cooperative societies, which are functioning for the manufacture of handloom products. Though the exact figures of the external business conducted by these cooperatives are not readily available, their share in the total foreign trade of India is very small.

Many factors are responsible for the inadequate participation of cooperatives in the field of foreign trade. These include: lack of experience, absence of concrete action for encouraging the participation of cooperatives, paucity of funds, absence of marketing information, lack of contacts, difficulties of procurement of goods, lack of positive government support and dearth of experienced and competent management personnel required for handling the marketing job. This paper deals with the problems relating to recruitment and training of personnel for cooperative trading organisations.

II. ROLE OF TRAINING IN DEVELOPING FOREIGN TRADE PERSONNEL

With the emergence of new sources of supply, development of new products, development of synthetics, increased productivity through automation use of sophisticated packaging, swift changes in designs, style, presentation, taste and consumption, greater emphasis on the use of marketing research, employment of modern marketing techniques, and emergence of strong consumer preferences, the international trade has become highly competitive. Many suppliers have already entrenched

themselves in the international markets with high quality products, supported by aggressive selling techniques and skills. In this intensively competitive trading situation, export marketing, like any branch of business, has become a specialised job and only such trading concerns can be expected to deliver the goods which have the necessary expertise, capacity and resources.

In this challenging situation, the cooperative management has multi-farious tasks to perform in order to effectively handle the foreign trade business. Not only will they have to study the markets of importing countries, but also to see that goods are available for export at competitive prices and in right quality so that markets can be explored and developed for their products on a continuous basis. They will have to be conversant with the modern techniques of packaging, bulk handling, collection, standardisation and quality control, cost and inventory control, marketing intelligence, and marketing strategy, etc. Briefly, the management tasks will include:

1. Planning, organising and procuring production surpluses by optimum utilisation of resources both material and human and to maintain supply lines.
2. Keeping the cost of operation at minimum base by controlling overhead costs, increasing productivity, etc.
3. Maintaining quality standards of the product and improving their packaging and presentation.
4. Continuous exploration of the markets and the customers by conducting market surveys, overseas market research, commodity studies, visiting the markets and maintaining contacts with them.
5. Education of the **customer** through publicity, advertising and participation in trade fairs and exhibitions.
6. Formulation and adoption of well articulated export strategy, pricing policy, branding policy and sales techniques.
7. Establishment of an efficient department to handle foreign trade operations, supported by experienced and qualified staff.

In order to help fulfilment of the above tasks, cooperatives will have to build up a cadre of trained and experienced executives who would be responsible for the conduct of foreign trade operations. In fact the development and expansion of trade through cooperatives will depend, to a large extent, on the availability of competent and trained personnel who possess knowledge about the complicated procedures of export and import trade.

If cooperatives are to compete effectively in the international markets, they will have to match the other private and public trading houses in the excellence of their marketing skills, otherwise they will be fighting a losing battle. It, therefore, follows that any promotional effort by cooperatives in the foreign trade field, should have an inbuilt provision for developing a cadre of competent and efficient managers and personnel by providing proper training and orientation to them.

III. PRESENT SYSTEM OF RECRUITMENT AND TRAINING

A scientific and systematic selection system of the personnel engaged in foreign trade is an essential pre-requisite of executive development policy. Hit or miss selection policies usually produce inadequate results. Therefore, most of the leading concerns today are making serious attempts to build strong, well trained and stable executive force through the use of scientific selection and training procedures. Psychologists and personnel research techniques have made great progress during recent years in developing various kinds of tests, weighted application blanks, interviews and other selection tools for use in the selection and development of foreign trade executives. The recruitment policy of most of the progressive trading houses is to recruit a young promising man, fresh from the University or College, and develop him up for the executive job. He is provided proper training through executive development programmes which is further enforced by 'on the job training'.

Cooperatives often draw their personnel from government departments, though occasionally they also recruit the personnel from the open market. The government personnel no doubt have experience but by nature this experience handicaps them in the matter of initiative, drive and skill needed for building up the foreign markets. Normally, there is no concrete programme for providing opportunities of executive development training to the personnel and the result is that it takes quite a long period for them to learn the techniques of trade through experience. This system of recruitment needs to be changed and replaced by a system which would meet the requirements of developing the expertise and skills for meeting the competition in the world markets. The modern techniques of selection need to be followed by the cooperatives.

Developing countries should help each other in evolving job specifications and in searching out the personnel for the cooperative trading organisations. The International Cooperative Alliance and other organisations at the international and regional levels should have a programme of providing assistance to the developing countries in selecting the right men for the jobs in such cooperatives.

In the training of cooperative personnel emphasis has so far been placed mainly on training the lower grades of cooperative employees - the sales staff, the store keepers, inspectors and departmental specialists. Some training for general management is provided, but not always on a comprehensive basis and of the appropriate standard.

Cooperative management has been expected to learn the hard way in the school of experience by the usual method of trial and error. After the World War II, as the revolution in distribution forced structural reorganisation in the cooperative movement, it was realised that increased number of highly qualified executives can not be supplied solely from the existing system of 'training on the job'. The importance of 'institutional training' was recognised. Training institutions for cooperatives were established in Austria, Belgium, France, Denmark, West Germany, Italy, Sweden, and in many other countries. The British Cooperative College started enrolling students from developing countries for cooperative education. In these courses, however, more emphasis was placed on the law of cooperatives and functions of government as promoter of cooperative organisations. Specific training courses on international marketing were hardly given importance in these institutions. General business management education is provided by many business schools and departments of business administration in developed countries. International marketing forms a subject of the general business management training. However, for the personnel of cooperatives there have not been any extensive facilities available for being trained in the techniques of marketing, and particularly of international marketing. In the developing countries, training of cooperative personnel has, even more so, remained a neglected field. Training has been mainly provided on individual basis i.e. 'training on the job'. In India there are a few institutions which provide training to cooperative personnel. The Central Committee for Cooperative Training set up jointly by the Reserve Bank of India and the Government of India in 1953 for formulating schemes and organising cooperative training facilities ceased to exist in June 1962. Thirteen cooperative training centres conducted till then by the Central Committee were taken over by the new Committee for Cooperative Training set up by the National Cooperative Union of India with effect from July 1962. The Cooperative Training College at Poona was reorganised into the National Cooperative College and Research Institute. The functions of this Institute are to organise orientation and refresher courses for senior personnel and for the teaching staff of training centres. The special course on cooperative marketing which was formerly conducted in five training centres was discontinued at two of these centres, on account of reduced demand for training. Some universities offer cooperation as one of the subjects for study at the post-graduate level. They mainly teach the historical developments in cooperative movement in India and abroad, the types of cooperative societies, and the services rendered by them. They do not include management aspects of cooperatives in their curriculum, nor do they deal with the problems of international trade in relation to the participation by cooperatives.

In India, it was only about 4 years ago that the Government of India recognised the need of organising and developing training programmes for training in the fields of international trade and export management. The Indian Institute of Foreign Trade, established by the Government of India in 1963, has inter-alia been entrusted with the task of developing such training programmes. Various training programmes for the senior executives and junior executives in the trade and industry

as well as for the trade commissioners and other government personnel are now being organised by the Indian Institute of Foreign Trade. These programmes aim at providing a high standard of teaching both on short and long term basis for developing a cadre of competent export management personnel in the country. The executive personnel of cooperatives are welcomed for participation in these programmes.

IV. OBJECTIVES AND TYPES OF TRAINING PROGRAMMES

In order to achieve management tasks outlined in Section II, specialisation in different aspects of foreign trade needs to be built up at various levels in the cooperative organisation. It is necessary that training and orientation programmes are provided at different levels of management i.e. junior and senior executives, each varying in its contents depending on differences in responsibility and nature of duties. A grass root level comprehensive training, covering a mixture of theory and practice, with more emphasis on the latter, has to be given to junior executives so that sufficient understanding is developed of the operations involved in international marketing. A somewhat different course aiming at providing intensive understanding of the techniques of international marketing and export management will be more appropriate for senior executives, so that the process of decision making is better appreciated and decisions become realistic and effective. A young executive in a senior position will be charged with the responsibility of profitable operation of the organisation, involving important decisions about personnel, production, financing, capital investment, marketing, pricing policies, etc. Many of his decisions to spend money, for example, on advertising, hiring of salesmen, appointment of agents, marketing research, etc. will be adjustable on the basis of results. For the effective execution of these responsibilities he will be faced with hard choices and will need knowledge of modern techniques of marketing, planning, forecasting, control and evaluation, which can be imbibed through proper training. Short term seminars, trade conferences, refresher courses, etc., are more suitable form of training for senior and top management personnel who have already acquired knowledge and skills on the job and who cannot afford to participate in longer term programmes. Training also needs to be developed on professional basis in selected subjects and fields of foreign trade, such as overseas marketing research, export pricing, cost reduction, export publicity, packaging, quality control, shipping, export documentation etc. This kind of training will help build up specialisation among the personnel of cooperative organisations in their respective fields of operation.

IV. ESSENTIALS OF TRAINING

The success of training programmes will depend on the course content and methods followed in imparting training to the participants. The syllabus of different types of courses would need to be drawn up taking into account the level of the executives who are participating in the programme, their duties and functions, the period of training, etc. The senior executives who are charged with making decisions on

vital aspects of external trade would need a broader perspective of world trade, comprehensive knowledge of the modern techniques of marketing, information on market characteristics and market opportunities, and analytical approach to the problems of pricing, advertising, product development and innovation packaging and designs, etc. The programme for them could be of 3 to 4 weeks' duration. An outline of the syllabus for the senior executives programme is embodied in Annexure I.

For executives of the junior level the training programmes will have to be of different nature, with more emphasis on the provision of basic knowledge of the problems of International Trade and greater emphasis on practicalities of import and export trade and the various operations involved in export marketing. They will need to be provided with thorough grounding in export-import procedures, export documentation, customs clearance, governmental assistance, export finance, banking procedures, correspondence, preparation of goods for shipment, calculation of freights answering of enquiries, quoting against tenders etc. For building up the cadre of junior competent executives, it would be desirable to encourage participation of the personnel of cooperatives in long term training programmes in fields of foreign trade which may be available in any institution within the country or outside. For this level of junior personnel, the Indian Institute of Foreign Trade, for example, has developed a 10-month Diploma Course in Foreign Trade which provides a thorough grounding in all the above mentioned essentials. In addition, there will be need of developing shorter term programmes for the junior personnel of the cooperatives in order to provide them a broad perspective of the range of problems and procedures of imports and exports. These programmes can be of about 10 days. The curriculum of the 10-month training programme developed by the Indian Institute of Foreign Trade as well as the curriculum of a shorter programme of 10 days are given in Annexure II and III.

It is obviously necessary and desirable that in the bigger countries where the provision of training through one institution may not suffice, programmes should also be developed for the training of teachers and instructors so that they can lead to the 'multiplier effect'. The teachers and instructors thus trained will be in a position to organise the shorter term training programmes through other institutions and organisation spread in other parts of the country. It is desirable that the developing countries should help each other in the selection and training of teachers and instructors.

