

REPORT OF THE
SECOND INTERNATIONAL
CO-OPERATIVE
TRADE CONFERENCE

MOSCOW (USSR)

9-11 October 1980

Sponsors:

CENTROSOYUS (USSR)

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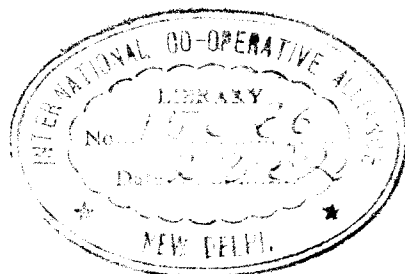
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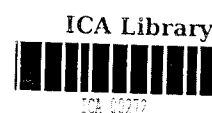
9-11 October 1980

THEME:

**The Development of trade and economic
relations for the benefit of agricultural
and other co-operatives**



Published by:
International Co-operative Alliance
11 Upper Grosvenor Street
London W1X 9PA
1981



Compiled and edited for BECA
by M. Blindell

© International Co-operative Alliance 1981
ISBN 0 904380 50 5

Printed by
Leicester Printers Ltd
The Church Gate Press
Leicester and London

A Co-partnership in membership of the ICA

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The Background

by

Dr. S. K. SAXENA, *Director, ICA, London*

The International Co-operative Alliance is a worldwide organisation of co-operatives of all types, founded on the 19th August 1895 in London. It is the only body entirely and exclusively dedicated to the promotion of co-operation in all parts of the world, with a membership of over 360 million members in 65 countries, more than half from developing countries and farming areas.

The ICA's Head Office in London is complemented by its Regional Office, and Education Centre in New Delhi, India, and the Regional Office for East and Central Africa in Moshi, Tanzania. In Latin America, the ICA works in collaboration with the Organisation of Co-operatives of America (OCA). Recently, the Alliance has established a Regional Office for West Africa in the Ivory Coast.

Besides the governing bodies—Congress, the Central and Executive Committees—there are various auxiliary committees which serve various types of co-operatives such as agricultural, consumer, fisheries, banking, production-artisanal etc.

The Agricultural Committee and its Economic Sub-Committee (ESC)

The Agricultural Committee of the Alliance was established with the aim of promoting relations internationally between the various national agricultural co-operative movements and between these movements and other types of co-operatives. The Committee has at present 49 members from 40 countries, and its Chairman is Mr G. Kuylensjerna, of Sweden.

The main tasks of the Agricultural Committee are to:

- (1) Arrange interchange of co-operative experience through frequent conferences, seminars, study tours, publications etc.;
- (2) Promote trading relations by holding commodity conferences, develop contacts with INTERCOOP, ICTO, and other similar bodies;
- (3) Collaborate with other international organisations on the basis, where possible, of a rational division of tasks;
- (4) Provide support to agricultural co-operatives in developing countries.

Economic Collaboration of Co-operatives through the Economic Sub-Committee

Important in this respect was the setting up of the Economic Sub-Committee (ESC) of the Agricultural Committee with the approval of the ICA Central Committee, first in 1977 as an ad hoc body, and then in 1978 as a standing Sub-Committee. The programme of the Economic Sub-Committee has represented the most significant aspects of the work of the Agricultural Committee since the Paris Congress in 1976.

The ESC has been concerned with the following activities: examining the potential of and initiating inter-cooperative trade; exploring ways and means of improving the production potential of agricultural co-operatives, especially bearing in mind developing countries; trying to utilise more funds from all sources to meet the objectives defined above. For the above purposes the Sub-Committee set up an Economic Bureau in Paris, supported temporarily by the French co-operative movement.

Under the initiative of this Bureau, and following requests from co-operatives all over the world, agreements and commercial transactions amounting to US\$250 million have been reached between co-operative movements. There is much

greater potential taking a medium- and long-term view in capital goods.

Such business was agreed as a result of visits to more than two dozen African and Asian countries where arrangements were made in a variety of goods from foodstuffs to industrial plant. Business has been transacted and is under way also with most of the planned economy countries of East Europe.

The Bureau is also doing important work towards the creation of an information centre in inter-cooperative trade.

In November 1978, an International Co-operative Trade Conference was organised jointly by the Co-operative League of the USA (CLUSA) and the International Co-operative Alliance through its Agricultural Economic Sub-Committee at the World Trade Centre in New York.

The purpose of the Conference was to promote direct trade arrangements between co-operatives and to initiate action which would increase the share of goods handled by co-operatives all over the world. In addition to the 42 delegates from 23 USA organisations, the Conference was attended by 73 participants from 21 countries; Argentina, Canada, Cyprus, Denmark, Egypt, Federal Republic of Germany, Finland, France, Iceland, India, Israel, Italy, Japan, Nigeria, Norway, Philippines, Poland, Singapore, Spain, Sweden and Yugoslavia. The delegates expressed their satisfaction at the possibility of initiating co-operative trade contacts and useful business was transacted especially in grains and oilseeds.

The main recommendations of the Conference were:

- (1) The ICA Economic Sub-Committee was requested to consider setting up branches of its Economic Bureau in other parts of the world;
- (2) Efforts should be made to increase substantially the co-operative share of world trade in the main agricultural products within the next two years;
- (3) The Economic Sub-Committee should explore ways and means of co-ordinating various supplies and inputs for the benefit of co-operatives, bearing in mind the interests of developing countries;
- (4) That a second conference should be held in Moscow, October 1980 on the occasion of the ICA 27th Congress.

Relations with International Organisations

The Committee has closely co-operated with FAO at meetings, seminars and in joint projects. Some examples are given below.

A study was carried out on behalf of FAO on the role of co-operatives in increasing agricultural production in 6 countries in South-East Asia in collaboration with the ICA Regional Office in 1978.

A project on the prevention of post-harvest losses related to grain and rice, combined with an expert consultation in Benin on the same problem, has been carried out also on behalf of FAO.

The ICA delegation to the World Conference on Agrarian Reform and Rural Development, FAO, Rome, July 1979, co-operated with many government delegations, in which co-operative organisations were members. This resulted in a climate more conducive to the development of co-operatives.

Further, as a WCARRD follow-up, the possibilities of carrying out joint FAO/ICA projects have been discussed between the ICA and FAO, involving the membership of the Agricultural Committee.

ICA's Agricultural Secretary was called in as an expert

in the FAO consultation on improving management systems of co-operatives with special reference to small farmers, Indian Institute of Management, Ahmedabad, 8th-12th October, 1979.

The Economic Sub-Committee and the Secretary co-operated with the ILO/SIDA project on the Promotion of Co-operative Trade in South East Asia in which also the International Trade Centre—UNCTAD/GATT—was involved.

At a joint meeting in Copenhagen, 1978, of the ICA

Agricultural Committee and the IFAP Standing Committee on Agricultural Co-operation, broad guidelines for the areas of responsibility, and definition of the areas of collaboration were defined.

The Alliance also maintains close collaboration with the International Federation of Agricultural Producers on a number of important aspects of interest to agricultural co-operatives throughout the world.

Programme

Wednesday, 8th October

13.00-15.00 Registration
18.30-20.00 Centrosoyus Reception

Thursday, 9th October

Morning Session

Opening Addresses

R. KERINEC, President, ICA
A. A. SMIRNOV, President, Centrosoyus and Vice-President, ICA

Addresses of Welcome

Address on behalf of Ministry of Agriculture of the U.S.S.R: Deputy Minister A. P. CHUBAROV.
Address on behalf of Foreign Trade Ministry of the U.S.S.R: Deputy Minister A. N. MUNZHULOV.

Consumer Co-operatives in the U.S.S.R.

Dmitri I. GOUDKOV, Vice-President of Centrosoyus.

New York to Moscow — and Beyond

J. B. DOUMENG, President, Economic Sub-Committee (ESC) of the ICA Agricultural Committee.

The Trade in Cereals, Feed and Feed-based Protein

Philippe DUCROQUET, Agro-Economist

Capital Equipment for Co-operatives

Emile ROUCH, Agronomic Engineer

Afternoon Session

Reports of Individual Delegates

Inter-Cooperative Trade Group Discussions

1. Grain, Feed and Livestock
2. Other Food and Agricultural Produce
3. Non-food Consumer Goods (inc. Energy)
4. Farm Supplies
5. Farm Equipment and Plant
6. Credit, Finance and Joint Ventures

Friday, 10th October

All day Continuation of Inter-Cooperative Trade Group Discussions

Saturday, 11th October

Morning Chairman's Summing Up and Conference Recommendations

Afternoon Visit to a Collective Farm near Moscow

★ ★ ★ ★

Venue of the Conference:

Hotel Cosmos, 150 Prospect Mira, Moscow.

Sponsors:

INTERNATIONAL CO-OPERATIVE ALLIANCE, through the Economic Sub-Committee of its Agricultural Committee, with CENTROSOYUS, Moscow.

Languages:

Simultaneous interpretation in English, French and Russian.

Conference Co-Chairmen:

J. B. Doumeng, President, Economic Sub-Committee
D. I. Goudkov, Vice-President, Centrosoyus

Preparatory Committee:

B. Zlatic, Chief, Agriculture and Fisheries, International Co-operative Alliance.
V. Ouglev, Deputy Chief, International Department, Centrosoyus.
C. Scheuer, Bureau Economique du Comité Agricole (BECA)

Rapporteur:

M. Blindell, International Co-operative Alliance

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Report of the Second International Co-operative Trade Conference

9–11 October 1980, Moscow (USSR)

Opening Addresses

The Conference opened at 09.00 with addresses from **R. KERINEC**, President of the International Co-operative Alliance, and **A. A. SMIRNOV**, President of Centrosoyus and a Vice-President of the ICA.

* * *

Mr KERINEC stressed the importance he attached to the Agricultural Co-operative Movement and to the work of its Economic Sub-Committee. The Consumer Co-operatives, of which he was a member, had hitherto played a leading role in determining the orientation of the Alliance's policy, but no one type of co-operative could give an organisation such as the Alliance the necessary representativeness to ensure its credibility, not only with other forms of Co-operation but also with Governments and International Organisations.

He hoped his listeners would forgive him if he mentioned that the Agricultural Co-operative movement had to some extent lagged behind other co-operative sectors in ICA activities—partly because agricultural co-operatives had been active in other bodies. But the volume of trade between agricultural co-operatives had been purely symbolic for quite a long time, and he was very pleased to note the improvement now taking place, for which he thanked them and their Chairman, Mr Doumeng.

He hoped that this Conference would make it possible to involve the whole Co-operative Movement in a veritable network of international co-operative trade—not only between agricultural co-operatives, but also between agricultural and consumer co-operatives, since he was convinced that there was the possibility of joint purchases and sales on the international market for the benefit of both.

Concerning relations between East and West, North and South, co-operators had the responsibility of contriving a trading policy which was truly co-operative and would fit into a development framework, a policy which would help to develop the national production of the Third World countries. No agro-food policy, at national or international level, could afford to forget those who were hungry and who were far too dependent on those who ate well.

Mr Kerinec said he realised he was pushing at doors that were already open—but there were so many conferences laying down policies for assistance to the developing countries, and he wondered what kept us from putting all this utopian talk into practical reality. He believed that agricultural co-operatives could do much to lead the way.

He had opened his address by expressing his pleasure

at the growing place occupied by the agricultural co-operative movement within the Alliance and in international trade; he would like to return to this thought in his conclusion:

“I do this in order to reiterate that the International Co-operative Alliance, thanks to you, becomes every day more representative of the whole body of co-operative forces in the world; and also to remind you that no ideals, however noble, can influence the building of tomorrow's world unless they result in practical benefits for men and women, whether they be the producers or consumers of the goods of this world.

“On the other hand, the most remarkable achievements of the Co-operative Movement will be of no importance whatsoever, unless we remain true to those ideals which the International Co-operative Alliance holds and defends.”

Mr Kerinec closed by thanking the Agricultural Co-operative Movement for its loyalty to the Alliance, and for the contribution it was making to the restructuring of a world that would be more co-operative—which was, as they knew, the purpose of all ICA Congresses.

* * *

Mr SMIRNOV greeted the delegates on behalf of the Board of Centrosoyus, and said he was pleased to see that the holding of International Trade Conferences was becoming a good tradition, thanks to their Chairman, Mr Doumeng.

The role of international trade in the maintenance of peace was indisputable, and had been confirmed in many general sessions of the United Nations. International co-operative trade was also a means of aiding the developing countries of Asia, Africa and Latin America, and helping them to establish more viable economic systems.

International co-operative trade extended the potential of co-operatives, helped to strengthen collaboration between them and increase employment opportunities. It was increasing, and was the main theme of this Conference, where discussions would also take into account the practical aspects.

However, even effective bilateral trade links could not solve all problems, and a wider view was needed: hence the importance of this Conference. He wished their discussions every success, and assured them that Centrosoyus would do everything possible to assist.

Addresses of Welcome

Mr A. P. CHUBAROV, Deputy Minister, welcomed the Conference on behalf of the **Ministry of Agriculture of the USSR**.

He said that agricultural co-operatives played a large part in the USSR and made an important contribution to the standard of living of their people. They had gone through various stages, starting with very simple tools and equipment, using partly their own funds but partly aided by government funds; the State had always given them economic and material aid, and at present co-operative funds amounted to 106 milliard roubles. The high rate of growth of collective farming was shown by the fact that funds had more than doubled during the past 10 years.

Collective farms today are large socialist enterprises, which organise their own production within the national economic plan based on modern technology, service, and the wide experience of their members. They provide nearly 40% of all agricultural produce: over a quarter of the grain and milk, 44% of meat, 75% of the total production of cotton and of sunflower seeds, and over 90% of sugar beet.

Collective production and the extensive use of modern machinery have fundamentally changed the farmers' methods of working, their standards of living and their cultural life. At the present time there are 740,000 specialists working in agriculture, almost two-thirds of collective farmers have higher- or middle-school education, approximately 5 million of them are qualified mechanics, builders or otherwise qualified. Collective farmers take an active part in the life and government of the USSR, at local and national level, many of them having been elected to the various District, Regional and Soviet Councils.

The ideas and methods of collective farming, as practised in the USSR, have found wide application not only in other socialist countries but also in the developing countries of Asia, Africa and Latin America.

During the past few years, guided by the ideas and principles of Lenin's Co-operative Plan, co-operative activities have entered a new phase: there has been more collaboration between the agrarian organisations and agro-industrial co-operatives in the formation of joint enterprises: nearly all collective farms (Kolkhoz) and over half the state farms (Sovkhoz) have joined such enterprises. The pooling of funds, equipment, material and working resources, has made possible the formation of huge specialised enterprises, technologically competent, and has led to considerably increased production.

Mr. Chubarov went on to describe the running of collective farms. He said there is a high degree of participation in their management, which is democratically organised, with full control by the members of the activities of the Board. As with other co-operatives, the highest authority of the collective farm is its general assembly, which approves its statutes, elects the Board and the Board's chairman, considers and plans the farm's

economic programme and social development, approves its budget, notes the remarks and suggestions of the audit commission, and approves distribution of the surplus.

Policies for further development and recommendations for better exploitations of resources are the task of Regional and Republic Councils, to which are elected highly experienced members, specialists, technologists and leaders of the kolkhozes and of the inter-cooperative joint enterprises.

At all levels, development of the agrarian economy is closely connected with the activities of consumer co-operatives.

Creative discussion between the members of this Conference on the development of trade and economic relations would certainly develop the part played by Co-operation in the life of the people. Mr. Chubarov said the Soviet Government was ready in all ways to strengthen and develop collaboration with co-operative organisations in the socialist countries, and to further business relations with co-operatives of other countries in all continents. They sincerely desired to help to strengthen the unity of the international co-operative movement in its struggle for peace, democracy and social progress.

Mr. Chubarov understood that participants would be visiting a collective farm after the Conference finished, and he hoped they would be interested by what they saw. He wished them a successful conference.

* * *

Mr. A. N. MUNZHULOV greeted delegates on behalf of the **Ministry of Foreign Trade of the USSR**.