No amount of teaching will be adequate if it is not absorbed by the trainees. Absorbing capacity of the participants, apart from their own intelligence and academic background, will largely depend on the pedagogical tools which are used in imparting the training. It is necessary, therefore, that greater use should be made of the modern techniques of teaching such as group discussions, case studies, project work, exercises, administrative games, role playing, etc.

The importance of training for the development of expertise and skills can not be over emphasised. The training programmes need to be

planned as a part of national manpower development and be based on assessment of the manpower needs. They should be regarded as a continuing process and training should be related, as far as practicable, to the environments and the personal development of the participants. The training should demand the widest possible support from the government as well as the concerned cooperative organisations and should be regarded as an investment.

VI. CONCLUSIONS

It is obvious from the previous discussion that no scheme of cooperative development in the field of foreign trade can obviously be formulated without taking fully into account the quantity and quality of personnel needed to carry out the various operations. The training of executives at both senior and junior level is, therefore, a pre-requisite for development of cooperative sector harnessed to the cause of economic and social progress.

The requirements for managerial manpower for manning cooperative trade organisations will greatly depend on the success of the cooperative movement in this field. Facilities for their training will take some time to develop, and in the meanwhile it would be desirable to take opportunities provided by the existing training facilities in the fields of foreign trade. Two significant features of current and likely future trends in the foreign trade of developing countries are a quantitative change. While the first aspect is presented by a progressive, though inadequate, rise in the level of trade, the second is typified by a greater orientation towards the export of semi-processed and processed goods rather than export of raw materials and primary commodities. In order to hasten this change, the foreign trade management in the private, public and cooperative sectors has a vital role to play. The training programmes should be devoted towards these objectives so that more and more foreign trade personnel are developed to deal with the variety of situations arising from the prospective shifts in the pattern of trade of developing countries. An action oriented development programme for training of the executives at different levels would need to be formulated. This would need the support of national governments of developed and developing countries as also of international institutions. Following suggestions and recommendations, therefore, arise from this discussion:

1. The training efforts and activities for cooperative sector engaged in foreign trade should be considered an essential ingredient of cooperative movement. Training should be considered as an investment and a continuing exercise. The cooperatives should formulate executive development programmes and regard training as a part of management policy.
2. In order to enhance the utility and effectiveness of the training programme, emphasis should be laid on specialised training based on the level of participants and the nature of duties and responsibilities which the cooperative executives are expected to carry.

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3. Close coordination should be ensured between the various training institutions inside the country as well as coordination between institutions in different countries. In countries where specialised training institutions have not come into existence, facilities obtaining in other developing countries could be availed of. There could also be an exchange of faculty between institutions in different countries.
 4. Attention should be focussed on the teaching techniques. Cases should be derived from real business situations obtaining in developing countries with a view to making the course content rich and practical oriented.
 5. National governments should assist the training institutions by providing sufficient finance, teaching aids, equipment, building and hostel accomodation for residential courses. Governments should subsidise a part of the expenditure incurred in training executives employed in cooperative trading organisations.
 6. The International Cooperative Alliance and other international and regional organisations should organise refresher courses, seminars and workshops on specific subjects on regional basis in which participants from different countries could derive benefit.
 7. The international agencies such as UNIDO, ILO, etc., should help in devising new techniques of education and training which cooperative organisations may need. The international assistance should come in the field of preparation of manuals, pamphlets, and course materials for various types of training programmes, financing of equipment, provision of foreign exchange for purchase of technical books and journals, financing of comprehensive fellowship programmes for training abroad, etc. Direct financial assistance to the national training organisations should be given to supplement their resources where adequate national funds may not be available. Establishment of a pedagogical centre to assist trainees in the cooperative organisations or specialised institutions should also be considered.
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ANNEXURE I

COURSE OUTLINE OF TRAINING PROGRAMME FOR
SENIOR EXECUTIVES

Trends in World Trade and Problems of Developing Countries

- 1. Structure and Trends in World Trade
- 2. Trade and Payments Problems of Developing Countries; Prospects for Primary products and New Manufactures
- 3. UNCTAD and Developing Countries; International Commodity Agreements; Tariff and Non-Tariff Restrictions
- 4. International Economic Institutions

Scope of International Marketing

- 1. Elements of Modern Marketing
- 2. Domestic Marketing and Export Marketing
- 3. Corporate Objectives and Policies in Entering Export Markets
- 4. Special Problems of Marketing: Consumer Products and Industrial Products.

Product Development and Product Policies

- 1. Product Development
- 2. Product Differentiation
- 3. Product Strategy and Product Line Policy
- 4. Branding Policies
- 5. Packaging for Consumer Appeal and for safe transit

Export Pricing

- 1. Export Pricing Policies and Strategies
- 2. Cost plus Pricing, Competitive Pricing, Premium Pricing, Marginal Cost Pricing, etc.
- 3. Pricing and Break-even Analysis
- 4. Export Pricing Quotations: Calculation of FOB, CIF Prices, etc.

Distribution Channels Abroad

- 1. Type of Distribution Channels: Wholesaler-Retailer Network
- 2. Marketing Through Agents, Brokers and Distributors
- 3. Services Rendered by Agents and Distributors
- 4. Problems of Channel Selection

Sales Promotion Abroad

- 1. Export Publicity and Advertising
- 2. Trade Fairs and Exhibitions
- 3. Displays at point of Sale
- 4. Sales Contents and Sales Campaigns
- 5. After Sales Service

Overseas Marketing Research

1. Sources of Information
2. Market Information and Market Intelligence
3. Areas of Overseas Marketing Research: Consumer Research, Industrial Research, Overseas Trade and Distribution Research, Advertising and Media Research, etc.
4. Attitude and Motivation Research
5. Techniques of Motivation Research
6. Methods and Procedures and Survey Research
7. Planning of Overseas Marketing Surveys

International Marketing Management

1. Principles and Practices of Export Management, other application in the sphere of corporation.
2. Overseas Sales Management; Recruitment and Development of Sales Force
3. Sales Analysis and Sales Budgeting
4. Communication and Feed-back
5. International Marketing Planning

Procedures Relating to Export-Import Transactions

1. Export-Import Control in the Selected Developing Countries
2. Foreign Exchange Regulations
3. International Trade Documents
4. Transportation and Shipment of Cargo
5. Customs Clearance and other Procedures
6. Marine Insurance
7. Legal Aspects of Foreign Trade

Measures for Trade Promotion

1. Institutions for Trade Promotion: Private and Public
2. Export Assistance and Incentives
3. Export Finance
4. Bilateral Trade Agreements
5. Joint Ventures as a Tool of Trade Promotion
6. Review of Trade Promotion Measures in Selected Countries

Market Characteristics and Opportunities of Selected Regions/Countries

Market Profits of Selected Regions/Countries: The Americas: Western Europe, Eastern Europe: Africa, West Asia, ECAFE Region.

Regional Cooperation

1. Rationale of Regional Groupings
2. ECM, EFTA, LAFTA, COMECON
3. Central African Common Market, Arabian Common Market, Association for African and Malagasy States
4. Possibility of Asian Common Market

ANNEXURE IICOURSE OUTLINE OF TEN MONTH DIPLOMA COURSE OF FOREIGN TRADE
DEVELOPED BY THE INDIAN INSTITUTE OF FOREIGN TRADE

1. INTERNATIONAL MARKETING AND MARKETING MANAGEMENT
2. INTERNATIONAL COMMERCE
3. ORGANISATION AND PROBLEMS OF INDIA'S FOREIGN TRADE
4. EXPORT-IMPORT PROCEDURES
5. AREA STUDIES/COMMODITY SPECIALISATION

Areas of intensive instruction

- Principles and Practice of International Marketing
- The Marketing Concept and the Elements of the Marketing Mix
- Overseas Marketing Research
- Product Policy and Product Development
- Costing and Cost Reduction for Export Products
- Export Pricing Policies and Strategies
- Choice of Channels of Distribution and Channel Structure
- Export Management and Sales Management
- Export Publicity and Promotion
- Structure and Pattern of World Trade
- Trade between Developed and Developing Countries
- International Economic Institutions
- Regional Groupings: ECM, EFTA, LAFTA, COMI CON
- Role of Foreign Trade in India's National Economy
- Commodity Composition of India's Foreign Trade
- Direction of India's Foreign Trade
- The Organisation of India's Foreign Trade
- Government and Foreign Trade
- Export Strategy
- Export Assistance and Incentives
- Export Finance
- Institutional Framework of Export Promotion
- Export-Import Procedures at the Government Level
- Export-Import Procedures at the Company Level
 - Finding the customer
 - How to handle an enquiry
 - Processing of export order
 - Appointment of agents
 - Freight structures and rebates
 - Customs clearance
 - Export payment terms
 - Documents
- Problems of Shipping
- Legal Aspects of Foreign Trade

OUTLINE OF A SHORT-TERM PROGRAMME FOR JUNIOR EXECUTIVESReview of Foreign Trade

1. Trends in trade of the country
2. Composition of Trade
3. Direction of Trade
4. Trade and Tariff Policies
5. Need for export promotion

Planning for Exports

1. Suitability of the product
2. Personnel and organisation
3. Finding of the customer
4. Sources of Information
5. Desk Research
6. How to answer trade enquiry
7. Correspondence
8. Sales contract

Export Assistance

1. Institutional set-up
2. Export Incentives: subsidies, drawback of duties, import replenishment schemes, rebate of direct taxes, tax credit certificates, rail freight concessions, etc.
3. Assistance provided for market research, market survey, publicity, trade delegations, etc.
4. Release of foreign exchange for travel abroad

Pricing Policies

1. Pricing policies and pricing techniques
2. Price quotations: CIF, FOB, C&F, etc.
3. Quoting against tenders.

Publicity

1. Publicity media
2. Brand publicity versus Industry industry
3. Techniques of publicity
4. Participation in fairs and exhibitions

Export Finance

1. Supply and cost of export finance
2. Credit guarantee corporations and Export Finance

Export Payment Terms

1. Cash
2. Letter of Credit
3. Sales on Credit: DA & DP Terms
4. Consignment Basis
5. Deferred payment basis

Distribution Channel

1. Resident Sales Agent
2. The Agent Stockist
3. Selection of Agents
4. Foreign Distributors
5. Establishment of Subsidiaries
6. Wholesalers, Department Stores, Super Markets
7. Licensing Agreement
8. Aids to distributors, agents etc.

Packaging

1. Packaging for safe transit
2. Consumer Packaging
3. Designs
4. Quality Control and Freshipment Inspection
5. Product Development
6. Trade Marks and Patents

Shipping

1. Shipping Terms
2. Calculation of freight
3. Appointment of Shipping Agents

Market Information

1. Market Opportunities and Market Characteristics
2. Trade Practices
3. Tariffs
4. Health Regulations
5. Documents required by importing countries

Problems and Prospects of Major Items of Exports

1. Problems Related to marketing, such as Costs, Standards and Qualities, availability of supplies, etc.

Moving Merchandising for Exports

1. Import and Export Procedures
2. Documentation for Exports
3. Customs Clearance
4. Negotiation of Documents
5. Foreign exchange regulations.