He said the theme of the Conference was of great interest, and also important for the development of the whole Co-operative Movement. It was very satisfactory to be able to point to the growing influence and authority of the International Co-operative Alliance throughout the world. The Alliance was playing an increasingly important role in protecting the interests of the working masses in the fight against the power of the capitalist monopolies. Those working in Soviet trade welcomed the efforts of the leaders and workers of the International Co-operative Movement to establish commercial contacts between countries with different economic and social structures.

The Soviet Union had enacted a number of measures for the promotion of international trade; they believed that any means of strengthening ties with other countries were of the utmost importance, and this was best done through various forms of trade.

Soviet trade had a fine record. It would be difficult to find any branch of their national economy not linked to foreign trade, which had become an important artery for the economic health of their country. In 1979 the volume of trade amounted to 80.3 billion roubles, and they had trade relations with 131 countries.

Consumer co-operatives also contributed to the development of Soviet foreign trade, and to stable foreign relations.

Mr Munzhulov concluded by saying that his Ministry firmly believed that all the objectives which the organisers of this Second International Co-operative Conference had set themselves, would be achieved by the Conference.

Mr DOUMENG thanked the Deputy Ministers for their contributions, and expressed his deep appreciation and thanks to them for honouring the Conference with their presence.

He then reminded delegates of the structure of the Conference and that the following day would be given over to group Discussions, and introduced the next speaker, his Co-Chairman, Mr Goudkov.

Consumer Co-operatives in the USSR

by

Dmitri I. GOUDKOV,

Vice-President of Centrosoyus and Conference Co-Chairman

The Moscow Congress of the International Co-operative Alliance and the activities of its Committees and Working parties are of great significance for the consolidation of the International Co-operative Movement, strengthening mutual understanding and collaboration between co-operative organisations of different countries.

Our Conference, dealing with such an important and traditional aspect of co-operative business as trade, provides a good opportunity for friendly exchange of experience and discussion of vital problems.

Considering the fact that the conference participants have material about the Soviet consumer co-operatives and have had the opportunity to hear a special report on the Soviet agricultural production co-operatives, I would like to acquaint you briefly with some tendencies and prospects of development of the Soviet consumer co-operatives.

There have been created exceptionally favourable conditions in this country for development of agricultural co-operatives as well as consumer and housing ones.

The Constitution of the USSR (Fundamental Law) gives a precise formulation of the place and role of co-operative organisations in the political and economic systems of society, in realisation of basic rights, freedoms and duties of citizens. The Constitution proclaims that the state protects the property of collective farms and other co-operative organisations and promotes their development; public organisations, co-operatives included, are given the right to initiate legislation, to nominate candidates for elections to bodies of state authority, to participate in deciding political, economic, social and cultural matters.

As regards the consumer co-operatives, they are a large mass socio-economic organisation, main activities of which are trade, public catering, purchasing of agricultural produce and raw materials, production of consumer goods. The consumer co-operatives carry out large scale capital construction, training specialists for their own organisations and enterprises, cultural and educational work among their members and employees.

Consumer societies and their unions at different levels, organised on a territorial and production principle, constitute the system of Soviet consumer co-operatives.

This system functions on the principle of democratic centralism, namely, the electiveness of all bodies of co-operative authority from the lowest to the highest, their accountability to their co-operative organisations and the obligation of lower bodies to observe the decisions of higher ones.

The Rules of the co-operative society are the basic document which defines the manner of the society's functioning, the rights and duties of its members, the order of formation and distribution of its resources, basic regulations concerning its administrative and public control bodies.

The highest authority of the consumer society is its General Meeting of members. A meeting of representatives elected by sectional meetings of members is the highest authority in those societies where it is difficult to convene a general meeting.

The General Meeting examines and approves plans

of economic and social development of the co-operative, its income and expenditure, balance sheet and resolutions of the auditing commission, distribution of income. The general meeting elects directors of trade, public catering, production and purchasing units.

The Board of the consumer co-operative is its executive-administrative body which carries out direct management of all socio-economic activities of the co-operative and its enterprises following the members' instructions.

The State renders the consumer co-operatives all-round support and assistance. It gives them credits on preferential terms, provides them with equipment, building material, transport and other material and technical means, as well as with commodity resources. State educational institutions train engineers and technicians for co-operative organisations which creates the opportunity, taking into consideration the training accomplished by the co-operative system of educational establishments, to supplement systematically co-operative staff with qualified specialists.

The Resolution "On further Development and Improvement of Consumer Co-operatives' Activities" adopted in November 1979 may serve as an example of the concern shown by the State towards the co-operatives. The Resolution, inter alia, approves the measures planned by the Centrosoyus for the development of all its many-sided activities for the next five-year period.

Nowadays, the co-operative trade system, comprising a wide network of shops, public catering enterprises and warehouses, serves nearly half the country's population.

Growth of commodity resources, the rise in the people's well-being and their incomes, as well as consolidation of the infrastructure of co-operative trade, create favourable conditions for the steady increase of co-operative retail trade turnover, which grew during the last 15 years by 2.3 times. Positive changes can be seen in the very structure of the retail turnover. The share of non-food products, including durables, has increased, being the result of the higher living standard of the population. In the total volume of foodstuffs there has been an increase in the more nutritious, i.e. meat, milk and milk products, eggs, vegetables, fruit.

The consumer co-operatives introduce such forms of trade which are most convenient for the population. Nearly 75 per cent of the total retail turnover is accounted for by self-service shops. A great number of shops provide additional services for their customers such as preliminary orders, home deliveries, serving rural workers at their working places in the fields and on livestock farms.

More than 20,000 co-operative mobile shops function regularly to deliver necessary commodities to remote localities.

The co-operative public catering enterprises widen constantly the assortment of dishes offered to their customers and organise, as well as sales of ready-to-cook and ready-to-serve goods, confectioneries and fancy pastries, soft drinks of their own production and ice-cream, thus contributing to improvement of services provided for the people and saving their time.

The consumer co-operatives conduct their trade activity mostly in the rural area, small towns and workers'

settlements, pursuing the ends of expanding and consolidating economic ties between town and countryside, levelling up the living standard of the urban and rural population.

At the same time in cities, including Moscow and the capitals of the Union Republics, there function co-operative shops selling agricultural goods purchased by the co-operatives from the rural inhabitants and collective farms. There are more than 1,500 shops of this kind called "Gifts of Nature" which are very popular with city-dwellers.

The co-operative organisations have very close ties with agricultural production, purchasing more than 60 types of agricultural goods and raw materials grown by collective and state farms and by individual rural dwellers having their own plots of land.

The share of the consumer co-operatives in the total agricultural purchases in the country reaches more than 60 per cent for potatoes, 67 per cent for melons and water melons, more than 91 per cent for wool, 80 per cent for furs, from 55 to 80 per cent for wild plants, berries, medicinal herbs and technical raw materials.

Industrial activities of the consumer co-operatives bear great significance. We have nearly 23,000 various enterprises producing foodstuffs and non-food goods, the share of which in the total co-operative retail turnover amounts to 12 per cent.

The development of the infrastructure of all branches of co-operative activities, from designing to capital construction and reconstruction, is carried out mainly unaided as we have 400 construction organisations and several design institutions.

There are 3,136,000 people employed in co-operative organisations and enterprises. One person in six has higher or specialised secondary education. There are 8 co-operative higher educational institutions, 127 specialised secondary educational establishments (technikums), 155 vocational schools.

You can meet graduates of the co-operative educational establishments all over our country—they work in *taiga*, mountainous or steppe villages and settlements. The co-operative organisations make their contribution to implementation of the programme aimed at conversion of agricultural work into a variety of industrial work, transformation of villages into well-equipped modern settlements.

In a developed socialist society which is characterised by highly mature production relations and improved forms and methods of economic management, the development of consumer co-operatives is accompanied by perfection of their organisational and administrative structure, combination of centralised management with economic independence.

The Centrosoyus determines long-term prospects of development based on the comprehensive long-term plans of national economic development.