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WORKING PAPER

PROMOTION OF FOREIGN TRADE : FINANCING OF INTER
COOPERATIVE TRADE

By : Mr. S. Saji
Director & Chief Foreign Manager
The Fuji Bank Limited
Tokyo. Japan.

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

jointly organised by

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pk/30th May, 1968

PROMOTION OF FOREIGN TRADE : FINANCING OF INTER
COOPERATIVE TRADE

By : Mr. S. Saji

Export Finance

- I. Outline
- II. Pre-shipment finance
 1. Bridge loan
 2. Export account
 3. Finance without loan
 - Bid bond
 - Performance bond
 - Surety bond
 4. Export trade bill system
 5. Export finance for small and medium enterprises
- III. Export finance after shipment
 1. Negotiation of export bills by city banks
 2. Loan facilities for foreign exchange fund
(Central Bank to city banks)
- IV. Long term credit for export
 1. Finance through Export-Import Bank of Japan
 2. Finance through Small and Medium Enterprises'
Finance Corporation

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Import Finance

- I. Outline. Letter of Credit
- II. Import trade bill system
- III. Import Usance
Freight Usance
Shipper's Usance
- IV. Domestic finance after usance
- V. Import finance through EXIM Bank of Japan

Financing in foreign countries

1. Outline
2. Uses of loan in foreign currencies
3. Stand-by credit

Finance for Overseas Investment

1. Finance by EXIM Bank of Japan
 2. The Overseas Economic Cooperation Fund.
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pk/June 11, 1968

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FINANCING OF INTERNATIONAL COOPERATIVE TRADE

By : Mr. S. Saji

The theme on which I am expected to talk to you is "Financing of International Cooperative Trade". But please forgive me to limit the items of my explanation to what we call usual commercial export and import financing system under which my Bank - one of the biggest commercial banks in Japan, is operating for the purpose of serving to our customers. Our customers are generally speaking merchants, exporters and importers, manufacturers and they are not particularly cooperatives.

In our country, most part of foreign trade business is handled by what we call "trading firms" - specialists companies in export and import business. As you know, Japan's giant cooperative organisation "ZENKOREN" or "ZENHANREN", purchasing or marketing federations of all Japan cooperatives are utilising their own wonderful subsidiary company "Cooperative Trading Company" for their international trade. But the total volume of ZENKOREN's and ZENHANREN's import and export business is so great that many of the commercial trading firms such as Mitsui, Mitsubishi, Marubeni, Cito, Nichimen, Nissho are functioning as their important agents.

Therefore, it might be of some interest to you to know something of our usual commercial way of foreign trade financing in Japan.

Please just look at the gist-items of my topics printed in your memo paper.

Export Finance

I. Outline : The financing of export trade is originally the business of commercial banks which finance exporters or manufacturers of the goods for export by giving financial assistance. But financial assistance given by commercial banks are not always quite satisfactory for promoting Japan's export. Therefore, Bank of Japan, our Central Bank gives special favourable treatment to export finance at low interest rates.

II. Pre-shipment Finance : I

1. Bridge Loan : In order to get the special favour treatment of Bank of Japan, exporter must demonstrate that his application for loan is quite acceptable to the requirements of conditions of Bank of Japan.

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But there are cases when an exporter needs fund fairly before he can fulfil the necessary evidence which Bank of Japan requires. Then commercial banks will make loan without direct relation of Central Bank. This kind of loan is often called bridge loan, because this is just like a bridge between actual time when fund is needed and the time when Central Bank will accept the special favoured treatment.

The period of time for this loan is usually short, but the rates of interest is not quite cheap. Compared to that of export trade bill rate which I will explain later.

2. Export Account : Sometimes commercial banks will give customers "overdrafts facilities" for export finance. In Japan, overdrafts facilities are not common in usual domestic finance. This simple and convenient system is utilised by some best group of exporters only. Commercial banks are not ready to do this with ordinary small merchants.

3. Finance without loan :

- Bid bond
- Performance bond
- Surety bond
- (Refundment bond)

4. Export Trade Bill System : In order to promote our export, Bank of Japan provides special treatment to export finance only when application for loan is equipped with necessary evidence.

Commercial banks can get refinancing from Bank of Japan for the export bills which they discounted for exporters accounts. In this case, banks must present the following papers to the Bank of Japan :

- i. a copy of actual export contract
- ii. or Order Sheet addressed to the manufacturer.

These papers are required to show the authenticity of transactions.

The Bank of Japan will give the best favourable low rates when a copy of irrevocable letter of credit is presented and the period of the export bills maturity is less than 90 days. If not, the rates will be 4.38%. These rates are rates given to Commercial Banks, therefore, customers may be charged a little higher than those.

Anyway, if you compare the ordinary interest rates currently applied for domestic financing which are something around 7-8%, these 4%-4.38% are surely cheap rates. This will show you that, in Japan international trade finance receives special care and attention from the Central Bank and from commercial banks.

5. Export finance for small & medium enterprises : Small and medium enterprises will be financed by the special governmental finance corporation or by the Credit Insurance Corporation under specified conditions.

Credit standings of these firms are not good enough for getting favourable terms from banks. But such special governmental finance corporation will encourage their export business when they have a reasonable good export contract with foreign buyers. These special governmental corporations will even give them equipment financing. Very concrete examples are: porcelain industry; metal toys, smoking goods manufacturing, celluloid plastic industry, man-made flowers, man-made pearls manufacturing. These industries are considered important export contributors by hand of small enterprises in Japan.

III. Export finance after shipment :

1. Negotiation of export bills by city banks : This is very simple. Exporters are generally drawing their drafts or bills on foreign buyers, and present to the city bank together with shipping documents. Banks negotiate these bills and exporters can get the proceed of their export. Banks must send these documents to importing country for collection and this can be called a type of financing.

2. Loan facilities for foreign exchange fund :
(Central Bank to city banks)

Sometimes export bills are not at sight basis. Expiry dates of bills are 5-6 months after sight. When commercial banks discount these export bills will usance within one year period, the Bank of Japan under certain conditions, makes loan to such commercial banks against such export usance bills. The rates which Bank of Japan charges from city banks for the loan is very cheap - 3.65%. The reason why this special finance is made available is just to make it easy for both exporters and banks to finance export.

In Japan, all among financing system, export is given the first priority. Interest rates are generally low and banks are encouraged to finance exporters even in time of credit squeeze policy.

IV. Long-term credit for export

1. Long-term credits are extended by the Export-Import Bank of Japan, a government institution, for exports of plants, ships, etc. Such credits as a rule take the form of loans to exporters for periods of from 5-8 years.

In most cases, commercial bank or banks may participate in the long-term credits by EXIM Bank. EXIM Bank's share of loan amount is 80-70% of each loan and the remaining 20-30% will be jointly made by city banks.

As Japan's export is expanding in the field of technically complicated machinery, plants ocean-going vessels, this EXIM Bank's role is increasing very much, but because of the governmental nature of the bank, its fund resources are restricted by budgeting policy and allocation by the government.

2. Finance through small and medium enterprises finance corporation :

The basic idea of this financing system is the same as the one mentioned before in pre-shipment finance item 5.

In order to help small business, our government has established this special long-term credit for export.

Import Finance

I. Outline

Being short of natural resources, Japan must import many items of raw-materials and foodstuffs from abroad. Therefore, finance for import is very important for the smooth running of our economy.

The most common way of import finance may be "opening of letter of credit" at the request of our importers. City banks give the fine assurance to the foreign exporter by means of letter of credit that an importer is reasonably capable of paying for the goods he buys.

Letters of Credit are really convenient tool in international trade.

II. Import Trade Bill System

But an importer may need some finance facility for the settlement of import bills. In Japan until the year 1965, Bank of Japan made loan to city banks, which granted credit to importers for settlement of import bills. The idea was to make available the fund from the Central Bank for import, because import of some raw-material is considered indispensable for our economy. This system was called "Import Trade Bill System", but this facility is suspended since January 1966. They say that compared to export, import may not need special care for finance, because international banking community is willingly prepared to supply credit facility.

III. Import Usance

- Freight Usance
- Shippers Usance

Japan commercial banks extend to importers usance facilities of within 120 days after the arrival here of documents. Such facilities are made available by banks through their own foreign exchange fund or through facilities which foreign banks give to Japan banks. But the rate of interest is very high - more than 8% for U.S. dollar. This reflects the very high level of interest rate in the world.

Freight usance is just for the purpose of giving the same facility to the payment of freight charge and marine insurance premium of imported goods. The term of usance and interest rates are the same as those usance of imported goods.

Shippers usance is a kind of usance given directly by the shipper abroad to the importer of the goods. This is outside of banks credit facilities.

IV. Domestic finance after usance

Sometimes, in case of raw-material import, an importer may need much longer time than say 120 days after arrival of goods, because he cannot get

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the proceed from the domestic buyer. ~~so soon~~ Take for example, iron ore will be sold to a steel mill, but it may take 200 days or more before steel mill can get money by making and selling steel plate out of iron ore. An importer of iron ore must wait and must get additional finance after import, usance maturity of 120 days only. This is an example of domestic loan extended to importers from city banks.

V. Import finance through EXIM Bank

The EXIM Bank of Japan, whose function was explained in export finance, will extend the loan for import. The import goods against which the EXIM Bank loan is extended are at present limited to metallic minerals, phosphate rock, salt, coal, lumber and iron scrap. All of these commodities are considered very important for our industrial material.

Financing in foreign countries :

Under the present foreign exchange control system, Japanese trading firms abroad are not quite free to obtain their necessary foreign currency fund from their home office in Japan. In this respect, Japanese commercial banks, which are authorized for exchange business, are giving financial assistance through their London, New York or other overseas branches to their customers. But the available amount from Japanese banks may not be quite sufficient for customers expanding business. Therefore, Japanese firms abroad may ask us Japanese banks to stand as guarantor banks against their borrowing from foreign banks. We issue what we call stand-by credit in order to strengthen the credit standing of Japanese firms abroad. This, we call "stand-by credit" facility, and this is a very useful tool for financing in foreign countries.

Finance for Overseas Investment

The Export-Import Bank of Japan finances Japanese companies for those of their investments abroad which have the effect of expanding Japan's foreign trade and promoting economic cooperation with foreign countries.

In addition, the Overseas Economic Cooperative Fund was established in March 1962 to extend loans and to make investments for economic development chiefly in the South-East Asian countries. According to the present operational rule of the EXIM Bank of Japan, the foreign investment finance by the bank will aim at assisting Japanese investments for developing our overseas markets of export and import and for promoting economic relationship with foreign countries. The Bank will finance Japanese companies which will make direct investments abroad, or which will participate in joint venture with foreign companies, or which will make direct loan to the local companies under their managerial control. On some particular cases the Bank can extend even to a foreign government. Only when the foreign government has a special direct relationship in doing business with Japanese companies.

The Bank's investment to Brazilian government bank for developing Udminas Iron Works is an example.

The Overseas Economic Cooperation Fund has as its fundamental function to supply financial assistance to what we call "Development Projects" which are essential to contribute to the economic development of foreign countries,

and important to promote economic relationship of countries with Japan.

These projects are not always profitable from commercial point of view and ordinary financial institutions like banks will not be able to finance these projects. This Cooperation Fund has special meaning in this "not-always-commercial" nature of financing. So, compared to the EXIM Banks operation, the fund's main activities will be directed towards the development projects in the under-developed areas of the South-East Asia. I am not a specialist of the kind of finance, but you may get better information from the fund.

Now, I think I almost finished with my very roughly prepared explanations of our financing system for international trade in Japan. As I told you at the beginning, my explanation was rather limited to usual commercial side of foreign trade financing, commonly performed by our commercial banks.

As regards the important aspect of cooperative finance, we have in this country a very strong and well-organised financial net work of agricultural credit cooperatives, fishing credit cooperatives and as their nationally unifying institute, we have a Central Cooperative Bank for Agriculture & Forestry. Their financial capacity is really a very strong and they are contributing to the promotion of cooperatives activities very widely.

But, according to our present regulation, foreign exchange business is under strict control and only 12 commercial banks are permitted to perform the full scale international financing including exchange business as well as import-export settlement.

That is the reason why I could not tell you much about the purely cooperatives die of foreign trade finance. Many of the trading firms are always trying to be of service to our cooperative organisations as their agents. The same is true of commercial banks.

We are trying to be useful and contributing to the development of cooperative activities in any way possible, because cooperatives are very important customers of our Bank.

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MEASURES TO ACCELERATE THE GROWTH OF COOPERATIVE FOREIGN TRADE :

ROLE OF NATIONAL COOPERATIVE ORGANISATIONS

By : Mr. Hitoshi Orii
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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pk/6th June, 1968

MEASURES TO ACCELERATE THE GROWTH OF COOPERATIVE FOREIGN TRADE :
ROLE OF NATIONAL COOPERATIVE ORGANISATIONS

By : Mr. Hitoshi Orii

- I. Agriculture and Agricultural Cooperative Movement of Japan.
 - A. Characteristic Features of Japan's Agriculture
 1. Smallness of the scale of farm operational unit: 2 acres of average arable land per farm.
 2. Concentrated input of fertilizer.
 3. Farm operation by family labour.
 4. Decrease of farming population: The number of farming population is decreasing year after year along with the growth of the economy. In view of making up further decline of farming labour force by increasing the already high level of land and labour productivity, increased capital equipment of farms is required.
 5. International aspect of Japanese agriculture : As national income increases, demand for livestock, fruits and vegetables are expected to expand further, which will bring about the sizable expansion of farming operation of these products. However, due to the limited areas of farming in Japan, large amount of import of feedingstuffs such as maize and sorghum will be inevitable and dependence on foreign supply of fertilizers like phosphate rock and muriate potassium will be strengthened. Furthermore, it is quite likely that agricultural products such as fruits and processed goods by farmers and agricultural cooperatives will be shipped to foreign markets in the future. Relations with other countries' agricultural industry will be strengthened as manufacturing industry of Japan further develops and more farm inputs of excellent quality produced for exports.
 - B. Agricultural Cooperative Movement of Japan.
 1. Notable feature of Japan's agricultural cooperative movement is that almost 100 per cent of the farmers are affiliated to the cooperative societies. There are two distinctive type of local cooperative societies. One is what is known as multi-purpose societies which conduct multi-business such as credit, marketing of farm products, supply business, provision of facilities for joint or cooperative utilization by farmers, and insurance other than crop. The other is the type that engage with special activity such as livestock, vegetables, etc. and hence

are called specialised societies. Multi-purpose societies are predominant in the movement and they number 7,200 today.

- 2. These cooperative societies are of course organised with a view to protect the interest of their members. They are conducting a wide range of activities in order to protect and promote the economic, social and cultural level of the members by coping with the given order of capitalistic economy.
- 3. However, local societies alone can not be expected to do much to attain the objectives of the movement, by functioning efficiently and effectively in the current surroundings of Japan's economy with its present day stage of development. That is to say that cooperative federation could play an important role in balancing demand and supply of fund, in providing long-term low interest for improvement purpose of production structure, facilities for examination, inspection and appraisal of the standard and quality of production inputs, distribution centres of agricultural products and production inputs, stronger bargaining power by bulk purchase, repairing plants for farm machinery and automobiles, processing plants and distribution facilities for feedingstuffs, or in the field of livestock, supply of calves, piglings, and chickens, and provision of facilities in such field as assortment, preparation, processing, packing, storage and transportation of agricultural products for better marketing.
- 4. The primary cooperative societies jointly form prefectural federation by acquiring membership. The prefectural federations of agricultural cooperatives in turn form national federation. National federations are organised on the business and functional basis and are conducting wide range of economic activities for the interests of member federations as well as indirectly for primary societies. One cannot think of strengthening the functions of cooperative federations without taking into account the promotion of cooperative international trade, and of bargaining position by bulk transactions.

C. Outline of the activities of Agricultural Cooperative Movement of Japan:

Agricultural cooperative movement of Japan recorded in 1966 the following performance in various business fields:

deposit :	10 billion yen
supply :	2.7 billion yen
marketing:	5.4 billion yen.

The following is the break-down of the supply business :

fertilizer	:	20%
feedingstuff	:	34%
farm machines	:	10%
living commodities:		26%
Total :		<u>100%</u>

As will be seen from the above figure, the production inputs occupy 74% of the total business while the rest of 26% accrues to living necessities. The

business value of Zenkoren in 1966 recorded 1.4 billion yen. The position of local multi-purpose societies in rural markets is considerably high with the marketing share of fertilizer 85%, with feedingstuff 40%, with farm chemicals 75%, with farm machines 35%. However, the share of agricultural cooperatives in living necessities markets is only 15% due mainly to the fact that there are so many commodities and even commodities of similar utility are rich in kind.

II. Activities of cooperative federation and inter-cooperative trade:

Prefectural federations of cooperative societies are organised on regional as well as on functional basis. They are conducting a wide range of activities in order to cope, in the interest of the members, with private capitals which are accelerating their steps towards oligopoly in pursuit of monopoly profits.

A. Supply business of Zenkoren :

As has been mentioned previously one of the characteristic features of the Japanese agriculture is the concentrated input of fertilizer, the distribution of which, however, has long been controlled by cartel formed by big domestic capitals. Zenkoren of course has strive together with the farmers or consumers and cooperative societies throughout the nation towards improving its bargaining position as a buyer in the market. One of the example of such efforts is the challenging action against monopolistic price of fertilizer by initiating direct import on a full-fledged scale of potassium and phosphate rock in 1958, and continuous increase of buying from foreign sources since then. Zenkoren is making good service to the farmers, contributing to their benefit by gaining favourable bargaining position to fertilizer firms. In other words, Zenkoren supply fertilizer materials to those processing firms as a bulk supplier. Zenkoren's import of potassium in 1966 was 600,000 tons or 60% of the total import to Japan, that of phosphate rock in the same year, amounting to 1,050,000 tons or 45%. Now that Zenkoren has gained such position in the supply market of fertilizer materials, it stand on favourable bargaining position to the fertilizer firms. Thus, it could made good contribution to the benefit of the farms. Zenkoren's import potassium import was initiated in 1955 with the initial trade partner, Germany and France followed by U.S.A., Canada, Israel, U.S.S.R., etc. Zenkoren imports phosphate rock from such countries as U.S.A., Israel and countries of Africa. Demands for livestock such as milch cows, broiler, pigs are on the notable increase. As livestock industry expands there is observed an increased of demand for feedingstuffs, and growth rate of mixed feed demand has recorded 15-18 per cent in recent years. The total volume of demand in 1966 reached 9,500,000 tons. Principal components of mixed feeds are maize and sorghum and the import of these two commodities alone accounted for 5,000,000 tons. Zenkoren's import of feedingstuff materials in 1966 recorded 3,600,000 tons and occupied 38% of the total import into Japan. There are as many as 50 cooperative fertilizer processing plants throughout the country and further construction planning are under consideration.

Zenkoren imported 1,200,000 tons of maize in 1966 from such countries as U.S.A., Thailand, Argentine, South Africa, and Continental China. Import of sorghum was approximately 1,000,000 tons, mainly from U.S.A. and partially from Argentine and that of alfalfa-pellet 150,000 tons from Argentine

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and import of this product is likely to increase in the near future. In view of increasing import and with a view to stabilize shipping freight as well as to rationalise transportation, Zenkoren has allocated colossal ships of 40,000 tons capacity for grain transportation from U.S.A. (There are two ships on voyage today and there will be two more sailed in 1969 and those four boats will be sailed on well calculated basis.). Besides, Zenkoren is constructing bulk silos with the capacity of 40,000 to 50,000 tons at three unloading ports.

B. Development of Inter-Cooperative Trade :

Before Zenkoren initiated direct import engagement, it had bought indirectly through domestic and overseas trading firms. It has, however, long strived toward breaking ground for direct import, especially by establishment of trade contract with the cooperative body of the oversea's market. Inter-cooperative trade has, since 1910, been discussed by concerned circles and efforts have long been made. It was not until 1957 when the 10th ICA Congress was held at Stockholm that inter-cooperative trade was realized. Japanese Agricultural Cooperative Movement has, since it regained the membership of the ICA after the World War II, been making positive effort for the promotion of inter-cooperative trade in line with the Resolution of the Congress. On the basis of that understanding it has established Japan-Thai Joint Committee with Thai partner where trade promotion has been discussed and annual transaction plans formulated centering around maize import to Japan. We have trade contact with three cooperative bodies of Argentine also, namely, ACA, FACA, AFA. We have had regular meetings since 1963 with these bodies where we discussed the trade promotion of maize and grain sorghum. The import in 1966 from Argentine amounted to 120,000 tons. We have had meetings with FEC and PEC of U.S.A. on import of maize and grain sorghum recently. We are making effort to promote trade relations with India, in which we are finding out the possibility of importing molasses and groundnut meal. Although these imports are yet minor part of Zenkoren's total import, but they are gaining more importance both in volume as well as quality-wise.

C. Development of UNICOOPJAPAN and its activities :

Along with the development of Japanese agriculture, there has been a growing demand for production inputs and materials and dependence of Japanese agriculture on foreign supply source is increasing day by day. Agricultural cooperatives, as advance guard of farmers, have long felt the need of obtaining favourable bargaining position by emerging itself as a bulk importer in the markets, on the one hand, and that of finding overseas outlets for domestic products on the other. Zenkoren, with this view in mind, together with Zenhanren, National Federation of Fishery Cooperative Associations, National Federation of Forestry Cooperatives and other cooperatives, have established UNICOOPJAPAN, which had since been operating as cooperative trade organ of Japan's Agricultural Cooperative Movement. UNICOOPJAPAN, since its inception, has been making effort, in line with the Resolution of the ICA Congress, for the promotion of inter-cooperative trade. It is functioning as trade organ of Zenkoren with such countries as Thailand, Argentine and India. UNICOOPJAPAN is playing a major role in further development of trade relations with cooperative

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bodies of U.S.S.R., Czechoslovakia, West Germany, Iceland, Italy, Pakistan, Australia, New Zealand, Indonesia, Korea, Canada, etc. The business performance of the UNICOOPJAPAN in 1966 was 38,500,000 dollars.