The Comprehensive Programme for Scientific and Technical Progress and its Social and Economic Effects up to the year 2000 has been drawn up in the USSR, being the result of the creative work of more than 500 research institutes and design organisations, including a group of co-operative scientists and specialists. Thus, we have now basic long-term indices for material and technical development in all spheres of our activity, with the indices for the period of 1981-1985 being more detailed. This period will see a further rise in co-operative retail turnover, improvement of its structure, extension of the network of co-operative enterprises. Moreover, we plan not only to increase the number of our trade enterprises but to raise their standard of quality. In particular, we have in view further construction of modern shopping centres, con-

venience department stores, specialised shops selling goods for children, furniture, books etc. The network of shops selling goods for everyday consumption will continue to expand in small rural settlements.

It is planned to put into operation highly mechanised distribution centres to ensure supply of goods for the co-operative trade enterprises. Quite a number of them are already functioning having at their disposal modern electronic computers.

In order to accelerate the introduction of scientific and technical achievements the 10th Congress of the Soviet consumer co-operatives, which took place last year, worked out three special programmes: comprehensive rationalisation of the co-operative organisations' and enterprises' activity, augmentation of commodity resources, cutting down manual labour and improvement in the utilisation of technical equipment.

These programmes create conditions for concentration of necessary material, financial and labour resources, for the purpose of solving vital problems of technical progress which fully corresponds to the interests of the co-operative members and of all the people of this country.

Centrosoyus activities in the international field should be specially mentioned.

The Soviet consumer co-operatives maintain business and friendly relations with co-operative organisations in 107 countries, take an active part in the work of the International Co-operative Alliance, the International Labour Organisation, UNESCO, FAO and other international organisations. The Centrosoyus bases these relations on the principles of equality, mutual benefit, conscientious fulfilment of obligations. Trade contacts are established with 170 co-operative organisations and firms.

Fraternal relations and all round collaboration with co-operators of the socialist community are constantly expanding within the framework of the comprehensive programme of socialist economic integration. The role and efficiency of the Conference of the Central co-operative unions' and councils' leaders of the CMEA member-countries and its working parties is steadily growing.

The Centrosoyus is active in developing friendly and business ties with co-operative organisations of Asian, African and Latin American countries. This co-operation being carried out in various fields of co-operative activity helps to promote and develop the co-operative sector side by side with the state sector, which plays an important role in creating an independent economy and raising the people's welfare in the liberated countries.

Taking into account the interests of the co-operative organisations of these countries, the Centrosoyus organises regular seminars for their leaders. It renders these organisations great help in training national co-operative personnel: 1,200 co-operators from 44 developing countries obtained their co-operative education in our higher educational institutions.

Foreign trade contacts of the Centrosoyus are constantly expanding, the turnover is growing. During the last ten years its volume rose by 2.6 times. The share in it of the co-operative organisations of the socialist countries reaches 50 per cent. Commercial relations with these organisations are based on long-term contracts and are not endangered by any market fluctuations.

Fruitful relations are maintained with co-operative organisations of capitalist countries, namely with the National Federation of Consumers' Co-operatives of France, the National League of Co-operatives of Italy, co-operative organisations of Austria, Denmark, Great Britain, Iceland, Finland, Federal Republic of Germany, Japan and a number of others.

The stable character of business relations with some

co-operative organisations of capitalist countries made it possible to conclude long-term contracts with them. Such contracts were signed for the period of 1975-1980 with the co-operators of Denmark, Iceland, Italy and Japan, with the understanding that they will be renewed for the next period of 1981-1985.

The basic form of commercial link is barter exchange. The Centrosoyus exports a wide range of goods purchased and produced by the consumer co-operatives: jams, juices, salted and pickled cucumbers, mashed fruit and berries, compotes, honey, tomato paste, fresh-frozen fruit and berries, nuts, mushrooms, berries, crayfish, frogs and other goods. A wide variety of medicinal herbs and technical raw materials presents special interest.

Another big group of exported goods consists of secondary raw material and waste products of light and textile industries. Various souvenirs and toys produced at co-operative enterprises are exported as well.

In exchange for the above-mentioned goods the Centrosoyus imports mainly consumer goods such as ready-made garments and knitwear, footwear, carpets, fabrics, furniture and some others.

The Centrosoyus is also interested in buying equipment for co-operative enterprises producing goods for export. Thus, for instance, equipment for production of deep-frozen fruit and berries has been purchased.

We purchased from the National League of Co-operatives of Italy a fully pre-fabricated fruit storehouse which was then assembled jointly by Soviet and Italian co-operators. The Centrosoyus imported from Denmark technological equipment for producing special egg-packing equipment.

Certainly, it is not always and not with all countries that these relations take the desired shape. Speaking frankly, it is no fault of the Centrosoyus that contacts with the co-operative organisations of the USA, Norway,

Sweden have not found their proper development. We believe that there exist no objective reasons for restraining mutually beneficial trade with the co-operative organisations of these and some other countries. We are willing to maintain trade relations with all who are in favour of them and we are prepared accordingly to sign contracts even now in the course of this conference and the ICA Congress.

The Centrosoyus bases its business ties with co-operative organisations of other countries on the principles of equality and mutual benefit. In accordance with the foreign policy general line of our state the Soviet consumer co-operatives strive to eliminate any type of discrimination in international economic relations, to develop economic ties devoid of political or any other conditions and without interference in the internal affairs of the co-operating countries.

We are deeply convinced that further development of co-operation in the fields of economy, trade, science and technology will contribute to the cause of peace and security, will exert positive influence upon political relations between nations and promote the creation of favourable conditions for economic and social progress of peoples.

Today, as the 27th ICA Congress is holding its sessions, the life of the Soviet people is filled with great labour and political enthusiasm. The 10th five-year-plan period is successfully coming to its end and the country is preparing to tackle the tasks of the 11th five-year period economic and social plans. In February 1981 the 26th Congress of the Communist Party of the Soviet Union will be convened which will open new horizons for the country's progress.

We can state with full conviction that the consumer co-operatives of the Soviet Union will play an important role in the accomplishment of new socio-economic constructive plans for our society.

New York to Moscow — and Beyond

by

J. B. DOUMENG,

*Chairman of the Economic Sub-Committee (ESC) of the ICA Agricultural Committee,
and Conference Co-Chairman*

Mr DOUMENG commenced by welcoming delegates to the Conference in Moscow, the centre of so much history and so many hopes: he thanked them on behalf of all those who had opened the way for the world agricultural co-operative movement to share their experiences, to exchange products, thus demonstrating the technological potential within the human fraternity of agricultural co-operatives, and their importance in the course of peace between peoples. He particularly thanked Centrosoyus, its President, its Vice-President Mr Goudkov, and all those who had contributed to the excellent organisation of the Conference. He also thanked the Soviet Government for honouring the Conference by delegating representatives.

Mr Doumeng then briefly went through the Rochdale Principles, and their particular importance for agricultural co-operatives, as they were relevant to the points he wanted to make. However, the pioneers of the Co-operative Movement were legislating for consumer co-operatives involving large numbers of families, and did not realise the difficulties some of these Principles might place in the way of organisations such as agricultural co-operatives. The application of the Rochdale Principles to agricultural co-operatives would have to be debated at some stage in the future, but at this Conference they would be discussing practical matters: they wanted to get to know each other better, to exchange their experiences, and to discuss all the practical arrangements involved in selling their products. In a world where it was apparently still not possible to overcome economic and monetary disorders—at a time when the FAO was predicting an increasing need for grain exports—Mr Doumeng thought that, not only in cereals but also in many other products, agricultural co-operatives had an important international role to play in many fields.

He drew attention to the aspects covered by the two papers which would form the basis of their subsequent discussions, but emphasised that their debate would centre on what was practically possible, to define goals which they were capable of attaining together.

At the New York Conference they had decided that during the coming ten years agricultural co-operatives ought to be capable of achieving 25 per cent of all international trade in agricultural produce, and they must discuss how this could be achieved, step by step, by the setting up of appropriate mechanisms. For they wanted to restore the importance of agricultural products in international trade, and at the same time to ensure recognition of farming as a strong force in its own right. Mr Doumeng believed that only by joining together could producers ensure rational utilisation of the means necessary, not only for the expansion of agricultural production but also for marketing and the fight against post-harvest losses: it was no longer possible for any individual producer, however big, to remain technologically independent under modern conditions.