III. Inter-cooperative trade and the Role of Cooperative Federations :

Cooperative movement of the nations, despite difference-s in historical background, have common objectives. What inter-cooperative trade aims at are guarantee of peace and security in international society, enhancement of living standard of mankind. This common spirit of cooperative movement is inherited with development of the movement and which has to be crystalized by mutual trust and understanding.

The development of inter-cooperative trade can facilitate the flow of goods from those nations which are rich in resources to the less favoured nations. It can also help in relieving the nations from pressure of monopolistic prices by trust and cartels.

Development of inter-cooperative trade will not only deepen mutual understanding among cooperatives of different nations, but also will strengthen the movement in each country and which will lead cooperatives to play an important role in promoting international relations. All such roles can be initiated by the national federations in different countries.

The activities of the cooperative federations of different countries are closely related to the policies and measures of the governments. It is not easy to maintain good relationship with government without losing the independence of the movement. However, to overcome this difficulty is of crucial importance for the promotion of inter-cooperative trade. Promotion of inter-cooperative trade will be possible only through concerted and organic efforts by the different cooperative federations of respective countries.

MEASURES TO ACCELERATE FOREIGN TRADE OF COOPERATIVES

GOVERNMENT'S ROLE

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
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INTERNATIONAL COOPERATIVE ALLIANCE
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MEASURES TO ACCELERATE FOREIGN TRADE OF COOPERATIVES'
GOVERNMENT'S ROLE

By : Mr. H.D. Shourie

I. INTRODUCTION

International trade has increasingly become a specialised activity and demands the development of expertise and resources of export enterprises in the developing countries. Its complexities range over a number of factors such as trading policies, tariffs and non-tariff barriers, regional groupings, requirements of sophisticated designs and packaging, application of modern techniques of marketing, problems of shipping and freight etc. With the emergence of new sources of supply, growth of synthetic substitutes and reduction in the use of raw materials due to technological developments, the problems of developing countries have been further accentuated. In the years to come the product mix is likely to get more complex, the manufacturing process will need constant effort of modernisation, the mode and manner of trade will require specialised development, overseas competitors will need to be met with comparable strategy, and the various problems of export marketing will need to be effectively overcome. These various requirements cannot be met through an amateurish or a generalist treatment of the export functions. Well articulated strategy has to be developed to make entry into the competitive and established trading channels and to meet the requirements of consumers overseas. These multifarious operations render it imperative that the exporting firms must be equipped with adequate expertise, capacity and resources.

Many changes are taking place in the techniques and methods of international marketing. The consumer tastes, preferences and requirements are becoming more exacting. The very concept of marketing is changing. Marketing in its modern sense no longer means merely the art of selling. It embraces a gamut of functions from consumer-oriented production to after-sales service. No longer is it a case of selling what one produces; it is more a case of evoking and stimulating the potential consumer demand and producing what the highly selective and sophisticated buyer may want to buy. Following characteristics of

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international business need special mention:

- i. Export business is mainly a large scale operation, whether it is handled directly by the manufacturer or through a merchant-exporter. The complexities of international trade, the intense competition in the world markets, often the low margin of profit, and the relatively large initial capital outlay, dictate the size of business operations. It is not surprising, therefore, that almost everywhere the export scene is dominated by the larger industrial and business houses.
- ii. Export trade generally necessitates a sizeable overseas organisational set up, whether one's own or of an agent. The export operation implies a close link between the producer and the consumer, and consequently, necessitates a net work of distribution abroad, besides an adequate organisational base at home.
- iii. Export operation calls for a measure of flexibility to combat intensive overseas competition, price fluctuations and other changing factors. This is achieved mostly by handling a wide range of export products, participation in domestic and import trade, etc., to provide cushion against any losses in export transactions.

It will be observed, therefore, that proliferation of small exporting firms possessing inadequate financial resources and competing among themselves can only lead to chaotic situation which will be detrimental to the long-term interest of export trade. They will never be able to match the resources and expertise of the giant exporting firms of the developed countries. The inter-se competition among these firms will inevitably lead to cutting of export prices, thereby reducing the foreign exchange earnings of the country. In order to improve the bargaining position it is necessary that the efforts of small enterprises be harnessed properly by pooling their resources for the purpose of export marketing.

One of the possible ways of developing competence among the enterprises for making an impact in the export field is by promoting the concept of collective functioning among them, which would enable them to combine together for undertaking various operations of export marketing. This collective functioning can take the shape of combines, cooperative groups or consortia. In this paper we will confine ourselves to the role of cooperatives in the field of foreign trade.

II. ADVANTAGES OF COOPERATIVES IN FOREIGN TRADE

The advantages of developing cooperatives in foreign trade are many. An efficient marketing cooperative will be instrumental in reduction of middlemen charges and other marketing costs for the benefit of both the producer and the ultimate consumer. This will increase the

competitive capacity of the cooperatives and enable them to quote lower prices. The producers and manufacturers will gain by securing remunerative prices for their produce and manufactures. As compared to smaller enterprises, the cooperatives enjoy economies of large scale marketing which enable them to undertake more effective promotional and selling activities at lower costs, including systematic market research, product development, advertising and publicity, participation in trade fairs and exhibitions, appointment of agents abroad etc. Through large turnover and wider product range, cooperatives can command more economic and efficient functioning. Members of the cooperatives, by entrusting the various functions of export marketing to the cooperatives, will be in a position to devote greater attention to the problems of designs, quality, packaging, cost reduction, after-sales service and optimum utilisation of capacity. The specific areas of marketing in which cooperative effort will pay dividends are:

- i. Collection, interpretation and dissemination of market information is a function well suited for carrying out jointly. Information regarding the market opportunities, pricing, packaging and design would be of immense use to members of the cooperatives.
- ii. On the basis of data collected through market surveys and market research, the cooperatives can identify and select the range of products out of those produced and manufactured by the members. In making selection of the products there would be some difficulties, but they can be resolved by mutual consultation.
- iii. The cooperatives will be able to invest money in improving the designs and packaging of the goods which are exported by them. As distinct from the individual manufacturers, the cooperatives will be in a better position to employ competent designers for adapting the products to the export markets. They will also be in a position to provide the packaging services to constituent units for ensuring high standards of packaging.
- iv. Designing, preparation and printing of sales literature is a specialised function involving considerable expenditure. Through the cooperatives it will be possible to bring out catalogues and sales literature for the products of the members, thereby reducing the cost. The sales literature can project the common brand of the cooperative or publicise individual brands of the members.
- v. An important operation of the cooperatives can be by way of collective participation in exhibitions and trade fairs abroad. Facilities can be provided by the cooperatives to their members to display their products in a common stand or alternatively the cooperatives can exhibit the products directly.

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- vi. The cooperatives can render positive assistance by providing finance to the members for buying inputs and for improving the methods of production. Arrangements for checking of credit references, securing export credit insurance cover and arranging the finance would be undertaken by the cooperatives.
- vii. Cooperatives can also play an important role in providing after-sales service to the consumers. Small exporters are not in a position to provide after-sales service and guaranteed supply of spare parts. The provision of after-sales service has assumed a very important role in attracting customers and maintaining the overseas markets.
- viii. Cooperatives will enable more concentration on sales tours abroad by competent sales personnel employed by them. Whereas it would normally be difficult for individual small firms to establish offices abroad it will be more feasible for a cooperative organisation to explore the possibility of setting up such offices.
- ix. Cooperatives can also help in building up the infra-structure for exports. It has been noticed that very few individual firms are in a position to build up infra-structure in the form of constructing roads, connecting the supply sources to the port of shipment, mechanisation and modernisation of production operations, construction of warehouses, etc.
- x. Cooperatives can help in stabilising prices of imported items, the prices of which fluctuate widely in the market, by importing them in large quantities. Canalisation of imports through cooperatives will improve the bargaining position of developing countries and will result in saving of foreign exchange.
- xi. In view of the lucrative home market the producers and manufacturers of many developing countries have hardly any interest in building up exports. If cooperatives are introduced in foreign trade they will be able to procure the surpluses and export them, thereby earning foreign exchange on a more enduring basis.
- xii. The cooperatives can also play vital role in production, standardisation and quality inspection of the products exported by them.

It will be evident from the above that cooperatives have a purposeful and important role to play in the field of foreign trade by promoting and expanding production, improving marketing skills and by rationalising distribution systems. The promotion of trade by cooperatives in developing countries will contribute to the social and economic development.

III. WORKING OF COOPERATIVES IN THE FIELD OF FOREIGN TRADE IN SELECTED COUNTRIES

Although cooperative movement has been quite successful in certain fields of economic activities such as housing, farming, fishing, credit, distribution, marketing etc., their participation in foreign trade has been inadequate. In most countries the cooperatives account for only a very small share of the total foreign trade. In India the cooperatives have exported items like bananas, onions, chillies, grapes, oranges, mangoes, handicrafts, etc. The share of cooperatives in the export of individual items may be substantial, but collectively the exports through cooperatives constitute a negligible share of India's exports. In the import field the cooperatives have handled items like dry fruits, dates, cauliflower seeds, etc., but the quantum of imports effected through cooperatives has been very small.

In some countries cooperatives have made fairly good progress in the field of foreign trade. In Denmark, 66 per cent of the total butter export is effected by the Cooperative Butter Export Organisation. Cooperative Egg Society accounts for about 34 per cent of the total Danish egg exports. The Cooperative Cattle Export Association handles more than 40 per cent of the meat and cattle exports. The National Agricultural Cooperative Federation in Korea has been importing items like chemicals, machinery, pesticides, vegetables, seeds, maize, rice etc. In Japan, the National Marketing Federation of Agricultural Cooperatives has been exporting agricultural and horticulture products such as tangerine, preserved fruits, seed potatoes, apples, eggs etc. The National Purchase Cooperative Federation of Japan is importing food stuffs, fertilizers and other raw-materials. In Philippines, the cooperatives are importing fertilizers, farm equipment, etc.

Mention may also be made of other cooperatives like Nordisk Andelsforbund (NAF), Scandinavian Cooperative Wholesale Society. The NAF comprises six cooperative wholesale societies, one each in Denmark, Iceland, Norway, Sweden and two in Finland. The main objective of NAF is to make available to its member organisations the advantages of economies of scale by resorting to centralised buying on their behalf. The NAF mainly imports dry and fresh fruits, tea and coffee, spices, pulses, rubber and raw materials for oil and margarine industries. The Nordisk Andlesekseport (NAE) is the organisation concerned primarily with exports. The fundamental objective of NAE is to find outlets for goods manufactured by cooperatives in Scandinavian countries. The establishment of NAF and NAE has resulted in the increased cooperative exchange of goods within the Scandinavian countries.

There is another cooperative organisation called the International Cooperative Petroleum Association (ICPA) which is concerned mainly with the development of cooperative action in the field of petroleum distribution, production and processing. In Sweden, a National Cooperative Petroleum Association serves the community through an extensive net work of distribution outlets. In U.A.R. more than 50 per

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cent of the petroleum products sold in the country are distributed by the ICPA member societies. In United States cooperatives own certain refineries, oil fields etc., and a substantial percentage of the petroleum products used by agricultural consumers is supplied by the cooperatives. The ICPA has broken new ground by also emerging as a manufacturing enterprise. It is now in a position to formulate plans for its entry in the fields of fertilizers and agricultural chemicals. The close working of ICPA with the operations in developing countries, in which most of the marketing is done through state owned companies, lends support to the cooperative sector in export marketing. Cooperative efforts are at present being made for setting up a nitrogen fertilizer plant in India, in collaboration with the American cooperatives. If it materialises, this project will be the world's largest international business transaction by cooperatives.

IV. HANDICAPS OF COOPERATIVES IN FOREIGN TRADE

The reasons for inadequate participation of cooperatives in foreign trade are many and varied. The firm hold of private enterprises and the increasing role of state undertakings in most of the developing countries is an obvious limitation to the growth of cooperatives in foreign trade. The private enterprises are well established and have long connections with the importers and distributors abroad. They possess the requisite expertise in handling the various operations of export marketing. The cooperatives, on the other hand, are new in the field of foreign trade and lack experience, technical know-how and resources.

In the field of foreign trade cooperatives have mainly been dealing with agricultural commodities. In agricultural commodities the world trade is practically stagnant and is in fact declining. Increasingly, substitutes are developing for various commodities, and new sources of supply have come into existence. Prices of agricultural products are prone to fluctuations and terms of their trade are continuously deteriorating. These commodities face the problems of inelastic demand and supply conditions. They also face other problems such as quota restrictions, customs barriers, price support policies, subsidies to the farmers, strict health and sanitary regulations and other obstacles to the imports in developed countries. Cooperatives engaged in the foreign trade relating to agricultural commodities have necessarily to face all these various problems.

Lack of competent and efficient personnel is another limitation to the development of cooperative sector in foreign trade. There is dearth of competent personnel in this field and generally facilities are not provided to the cooperative personnel for undertaking executive development programmes.

Another factor which hampers the growth of cooperatives in the area of foreign trade is that the cooperative movement is not sufficiently developed on scientific lines in all countries. The movement is not yet comprehensively integrated so that strength and viability could exist between the various tiers of the cooperative structure. This integration is indispensable in developing large scale foreign trade for the benefit of constituent members and the producers and manufacturers. International trade on cooperative basis needs a sound and well integrated cooperative marketing sector and equally sound producers cooperative sector for ensuring continuity of supply for exports. It is obvious that unless the national cooperative movement builds up a strong apex marketing organisation vitally connected with the primary cooperatives in the field and capable of commanding other cooperative services such as credit, storage, processing, transport, etc. the cooperatives will find themselves in weak position vis-a-vis the other exporting agencies. The establishment of close contact between the national cooperative federations of various countries would also greatly help the promotion of trade on cooperative lines.

One of the basic requirements of export marketing is the provision of systematically collected and scientifically analysed marketing intelligence. Information on a continuing basis should be available about the prices of competing products, shifts in demand, requirements of taste and style, consumer preferences, promotional efforts of other countries, packaging requirements, design and quality requirements, terms of payment, channels of distribution, freight rates etc. It is of paramount importance that the cooperatives in the field of foreign trade must be equipped with the capacity to secure required marketing intelligence.

Financial resources will need to be adequately built up for enabling the cooperatives to participate in foreign trade. The pattern of world trade is now such that credit needs to be extended at the various stages of production and export marketing, including pre-shipment credit and post-shipment credit. The cooperatives participating in foreign trade will need to be assured the availability of credit facilities to an extent which would make them viable organisations in competition with the merchant-exporters and manufacturer-exporters.

V. MEASURES TO DEVELOP COOPERATIVES IN FOREIGN TRADE

From the above it is evident that cooperatives can play an important role in the development of foreign trade of a country. There are several factors which handicap their growth and which will have to be effectively overcome for facilitating the participation of cooperatives in the area of foreign trade. Considering that the cooperative trade is conducted in the interest of economic and social development, there is obvious justification on the part of national governments to extend all possible facilities and encouragement to the cooperatives for increasingly assuming the responsibilities of foreign trade. It is also necessary that assistance for this purpose should be

forthcoming to the developing countries from the developed countries as well as international sources.

Action by National Governments

National governments of developing countries should provide funds on easy terms to the cooperatives. Government assistance can be in the form of participation in the share capital, marketing assistance at various levels and provision of grants-in-aid facilities. The degree and duration of such assistance should be related to the goal of evolving a well balanced and integrated cooperative structure in the national economy and to the consideration that development of cooperative trade benefits both producers and consumers. Governments should also provide necessary capital for setting up export-oriented processing units. In the initial stages the governments may have to support the cooperatives by underwriting the losses which the cooperatives may incur due to price fluctuations or other factors operating in international markets. Funds would also need to be provided to the cooperatives for carrying out market surveys, sponsoring of trade delegations, despatch of samples, improving packaging techniques, procurement of tenders, etc.

Cooperatives should be given ample opportunities for operation on an economically substantial scale. For this purpose cooperatives may have to be given exclusive rights for the export of certain items which require bulk handling, grading, standardisation, etc., and also the rights to import such items which are in short supply and yield a good margin of profit in distribution. Wherever governments might intend to canalise imports and exports they should consider entrusting the work to the cooperatives as their agents. This kind of preferential treatment to the cooperatives will help them to stabilise in international markets. Cooperatives should also be given the requisite allocation of foreign exchange for import of equipment needed for improving designs and packaging and also for import of technical literature, samples, etc.

National governments can also make a contribution to the promotion of cooperatives by providing them the status of export houses and extending to them all the facilities available under such schemes of recognition. Measures of this nature will gradually enable the cooperatives to become focal points for organising exports.

International trade is a two way traffic and, therefore, barter arrangements between the cooperatives in different countries should be permitted. This will help the development of mutual trade on cooperative basis. Representation to cooperatives on government advisory bodies, trade councils, export promotion councils, etc. should also be given.

In the fulfilment of trade obligations under the trade agreements entered into with other countries, particularly the socialist countries, the national governments should use cooperatives for more effective participation in foreign trade. Cooperatives acting as an instrument

for implementing the foreign trade policy of the national governments will be an appropriate agency to fulfil various provisions of the trade agreements.

Cooperatives can participate effectively in external trade only when they have an adequate cooperative marketing base to depend upon, and for this purpose national governments should encourage the primary societies to undertake marketing operations. If the primary marketing societies work merely as commission agents between the selling members and the actual buyers in the local markets, the federal organisations cannot derive support from the primaries for undertaking external trade. This integration of the cooperative movement is an indispensable factor in developing large scale external trade.

Suggestions have also been made that cooperatives should be encouraged to acquire ships of their own to overcome the difficulties experienced by them in the procurement of shipping space and operation of freight rates. This suggestion might be an ambitious one at the present stage, but its attainment would need to be kept in sight for effective participation of the cooperatives in external trade.

It will depend on the quality and calibre of the personnel and executives responsible for the conduct of cooperative foreign trade. The national governments should, therefore, help cooperatives in getting their executives trained in export techniques. If necessary, expenses incurred in this regard should be borne by the government.

Action by developed countries

The developed countries should give preference to the cooperatives in making purchases of raw-materials, processed food products and manufactures from the developing countries. Special quotas can be earmarked for imports from the foreign trade cooperatives of developing countries. Barter and link arrangements can be encouraged between the cooperatives in the developed and developing countries.

An important role can be played by the developed countries in helping to establish processing facilities by cooperatives in the developing countries. Financial assistance and technical know-how can be extended to them for setting up manufacturing facilities in the cooperative sector. The production of such enterprises, which are established in the cooperative sector with the help of the developed countries, can even be underwritten by them. Terms of collaboration can be softened for enabling the cooperatives to utilize the opportunities of industrial development.

An important field where developed countries can help the cooperatives is the provision of training facilities to their foreign trade personnel. The developing countries do not have adequate facilities for imparting knowledge of export marketing techniques to the cooperative personnel. The developed countries should sponsor

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candidates employed in cooperatives for training in business schools and training institutions. They can also help the cooperatives by sending their experts with the objective of developing experts in different lines of foreign trade. Provision of marketing intelligence is another field where help can be extended by the developed countries. Information regarding marketing requirements, sources of supplies, foreign trade regulations, tariffs, general trading conditions, channels of distribution, assistance regarding sales promotion, advertising techniques, etc. can be provided by the developed countries. The names of cooperatives can be placed on their mailing lists for regular issues of trade reports and publications giving information on tenders, prices, quotas, etc.

Action by International Agencies

The role of international assistance is also vital for the growth of cooperative export sector. Various services can be generated at the regional and international levels for facilitating feasibility surveys, establishment of technical units in the national cooperative organisations, provision of opportunities for joint ventures in the cooperative sector, supply of capital equipment and other materials, and provision of facilities for training. International assistance would also be very valuable for setting up processing industries whose products are specifically earmarked for export markets. At the international and regional levels assistance can also be extended by promoting mutual contacts between different cooperative agencies, facilitating barter and link arrangements, persuading the developed countries to liberalise their imports of commodities and products from cooperatives in the developing countries. Assistance can also be extended in the compilation of trade directories providing marketing information etc., supply of machinery and other materials which are not available within the country and which cannot be acquired from abroad out of the normal foreign exchange earnings.

The International Cooperative Alliance has a particular role to play in providing a platform to the cooperatives of the world for the exchange of information and experience and for facilitating the development of cooperatives for participation in foreign trade. The regional and international banks should also be persuaded to increasingly extend financial facilities to the cooperatives in developing countries.



STATEMENTS MADE BY DELEGATES FROM INTERNATIONAL ORGANISATIONS

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INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43 Friends' Colony, New Delhi 14

pk/4th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

Statement by Mr. A. Ochiai, ICFTU Observer

Mr. Chairman, Honourable delegates:

On behalf of the Asian Regional Organisation of ICFTU, I would like to express my sincere appreciation to be able to obtain the chance of greetings on this occasion.

I have heard that this conference would discuss the problems of promoting and developing of cooperative trade in South-East Asia even including the details of technical matters. In this regard, I am convinced that this conference would influence greatly to movements of Asian cooperatives. Enlargement of trade depends upon in all sense whether each developing country in the region succeed in realising stable nation in real sense. Now everywhere it is said among independent developing countries that trade is much more desired than aid. Looking to exportation of developing countries, difficulty comes out due to reduction of prices of agricultural produce and worsening to trade conditions. It is certain, in such a circumstance, that extreme significance is that we do our every effort to promote actively our trade in our own base, recognizing our historical responsibility. When we had ECAFE General Conference in Tokyo last spring, I asked great attention towards each government, having the reference of important role of cooperative movement in the economic development of Asian countries. What I stated there was because development of trade union and cooperative movement in the Asian countries could bring our success in every sense, which are surrounded by unfortunate circumstance, in comparison with developed and industrialised countries.