Organisation of transport and other facilities was the only effective way for agricultural co-operatives throughout the world to achieve independence on the international market while consolidating their positions in their own countries. But they were not ready for this. The production potential was often great, but the facilities, reception and dispatch terminals, transport, warehousing, etc., were still in the hands of intermediaries who, though often honourable, only demonstrated the poor performance of the agricultural co-operative movement in these fields. If provision of these facilities could be organised on co-operative principles, incomes of agricultural producers would be increased and production costs lowered, since the cost of these services in the international field was often equal to or higher than the actual cost of production. To achieve this would require training in organisation and management, which could be undertaken by individual movements in their own countries, perhaps with international intercooperative assistance to compensate for the differences between co-operatives in the developing and developed countries.

Since world consumption of agricultural produce was increasing, due to both expanding needs and expanding population, it was essential to increase production of food crops, not only in the developing countries but—contrary to popular belief—also in the developed countries. Any governmental policy restricting such production in the developed countries was a crime against humanity, and must be resisted by the agricultural co-operative movement: it was unjust to limit the production of food in one part of the world when the children in other parts did not have sufficient to eat. So they must increase their exports, and develop mutual trust between the co-operative organisations within each country by getting to know each other better.

They must also strengthen their co-operative organisation in face of the private sector, not because they refused to recognise a double sector but in order to assert the right of the co-operative movement—whose function was to meet *all* the needs of co-operators—to expand along different lines from enterprises geared to profit making.

The world trade in food represented only 17 per cent of total world trade, which implied that it was not regarded as a priority, and was subject to influence by pressure groups. This made it incumbent upon agricultural co-operatives, and upon governments, to play a greater role in according it the importance it merited. It was obvious that the seven or eight large multi-nationals dealing in food products, both American and Japanese, held a large share of the industrial sector, because of the considerable return on investments in that sector, but this indicated a path, a policy, which co-operatives could follow to attain economic independence on the world market.

In the developing countries, co-operative organisa-

tion of rural producers and co-operative utilisation of the means of production were essential to ensure the expansion and marketing of products as well as the economic independence of the countries concerned. Mr Doumeng added that in some developing countries co-operative organisation was already reducing post-harvest losses.

Since the New York Conference held in October 1978, various trade agreements had been exchanged, and awareness of this need seemed to be growing. Their presence at this Conference strengthened his belief that they were willing to repeat this every two years, in a different country each time and under the aegis of the International Co-operative Alliance, to enable them to exchange opinions and experiences; he emphasised that if they really wanted to participate in the human and technological changes taking place on the world market in agricultural production and in the necessary equipment, it was necessary to work slowly and patiently to achieve the ends and substantiate the claims put out by this Conference.

Their presence there also indicated that they would take advantage of this Conference to set new objectives, in particular the orientation of co-operatives towards the energy necessary for agricultural production.

In accordance with the decisions of the New York Conference, Mr Doumeng said he was happy to be in a position to introduce to them a co-operative tractor which could be assembled in most countries of the world, and of which the marketing methods and organisation would be demonstrated at this Conference by representatives of the French co-operatives which had produced it. This was particularly important, because there was a crisis in agricultural machinery, because of the immense industrial sophistication of American equipment and the requirements of the Socialist camp, so that the developing countries were left behind. This was why they had produced a single model of a non-sophisticated tractor, of which the parts could be bought cheaply and which could be easily assembled in almost any country. Mr Doumeng gave details of its various advantages, low consumption, financing, durability, ease of adaptation etc., but basically the tractor demonstrated that agricultural co-operatives were capable of competing with the vast agro-engineering industry and that the developed countries must change certain of their ways and cease exploiting agriculture.

Other achievements since New York were: improved formulae for fertilisers and processes to enable co-operatives to do their own mixing, which could reduce the hold of the great agro-chemical industries on this sector; improved access of co-operatives to petroleum energy—especially in those countries with limited oil production where they were studying the question of providing assistance and giving priority to agricultural co-operatives to develop production; assistance to 10 African co-operatives which had enabled them to instal solar-powered irrigation equipment—the parts were at present made in France under American licence, but they hoped to get them in production in other countries for the benefit of co-operatives in other African countries which suffer from drought and need a cheap form of energy—unfortunately the initial capital required was rather high.

On all these questions the Economic Bureau of the Agricultural Committee attempted to respond to the needs of agricultural co-operatives, members of the International Co-operative Alliance. It had also—and this was new—obtained the authorisation of the Agricultural Committee

to respond to the demands of the converging economic forces of the world which favoured the development of agricultural co-operation, whether governmental organisations or enterprises wishing to convert to a co-operative basis, by devising forms of organisation appropriate to the countries concerned.

They wanted to find means of setting up a permanent dialogue on a world scale with international organisations such as the FAO, ILO, the United Nations, the EEC. In particular Mr Doumeng thought it scandalous that in certain countries agricultural co-operatives were specifically excluded from the distribution of Food Aid; he thought agricultural co-operatives should be organised in such a way as to be able to assist with such distribution.

Starting with agricultural co-operatives, the Economic Bureau had been responsible for initiating various trade agreements during the past year in the following countries: Madagascar, Congo, Benin, Egypt, Algeria, India, Spain, Italy, Thailand, Turkey, Greece, Japan, and the countries of the Socialist block. It was hoped that these contacts would develop, with or without the aid of the Bureau: all co-operatives present now had contacts in many countries, and the ideal was that co-operatives of any country should be able to arrange trading agreements individually with co-operatives of any other country.

However, it was not only necessary to establish contacts, it was also important to create the conditions in which such contacts could be useful. For this it was indispensable that the Conference should define means of obtaining information on the existence of markets, price changes, rates of transport, insurance, freight and financing, so that the Economic Bureau could circulate this among its member co-operatives. Mr Doumeng again stressed that it was absolutely necessary to come to terms with contemporary reality, to make use of all the technological means available, otherwise any highflown pronouncements emanating from this Conference would merely make them a laughing-stock in the world.

The Conference must broaden their field of action in the international sector of agro-food exchanges and agricultural machinery. To fulfil their potential, they must obtain credit on favourable terms from the mutualist banks and other finance institutions, in order to expand agricultural production on a world scale, one of the essential goals of civilisation. This was an important point, because many mutualist banks, when they reached a certain size, tended to practise normal banking procedures for the maximisation of profits: agricultural co-operatives must obtain from these banks differential terms which took account of the reality of their activities for the well-being of the world, and respected the Rochdale Principles of funds held in common and not used for speculative purposes.

They must ensure greater participation by co-operatives in international trade, by setting up the various mechanisms indicated, which alone could lead to such participation.

Mr Doumeng closed by hoping that all these matters would be debated during the Conference. He believed their discussions would be fruitful and would produce the desired results.

But he also invited criticism: they were not there merely to congratulate themselves. So far as the agricultural co-operative movement was concerned, he strongly affirmed its presence but feared its limitations: great efforts

would be needed, if it was to take up the role it merited in the ten or twenty years ahead, if the world evolved along the lines indicated by present economic events.

The interest in this Conference had encouraged the Bureau to arrange another in two years time—October 1982—in a developing country. This would be decided on Saturday during the final session.

He thanked participants for the confidence placed in the Economic Sub-Committee and the Agricultural Committee of the Alliance. They believed that the agricultural co-operative movement had a world role to play in the fight against hunger, the fight against post-harvest losses, the fight against speculation, the fight to expand production and ensure food for mankind, to rationalise the means of production and the technological potential. And this was the question: was agriculture in fact capable of ensuring for producers not only a reasonable standard of living but the amortisation of the technical means which were essential for progress in production? This was a world question: the planned economy countries could give

a relevant answer, but the market economy countries, the so-called developed countries, what would they reply? Given the level of technological needs, the cost of investment, the present level of auto-financing—was it possible, was it desirable, that co-operatives should continue to exist on state subsidies? This was the question which all responsible co-operators should be asking themselves.

Agricultural co-operatives were capable of carrying out international exchanges, without discrimination, without racism, and of becoming a stabilising element in the sometimes complicated situations which arose in various parts of the world. They were an element of convergence between those governments which supported them, and this was obviously a factor leading to understanding and peace. Mr Doumeng hoped that the Conference would respond to these objectives, so that agricultural producers could escape from the limitations imposed by economic and political forces, and become a living force capable of dominating technological progress and inspiring all men.

Paper 1: The Trade in Cereals, Feed and Feed-based Protein

Presented by

P. DUCROQUET, *Union des Coopératives Agricoles du Sud-Ouest (UCASO), France*

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Introduction

In the international context, where world food requirements continue to increase and the supply of agricultural food products is controlled by countries which often practice deliberate protectionist policies with restrictive national regulations, international trade in agricultural products plays an increasingly important role, both economically and strategically.

It is becoming evident today that multinational firms play a key role in distribution, in trade and pricing, as well as in the dissemination of production techniques. In other words, they exercise considerable influence on the world market in cereals, oils and products generally.

By the use of various financial means the large international operators influence both producers and needs in developing countries.

Unfortunately today the capacity of a developing country to resolve its food deficits must be evaluated in terms of its solvency, and this situation can only be remedied if the international community will take on this responsibility.

The campaign for a more just economic order for developing countries without resources, is an appeal to which co-operatives must be able to respond by contributing bold and specific solutions.

But we need to determine the conditions governing such a response. We have limited this report to the World Trade in Cereals and the Proteins deriving from them, particularly meat and dairy products, since these are of prime strategic importance. The breadth of the subject obliges us to restrict the field of this study; however there are other products where the co-operative sector holds an important position, such as vegetables in the Netherlands, citrus fruits in Israel, fruit in the USA.

At our next conference, which may be held in a developing country, we intend to lay particular stress on world trade in export products from developing countries (such as coffee, cocoa, groundnuts, cotton) and on the terms of such trade.

In this report, we will first describe the *part played by co-operatives in the production and world trade* in cereals and their derived proteins. We will then examine the relative importance of the *financial and economic agencies* involved, and the influence exerted by Governments on the various agencies.

Finally, concerning the part played by co-operatives in this trade, we must evaluate the *nature of the obstacles* which prevent co-operatives from taking a larger share of the trade, or sometimes of even penetrating it.

To achieve such penetration, it is essential for co-operatives to decide firmly on an *international strategy* which would guarantee a satisfactory return to their members, by utilising their strong position in the field of collection and processing.

They must also take measures, independently of the multinational companies, to contribute to the development of trade on a non-speculative basis which would benefit both the farmers of the surplus-producing countries as well as the populations of the developing countries.

Section 1—Production and Trade

1.1 CEREALS (common wheat, secondary cereals, soya)

Cereals form the basis of human sustenance in most countries of the world. During the past twenty years, the evolution of cereal requirements has been marked by two different phenomena, which converge in that both augment the world requirement in cereals: one is the growing demand for cereals in the poorer countries; the other is the increased consumption of meat in countries with a high standard of living (industrialised countries in the West and the East, and more recently petroleum-exporting countries with small populations), for which cereals and soya are particularly required.

(1) The demographic explosion of the *developing countries* compels their governments to increase production and to import food products to meet their growing needs. All the projections by international organisations indicate that the world's production capacity is greater than its needs but that, in spite of this fact, the nutritional needs of the developing countries will not be met, although the growth of indirect cereals consumption is very rapid in those developing countries which have petro-dollars available.

(2) The countries with *high standards of living* have seen increasing demands for meat. To meet these demands, stock-breeders in those countries have expanded their feed production and have developed intensive methods of animal production. This diverting of cereals via animals has multiplied requirements, since it takes 8 kgs. of cereals (including complementary or substitute products) to produce 1 kg. of beef. To produce 1 kg. of beef containing 3,200 calories takes on average 32,500 calories, that is ten times more than if the cereals were consumed direct.

It is due to this that cereal requirements have doubled or trebled in certain industrialised countries compared with developing countries, ranging from 250 kg. or less of cereals per person per year in Africa, Asia and Latin America, to 430 kg. in Western Europe, 600kg. in Eastern Europe, 720 kg. in USSR and more than 1,200 kg. in North America.

The most spectacular case is that of Japan, where feeding habits were largely vegetarian. In 15 years, its meat consumption has approached that of the other industrialised countries, in spite of its large fish consumption. This appetite for animal protein, with the consequent increase in cereals requirements, extends to all the industrialised countries, and parallels the increased need for cereals for direct human consumption in the developing countries. However, a tendency towards saturation in animal protein consumption per head has been observed, and even the beginnings of a regression for dietetic reasons. From this point of view we must not underestimate the contribution of the scientists, such as the Meyer Report (USA 1978).

The World Market in Cereals

From the above it will be seen that world cereals requirements are increasing rapidly following the two-fold pressure of demography and the (certainly desirable) increased per capita consumption in the developing countries.

World trade shows regular increases: in 1978-1979 it stood at 160 million tonnes, representing 10 per cent of world cereals production.

The volume of international trade is relatively small in relation to total production, but it plays a *vital role*. Trade in rice is relatively low, with trade in wheat and feed cereals equal to about 20 per cent of production.

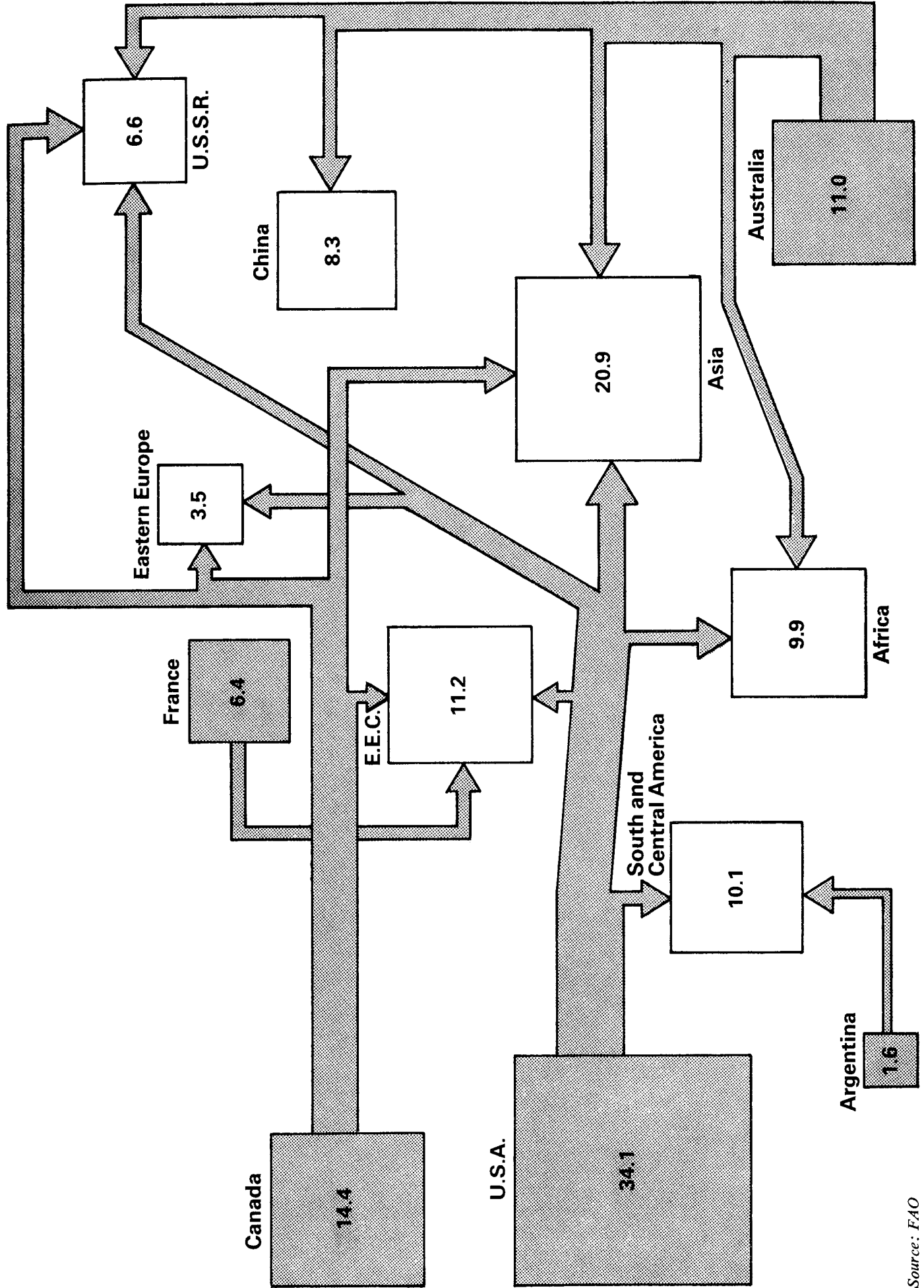
*The International Trade in Cereals
(in million tonnes)*