If I dare to say, side by side activities between trade unions and cooperative movements like wagon wheels might lead to the success of our programmes of establishment of our ~~social nations~~. In other words, these two movements would be pioneers of opening our brilliant future and bring social and economic development.

In such a sense, I appreciate highly that we could have this Conference and again appreciate you doing effort your own mission in the trade field. We, of trade unions, have had the economic conference on trade unions in New Delhi on last January, prior to the holding of the Second UNCTAD Conference.

That conference was to purpose of refreshment of our opinions as trade union members to the governmental meetings as much as possible. Of course, our effort would not lead enough success, but I do not intend to evaluate our activities by bigness or smallness of our result due to such a difficult conditions which we have at present time. What we need now, I think, is to continue our effort as much as possible, aiming at obtaining future enlightenment, without worrying daily troubles.

Lastly, I would like to finish my statement, saying that we could support and collaborate with cooperative movement as possible as we can and hope this conference would bear fruitful results.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
for South-East Asia
43, Friends' Colony, New Delhi 14

pk/June 4, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

Statement by Mr. S. Kaite, ILO Observer

It is a great honour and privilege for me to have been given this opportunity to attend the Conference on International Cooperative Trade in South-East Asia in the capacity of an Observer and to congratulate you at this opening ceremony representing the ILO.

With the permission of Mr. M.V. Madane, Chairman, taking advantage of this privilege, I would like to make a brief account of how our Organisation has been concerned with the cooperative movement in the World.

As all of the delegates here in this Conference may be aware, the ILO has been in close cooperation with the ICA for about 50 years, from the very inception of our Organisation, ILO, which was established in 1919. As early as in 1920, a cooperative service was created in the secretariat of the Organisation, which was then under the direction of Albert Thomas, a man who had many personal links with the cooperative movement. Thanks to this good start, our relationship with the ICA has constantly been maintained in the spirit of amicable cooperation for nearly half a century.

The work of the ILO in the field of cooperative may be classified roughly into four categories, namely:

1. research and information,
2. pooling of experiences,
3. formation of international standards, and
4. technical cooperation.

Among these kinds of activities of our organisation, I would like to refer very shortly to the third category, namely the standard-setting work. As you remember, in 1966, the General Conference of the ILO adopted an epoch-making international instrument on cooperatives, namely: "Recommendation concerning the Role of Cooperatives in the Economic and Social Development of Developing Countries (Recommendation No. 127)".

This Recommendation is designed to provide the Governments of developing countries, as well as the cooperators in the World, with the guidelines for furthering the effectiveness of cooperative institutions, in the present context of the economic and social development throughout the world. It should be noted, in the first place, that the scope of the said Recommendation extends to all types of cooperatives. Secondly, the

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Recommendation places its special importance on international collaboration, referring to "inter-cooperative exchange of goods and services".

In concluding my greeting, I hope that the Conference of this type of technical nature, where excellent delegates specialised in the international cooperative trade from the Asian countries have gathered together, will not only provide the chance to exchange practical experiences, but also will yield many constructive suggestions for the promotion of international cooperative trade, with a view to ensuring, in the cooperative spirit, the application of cooperative principles of universal character.



DAILY PROGRAMMES

PROGRAMME OF STUDY VISIT

pk/2nd June, 1968

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

PROGRAMME OF SOCIAL FUNCTIONS

Monday	June 3, 1968		Welcome lunch by IDACA.
Tuesday	June 4, 1968	1900-2030	Reception by The Japanese Joint Committee of Cooperatives at Chizanso.
Wednesday	June 5, 1968	1900-2000	Film Show at IDACA
Friday	June 7, 1968	1900-2030	Social by UNICOOPJAPAN
Wednesday	June 12, 1968	1400-2030	Entertainment by the National Agricultural Cooperative Organisations.
Thursday	June 13, 1968	1900-2000	Film Show at IDACA
Friday	June 14, 1968	1900-2100	Dinner by the ICA
Saturday	June 22, 1968		Farewell lunch by IDACA.

pk/June 2, 1968

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA

P R O G R A M M E

Monday June 3, 1968 1000-1200

Inauguration :

1. Welcome address by Mr. R. Okada, Managing Director, IDA/C.A.
2. Welcome address by Mr. J.M. Rana, Acting Director, ICA Education Centre.
3. Address by Mr. H. Yanagida, Executive Director, Central Union of Agricultural Cooperatives.
4. Address by Mr. Makato Mihashi, President, National Purchasing Federation of Agricultural Coop Associations (ZENKOREN).
5. Address by Mr. T. Ishiguro, President of the Japanese Consumers' Cooperative Union.
6. Address by Mr. R. Nonaka, National Federation of Fishery Cooperative Associations.
7. Address by the representative of the Ministry of Agriculture & Forestry.
8. Address by Mr. T. Ichiraku, President of the Research Institute of Cooperative Management, Tokyo.

Vote of thanks.

Chairman of the inaugural Meeting : Mr. M.V. Madane.

Tea break

Introductions

Working methods of the Conference.

- 0200-0500 1 Review of recent developments in cooperative marketing in countries of South-East Asia with special reference to exportable commodities - Statements by delegates and Observers.

Chairman : Mr. M.V. Madane

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pk/5th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

P R O G R A M M E

Wednesday , 5th June, 1968

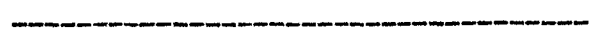
- | | | |
|-------------|-----------|--|
| 0800 - 0930 | 2 | Review of present foreign trade by cooperatives in the Region - An Analysis of the performance.

Introduced by : Mr. M.V. Madane

Chairman: Mr. R. Okada |
| 0930 - 1200 | 3 | Integrated cooperative marketing structure as a basis for successful international cooperative trade.

Introduced by: Mr. J.M. Rana

Chairman: Mr. I.H. Hunter |
| | Afternoon | F r e e |
| 1900 - 2000 | | Film Show at IDACA |



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pk/6th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA

P R O G R A M M E

Thursday 6th June, 1968

- | | | |
|-------------|---|---|
| 0930 - 1200 | 4 | Methods for assessment and collection of surpluses (both agricultural and non-agricultural commodities) from affiliates for export.

Introduced by : Mr. T. Ishii

Chairman: Mr. M.V. Madane |
| 1200 - 0230 | | Lunch break |
| 0230 - 0500 | 5 | Effective link up of imports with production and distribution activities in a cooperative movement.

Introduced by: Mr. H. Imai

Chairman: Mr. Woi Shik Shin |
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pk/7th, June, 1968.

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 2-22, 1968

P R O G R A M M E

Friday 7th June, 1968

- | | | |
|-------------|---|--|
| 0930 - 1200 | 6 | Some important factors governing international trade - quality control, grading, timely delivery, speedy communication, etc.

Introduced by : Mr. H. Nagasawa

Chairman: Mr. Monico-G. Yadao |
| 1200 - 0230 | | Lunch break |
| 0230 - 0500 | 7 | Some important factors government international trade - transport, storage, loading and unloading facilities.

Introduced by : Mr. H. Nagasawa

Chairman: Mr. C.R. Bogollagama |
| 1900 - 2030 | | Social by UNICOOPJAPAN |
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pk/10th June, 1968

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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

P R O G R A M M E

Monday June 10, 1968

0930 - 1200	8	Promotion of foreign trade: Effective market intelligence, sales promotion, advertising, etc. Introduced by : Mr. I.H. Hunter Chairman: Mr. Eddiwan
1200 - 0230		Lunch break
0230 - 0500	9	Promotion of foreign trade: Recruitment and training of personnel for cooperative trading organisations. Introduced by : Mr. H.D. Shourie Chairman: Mr. J.M. Rana

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pk/11th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
Tokyo (Japan) June 3-22, 1968

P R O G R A M M E

Tuesday June 11, 1968

0930 - 1200 10 Promotion of foreign trade : Joint
buying and export activities by
cooperatives in the Region - A panel
discussion.

Panel Members : Mr. N.S. Kulkarni
Mr. Abaid Ullah Sheikh
Mr. M. Murase
Mr. Wan Siew Seng
Mr. I.H. Hunter
Mr. S. Stanislaus

Chairman : Mr. M.V. Madane

1200 - 0230 Lunch break

0230 - 0500 11 Promotion of foreign trade : Financing
of international cooperative trade.

Introduced by : Mr. S. Saji

Chairman: Mr. M.V. Madane

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pk/13th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

P R O G R A M M E

Thursday June 13, 1968

- | | | |
|-------------|----|--|
| 0930 - 1200 | 12 | Promotion of foreign trade : Role of cooperatives in establishment of export-oriented industries.

Introduced by : Mr. S. Anania

Chairman: Mr. J.M. Rana |
| 1200 - 0230 | | Lunch break |
| 0230 - 0500 | 13 | Measures to accelerate the growth of cooperative foreign trade : Role of national cooperative federations.

Introduced by : Mr. H. Orii

Chairman: Mr. H. Togawa |
| 1830 - 1930 | | Briefing by Mr. R. Okada on arrangements connected with study visits. |
| 1930 - 2030 | | Film Show at IDACA. |
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pk/14th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

P R O G R A M M E

Friday June 14, 1968

- | | | |
|--------------|----|--|
| 0930 - 1200 | 14 | Measures to accelerate the growth of cooperative foreign trade : Role of governments.

Introduced by : Mr. H.D. Shourie

Chairman: Mr. Kahn Chuvarnond |
| 1200 -- 0230 | | Lunch break |
| 0230 - 0500 | 15 | Development of trade relations between cooperatives in the Region with those outside the Region.

Introduced by : Mr. M.V. Madane

Chairman : Mr. A.L.N. Moorthy |
| 1900 - 2100 | | Dinner by the ICA at "Zisaku". |
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pk/15th June, 1968

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

P R O G R A M M E

Saturday June 15, 1968

0930 - 1200	16	Role of international agencies in developing cooperative foreign trade. Introduced by : Mr. M.V. Madane Chairman: Mr. Eric Ericsson
1200 - 0500		F r e e

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ITINERARY OF FIELD VISIT TO TOCHIGI PREFECTURE

June 16 - June 20

- 16 Sun. 13:00 Bus leaves IDACA for Asakusa Railway Station
 14:36 Romance Cargo "Third Kinu" leaves the station
 19:29 Arriving at Kinugawa Station
 ---stay at Asaya,
 Kinugawa Spa
- 17 Mon. 8:00 Leave the hotel
 9:20 Arriving at Utsunomiya City (Capital City of the
 Prefecture)
 Visit to Prefectural Union, Prefectural Federations including
 Economic, Credit etc.
 (Lunch at the Union)
 16:00 Visit to Training Centre of Agricultural Cooperatives
 and to Machinery Centre of Prefectural Economic Fed.
 18:20 Arriving back to the hotel
 ---stay at Asaya
 Kinugawa Spa
- 18 Tues. 8:00 Leave the hotel
 9:20 Visit to LPG at Nishikawa Town ---9:50
 10:50 Visit to Mashiko Town to see Mashiko Pottery and
 Rythem Clock Firm ---13:00
 (Lunch at the Drive-in)
 14:00 Visit to Mizuhashi Rice Centre ---15:00
 17:30 Arriving at Shiobara Spring Resort
 ---stay at Juen
- 19 Wed. 9:00 Leave Shiobara
 10:00 Visit to Kataoka Agricultural Cooperative Society
 (Lunch at Drive-in)
 13:00 Visit to Sakuyama
 14:00 Nasu Town
 19:00 Arriving back to the hotel
 ---stay at Juen
- 20:Thurs. 9:00 Leave for Nikko
 10:30 Toshogu Shrine
 Lake Chuzen
 17:40 Romance Cargo back to Tokyo
 19:27 Arriving back to Asakusa Station

List of Participants to the Field Visit

June 16-20

Ceylon	1. Mr. S. Stanislaus	Northern Province Fishermen's Cooperative Societies Union
	2. Mr. C. R. Bogollagama	Ceylon Agricultural Producers' Cooperative Union
India	3. Mr. N. S. Kulkarni	Maharashtra State Coop Marketing Federation
	4. Mr. A. L. M. Moorthy	National Federation of Coop Sugar Factories
Indonesia	5. Mr. Eddiwan	National Federation of the Indonesian Fishermen's Cooperatives
Korea	6. Mr. W. S. Shin	National Agricultural Cooperative Federation
Pakistan	7. Mr. A. U. Sheikh	Pakistan Cycle Industrial Cooperative Society Ltd.
Philippines	8. Mr. M. G. Yadao	Philippine Federation of Consumers' Cooperatives
Thailand	9. Mr. C. Kahn	Bangkok Coop Farm Product Marketing Society Ltd.
	10. Mr. S. Kobkiat	Cooperative Wholesale Society of Thailand Ltd.
Observers	11. Mr. S. Anania	F.A.O.
	12. Mr. E. Ericsson	I.F.A.P.
	13. Mr. B. Zlataric	I.C.A.
ICA	14. Mr. J. A. I. Prakash	
Japanese Secretariat		
	15. Mr. K. Okanda	Central Union of Agricultural Coop.
	16. Mr. H. Nishido	Central Union of Agricultural Coop.
	17. Mr. R. Okada	Institute for the Development of Agri. Cooperation in Asia
	18. Mr. U. Tsuda	Institute for the Development of Agri. Cooperation in Asia



LIST OF PARTICIPANTS

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
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CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

LIST OF PARTICIPANTS

- AUSTRALIA
1. Mr. I.H. Hunter
Marketing Manager
Westralian Farmers Cooperative Limited
Perth. Western Australia.
- CEYLON
2. Mr. S. Stanislaus
President
Northern Province Fishermen's Coop Societies Union
25, Front Street,
Jaffna. Ceylon.
 3. Mr. C.R. Bogollagama
Vice President
Ceylon Agricultural Producers' Cooperative Union
No. 15, Saunders' Place
Colombo 12
- INDIA
4. Mr. N.S. Kulkarni
Managing Director
Maharashtra State Coop Marketing Federation
Post Box Number 5080
Bombay 9
 5. Mr. A.L.N. Moorthy
Secretary
National Federation of Coop Sugar Factories
34 (2nd Floor), South Patel Nagar
New Delhi 8
- INDONESIA
6. Mr. Eddiwan
President
National Federation of the Indonesian Fishermen's
Cooperatives
143, Djalan Lodan
Djakarta. Indonesia.
- JAPAN
7. Mr. M. Murase
Managing Director
UNICOOPJAPAN
Tokyo. Japan.
 8. Mr. S. Tsuboi
Managing Director
Japan Trading Company
Tokyo

- JAPAN (Contd) 9. Mr. S. Nakagawa
National Federation of Fishery Cooperative Associations
Tokyo. Japan.
- REPUBLIC OF KOREA 10. Mr. Woi Shik Shin
Chief, Trade Section
National Agricultural Cooperative Federation
Seoul. Republic of Korea
- MALAYSIA 11. Mr. Wan Siew Seng
General Manager
Malayan Cooperative Wholesale Society Limited
27A, Jalan Pudu
Kuala Lumpur. Malaysia.
- PAKISTAN (WEST) 12. Mr. Abaid Ullah Sheikh
President
Pakistan Cycle Industrial Cooperative Society
National House, 47-The Mall
Lahore. West Pakistan.
- PAKISTAN (EAST) 13. Mr. A.K.M. Quasem Ali
Provincial Fishermen's Cooperative Society Limited
Post Box 27
Chittagong (East Pakistan)
- PHILIPPINES 14. Mr. Monico G. Yadao
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Philippine Federation of Consumers' Cooperatives
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Manila. Philippines.
- THAILAND 15. Mr. Kahn Chuvarnond
Bangkok Coop Farm Product Marketing Society Limited
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Bangkok. Thailand
16. Mr. Kobkiat Suphanich
Cooperative Wholesale Society of Thailand Ltd
No. 97 Rajdamri Road
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- OBSERVERS
- ICA, London 17. Mr. Branko Zlataric
Agricultural Secretary
International Cooperative Alliance
11, Upper Grosvenor Street
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IFAP 18. Mr. Eric Ericsson
International Federation of Agricultural Producers
Via Yser 14
Rome, Italy.

FAO 19. Mr. S. Anania
Food and Agriculture Organisation
Rome, Italy.

ILO 20. Mr. S. Kaite
Director
International Labour Office
Tokyo Branch Office
Tokyo.

ICFTU 21. Mr. E. Ochiai
International Confederation of Free Trade Unions
Tokyo Branch Office
Tokyo.

22. Mr. W. Kikuchi
International Confederation of Free Trade Unions
Tokyo Branch Office
Tokyo.

23. Mr. M. Sakaguchi
International Confederation of Free Trade Unions
Tokyo Branch Office
Tokyo.

GUEST LECTURERS

24. Mr. T. Ishii, Chief, Vegetable Export Division,
National Marketing Federation of Agricultural
Cooperative Associations
Tokyo

25. Mr. H. Imai, Chief, Feedingsstuff Material Division,
National Purchasing Federation of Agricultural Coop
Associations,
Tokyo

26. Mr. H. Nagasawa
Assistant Manager, Trading Department
UNICOOPJAPAN
Tokyo

27. Mr. S. Saji
Director & Chief Foreign Manager
The Fuji Bank Limited
Tokyo

28. Mr. H. Orii, Managing Director
National Purchasing Federation of Agricultural Coop
Associations
Tokyo.

29. Mr. H.D. Shourie
Director-General
Indian Institute of Foreign Trade
41A, Friends' Colony , New Delhi 14.

CENTRAL UNION OF AGRICULTURAL
COOPERATIVES

30. Mr. Hidetane Togawa, General Secretary
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Tokyo. Japan.

31. Mr. K. Okhanda, Deputy Chief,
International Department
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Tokyo. Japan.

32. Mr. T. Nakaoka, International Department
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33. Mr. H. Nishido, International Department
Central Union of Agricultural Cooperatives
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Tokyo. Japan.

34. Mr. H. Aoki, Business Coordination Section
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Tokyo. Japan.

IDACA

35. Mr. R. Okada, Managing Director
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Tokyo. Japan.

36. Mr. U. Tsuda
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Cooperation in Asia
816, Funabashi-cho, Setagaya-ku
Tokyo. Japan.

37. Mr. Y. Nakagawa
Institute for the Development of Agricultural
Cooperation in Asia,
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Tokyo. Japan.

38. Miss T. Fukotomi
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Cooperation in Asia
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39. Miss M. Shirai
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Cooperation in Asia
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Tokyo. Japan.

ICA STAFF

40. Mr. J.M. Rana, Acting Director
ICA Regional Office & Education Centre
43, Friends Colony, New Delhi 14
 41. Mr. M.V. Madane, (Course Leader)
Joint Director (TA&T)
ICA Regional Office & Education Centre
43, Friends Colony, New Delhi 14
 42. Mr. Jai Prakash
Assistant (TA&T)
ICA Regional Office & Education Centre
43, Friends Colony, New Delhi 14
 43. Mr. Prem Kumar
Conference Secretary
ICA Regional Office & Education Centre
43, Friends' Colony
New Delhi 14
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PRESS RELEASE

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre
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43, Friends Colony, New Delhi 14

pk/June 2, 1968

PRESS RELEASE

CONFERENCE ON INTERNATIONAL COOPERATIVE TRADE IN SOUTH-EAST ASIA
TOKYO (JAPAN) JUNE 3-22, 1968

Inauguration and venue of the Conference

The International Cooperative Alliance, Regional Office and Education Centre for South-East Asia, New Delhi, is organising, in collaboration with the Central Union of Agricultural Cooperatives in Japan, a Conference on International Cooperative Trade in South-East Asia, from June 3rd to 22nd, 1968. The venue of the Conference is the Institute for the Development of Agricultural Cooperation in Asia (IDACA), 816 Funabashi-cho, Setagaya-ku, Tokyo. The Conference is being inaugurated today by Mr. H. Yanagida, Executive Director of the Central Union of Agricultural Cooperatives, at **10:00 A.M. on Monday, June 3rd, 1968 at IDACA.**

Participants

This Conference will be attended by 16 participants from Australia, Ceylon, India, Indonesia, Japan, Republic of Korea, Malaysia, Pakistan, the Philippines and Thailand. Most of the participants are either the chief of the trading organisations or the persons who are actually incharge of the trading operations in those organisations. Observers from the Food and Agriculture Organisation of the United Nations, the International Labour Organisation, the International Federation of Agricultural Producers, and the International Confederation of Free Trade Unions, are also participating in the Conference.

Objective of the Conference

The main purpose of the Conference is to bring together representatives of the cooperative trading organisations in South-East Asia, and to provide them with an opportunity to discuss their experiences and opportunities against the background and the achievements of the Japanese Cooperative Movement in this field. Study visits to Tonnigi Prefectural Federations and primary cooperatives are also being organised to enable the delegates to see the working of cooperatives in Japan.

ICA in South-East Asia

The Regional Office and Education Centre for South-East Asia, which has been operating in New Delhi since 1960, is an extension of the ICA Secretariat in London. The ICA is a world-wide confederation of cooperative organisations of all types. Founded in London in 1895, it embraces more than 215 million members of cooperative societies through its 141 affiliated organisations in 60 countries.

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The Regional Office has the task of developing the general activities of the Alliance in the Region. The activities consist, inter alia, the provision of technical assistance, dissemination of information on trade matters, and the building of effective liaison with member movements and international organisations including United Nations agencies.

The Regional Office includes the Education Centre, which is financially supported by the Swedish Cooperative Movement. The Centre organises Regional Seminars, courses, conferences and workshops on various aspects of Cooperation. So far the Centre has organised about **45 seminars and conferences** in which about **1500** Cooperators from the Region have participated. These events are rotated and organised in different countries of the Region.