| <i>Cereal</i> | <i>Average 1954/55—1958/59</i> | <i>Average 1977/79</i> |
|-------------------|------------------------------------|----------------------------|
| Wheat | 30 | 71 |
| Secondary cereals | 19 | 80 |
| Rice | 5 | 10 |

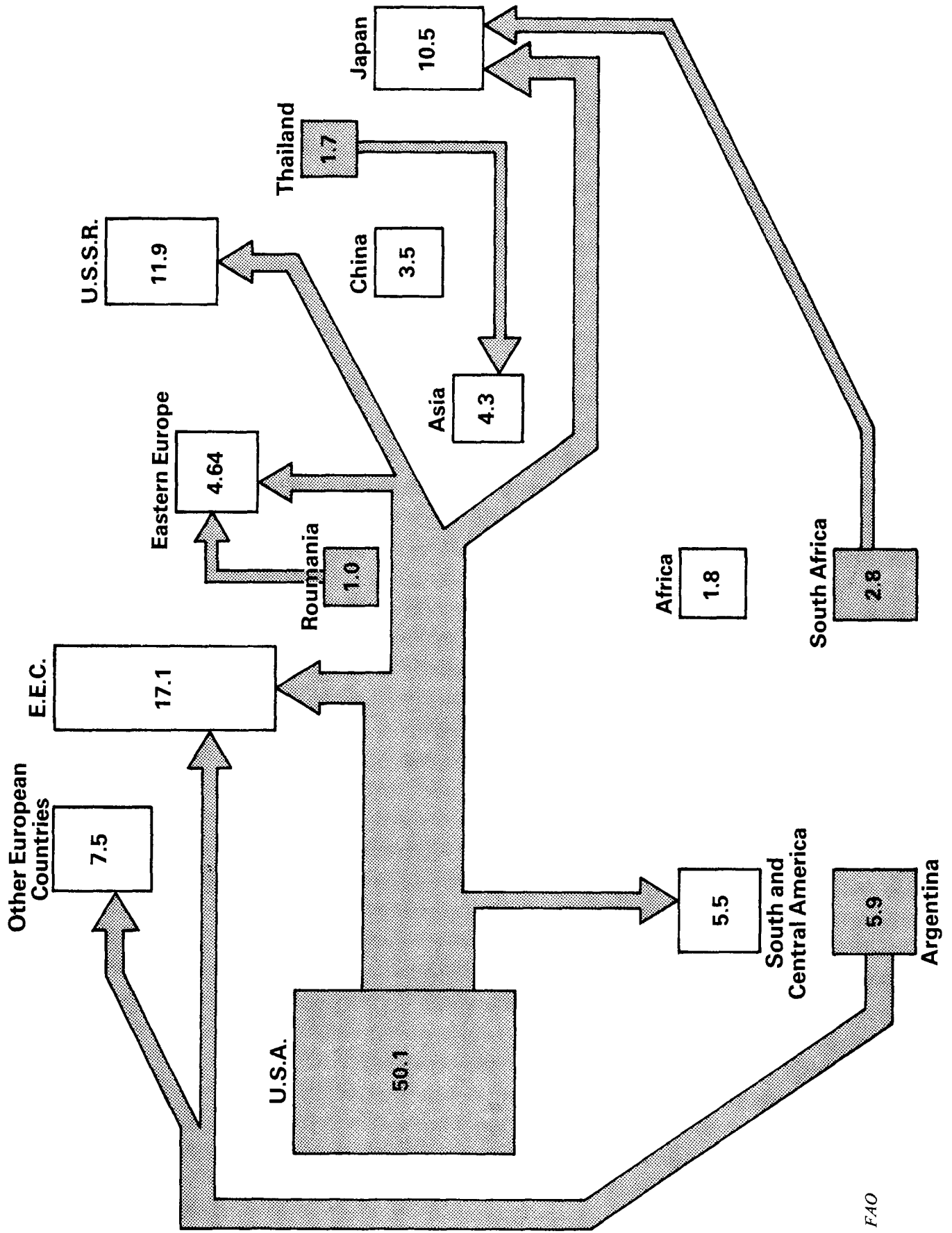
(Source: FAO)

It should be noted that in recent years there has been a marked trend from rice to wheat in international trade. This is con-

THE WORLD WHEAT TRADE AND PRINCIPAL DIRECTIONS OF FLOW IN 1978
(in millions of tonnes)



THE WORLD MAIZE TRADE AND PRINCIPAL DIRECTIONS OF FLOW IN 1978
(in millions of tonnes)



Source: FAO

nected with the greater difficulty of rice production, its comparatively higher price than that of wheat, and with the fact that bread is more easily transported, allowing a more rational distribution of food commodities.

Exports come from only a few countries. The USA alone supplies more than half of the market, that is 50 per cent of the world wheat market, 75 to 80 per cent of the market in maize. If we also include Canada, Australia, France and Argentina, this accounts for more than 90 per cent of the world supply of wheat and secondary cereals.

Importing countries are more widely dispersed and can be divided into three groups:

A. Countries with considerable cereals production of their own, but whose consumption pattern demands the "animal diversion". Paradoxically those countries with the least demand for cereals for human consumption are also those which import the most; they are:

- Western European countries, with net imports of 15 to 20 million tonnes per annum;
- Eastern European countries, with net imports of 10 to 15 million tonnes per annum;
- USSR with net imports of 12 to 18 million tonnes per annum.

(The above figures are averages over the years 1976, 1977 and 1978, and may include wide variations.)

This first group absorbs 30 to 45 per cent of the world market.

B. Countries with small land areas and a high consumption and standard of living: Japan in particular imports 20 million tonnes per annum; certain countries of South-East Asia and petroleum-producing countries: Singapore, South Korea, Philippines, Nigeria, Middle East, Venezuela, Algeria, etc. In 1979-80, Algeria imported the equivalent of 60 per cent of its wheat consumption.¹

C. Countries compelled to import in order to satisfy the basic food requirements of their populations, partly through food aid. This has long been the case with India, and spasmodically also with numerous Asian, North African and Sahelian countries. China constitutes a special case, since it does not seek international aid and has only imported cereals over the past few years, while exporting rice; it imported 10 million tonnes in 1978/79. China prefers to meet the cereals requirements of its urban centres direct by river transport, utilising imports, rather than by its own internal transport, because of its very compartmentalised geographical formation and a weak transport infrastructure.

It is important to distinguish between the market in wheat, and that in secondary cereals.

WHEAT

As far as human food consumption is concerned, *wheat consumption* in the centrally planned countries between 1950/55 and 1970/75 has remained constant; over the same period there has been some reduction in the western countries, with an increase of 67 per cent in the developing countries.

However the levels of demand vary considerably from country to country. Within the EEC alone, they range from 40 kg. per person per year in Denmark, to 125 kg. in Italy². Between 1955/60 and 1970/75, the annual consumption per person in the EEC decreased from 75 to 64 kg., while in the USA for the same period it went down from 56 to 51 kg. In the USSR the annual

consumption per person was stable at 170 kg. The relatively high consumption in the USSR and the Eastern European countries is explained by increased incorporation of wheat in feedstuffs for animals including ruminants.

World trade in wheat has increased steadily and has amounted to approximately 70 million tonnes annually for the past three years. Historically since the post-war period the world wheat trade structure has been marked by a spectacular leap in imports by the developing countries (from 8 million tonnes in 1950 to 35 million tonnes annually at the present time); these countries head the world list of imports with 50 per cent of world trade, followed by the centrally planned countries (USSR and the Eastern European countries) with 30 per cent and the non-planned developed countries (approx. 20 per cent).

On the export side for the same period, USA sales represented half the world wheat trade (between 30 and 35 million tonnes), followed by Canada (15 million tonnes), Australia (10 million tonnes) and France (10 million tonnes).

Consignments on favourable terms, together with gifts, represented as much as 52 per cent of world trade in 1960/61, decreasing after this date as the world supply situation became more precarious. It is interesting to note that the share of traffic between commercial and non-commercial transactions is related to the level of world supply. The major part of aid comes from the USA, supplemented by the EEC. As distinct from Canada and Australia, aid is an integral part of USA export policy.

Food aid in practice is often utilised in the commercial field as a means of encouraging exports, either to win a competitive market (subsidies, for example, to compensate for high marine transport rates, while artificially maintaining competitive pricing) or to create new markets (aid which is progressively converted to traditional trading practices when the buyer-State or client has become dependent on such supplies).

Food aid can also play a considerable political role as a form of pressure.

A new element in the development of world consumption is the enormous increase in the utilisation of wheat for feeding livestock. Particularly in the USSR, human consumption has hardly altered but has remained constant since 1970 at around 45 to 50 million tonnes. In the same period the USSR has utilised a minimum of 30 million tonnes of wheat every year for animal consumption, that is one-third of its total harvest and also one-third of its total cereals utilisation, for feeding livestock.

In other East European countries, the use of wheat in livestock feeding has also increased and accounts for the greatest increase in wheat consumption.

In the West European countries, following the large demand for animal products at a time of abundant supplies, the quantity of wheat absorbed by animal feeding—10 million tonnes in 1960/65 (16 per cent of total consumption)—doubled in the following ten years, to reach 27 per cent of total wheat utilisation in 1970/75. The fluctuations in the use of wheat for animal consumption reflect not only the variations in the relation between the supply and the price of wheat and other substitute raw materials, but also the changes in the stock-breeding programmes of the countries concerned.

The use of wheat for animal feed in the developed and centrally planned countries is expected to increase at a slower rate than in the past, in view of the prospects of greater availability of secondary cereals.

MAIZE

Among secondary cereals, *maize* plays a dominant role in world trade. The *world maize market* is supplied by the USA (80 per cent of the world market, that is 55 million tonnes

¹Cf. Tou Amar and Benameur Mohamed: *Le Commerce International du blé et de la farine—le Cas de l'Afrique du Nord* (International trade in wheat and wheatflour—the case of North Africa). 40pp. Université de Paris IX Dauphine—June 1980.

²Cf. the high consumption of hard wheat in Italy.

average over the past three years), followed a long way behind by Argentina (5 to 6 million tonnes), South Africa, Thailand, Brazil, etc.

The principal *importers* of maize are the EEC countries (approx. 15 million tonnes), USSR (approx. 12 million tonnes) and Japan (10 million tonnes).

These imports can be accounted for by the need of these countries for secondary cereals and soya for animal production, particularly of monogastric meat.

The world trade in secondary cereals (particularly maize, but also barley) is expected to increase in the future, with additional exports coming almost exclusively from the developed market-economy countries such as USA, Canada and France.

RICE

The *world rice trade* is also characterised by the relative predominance of the USA. This applies more to the relative size of the percentage exported (approx. 50 per cent of total production) than to the total volume of production which was of the order of 6.2 million tonnes in 1978/79.

With an export volume of almost 3 million tonnes in 1978/79, the USA controls almost 20 per cent of total world consignments.

In contrast China, which is the largest world *producer* of rice, with production of the order of 141 million tonnes, exports only 1 million tonnes. In other words, the situation is different from that for e.g. wheat since the major world producer which controls 34 per cent of world production accounts for less than 6 per cent of total exports.

SOYA

The world market: this source of protein has developed during the course of the past 50 years with the growth in the production of monogastric meat. More than one-quarter of world soya production (24 million out of approx. 80 million tonnes) currently enters the world trade circuits.

Exporting countries: the USA predominates in the world soya market (more than 85 per cent of world sale of beans) but the share of Latin America is increasing. Brazil in particular has achieved the same export level as the USA in the oil-cake market (the two countries exported a little over 5 million tonnes each in 1978, and 6 million tonnes in 1979).

Argentina has also made a spectacular break-through in this market; soybean exports—almost non-existent in 1975—reached 2 million tonnes in 1978 and more than 3 million tonnes in 1979. Paraguay has also considerably increased its production. All these countries are now devoting land to soya which was previously allocated to wheat or maize.

Importing countries: These are mainly developed countries. The EEC alone accounts for 60 per cent of the demand, and must import 80 per cent of its oil-cake requirements.

The second largest customers are Japan for beans and the East European countries for oil-cake. These three groups of countries do not have the necessary geographical basis for production of their basic protein requirements for rearing of monogastric stock nor, in some cases, for dairy stock requirements.³

While European stockbreeding has become technologically dependent on American soya, the relative soya/cereals prices at EEC level make soya highly competitive on the animal feed market. The drop in fishmeal exports particularly (result of the difficulties in Peru) has given it a very favourable position on the protein market.

³Cf. the most aberrant cases of dairy stockbreeding, largely using soya, in the Netherlands and in the Northern FRG. Some have proposed calling this "port-type dairy farming" (élevages laitiers de type portuaires).

Projections drawn up by the FAO for the 1985 horizon foresee an increase in the proportion of soya used for oil-cake production; and an increase in total exports by the developing countries at the expense of the USA (cf. the boom in the Latin American countries).

The flare-up in soya prices in 1972/73 (decline in production of American soya, combined with the collapse of fishmeal deliveries from Peru and the drop in groundnut production in Africa) and the embargo on USA soya, should have acted as a warning to the Europeans and Japanese.

The sustained increase in exports from Brazil and Argentina could stabilise prices. But in fact the USA has maintained its control of prices, since US investments in Brazil play a preponderant role and dealers on the market consist essentially of multinational firms with North American capital, which tends to favour a unified market (beans, oils and oil-cake) whatever the original country of supply.

* * *

The expansion of the international trade in grain has been important at political level, especially with regard to the following:

(1) *The dominant position of the USA* as the principal source of world surpluses has consolidated. This has accentuated the dependence on the USA of the developing countries in the matter of wheat, and of Europe, Japan and the socialist countries in the matter of secondary cereals.

The recent embargo on wheat by the Americans vis-a-vis the USSR, and the pressures on soya and maize by the Americans in 1973 and 1974 vis-a-vis Europe, demonstrate this. As a result, many States have become aware of the strategic importance of security and autonomy of food supplies, the control of supplies on the world market, and auto-sufficiency in secondary cereals and proteins for meat production.

(2) Taken as a whole, the *needs of the developing countries* have considerably increased, so much so that we are approaching a situation of relative shortage.

The race for disposable surpluses is expected to intensify the following developments:

(a) the *creation of captive markets* for the profit of the wealthier and more solvent countries (Europe, Japan, Middle East, etc.), and the vulnerability in the matter of supplies of those developing countries without strategic resources which already have difficulty in making up their food deficits—that is the tragedy of the fourth world;

(b) the *taking over by governments* of solutions to shortage problems, with increasing state-control of the economy. The liberal pattern of supply and demand is helpless against a political embargo.

(3) There is a danger that the role of *food aid* as a political instrument and a means of pressure on governments, will be utilised even more than in the past by the USA, bearing in mind the aggravation of the "shortage economy" and the monopoly of surpluses by the solvent countries (Western Europe, Japan, Eastern Europe, Soviet Union, petroleum countries, which have considerable trade surpluses).

1.2 PRODUCTION AND TRADE—MEAT AND DAIRY PRODUCTS

1.2.1 Overall View and Prospects

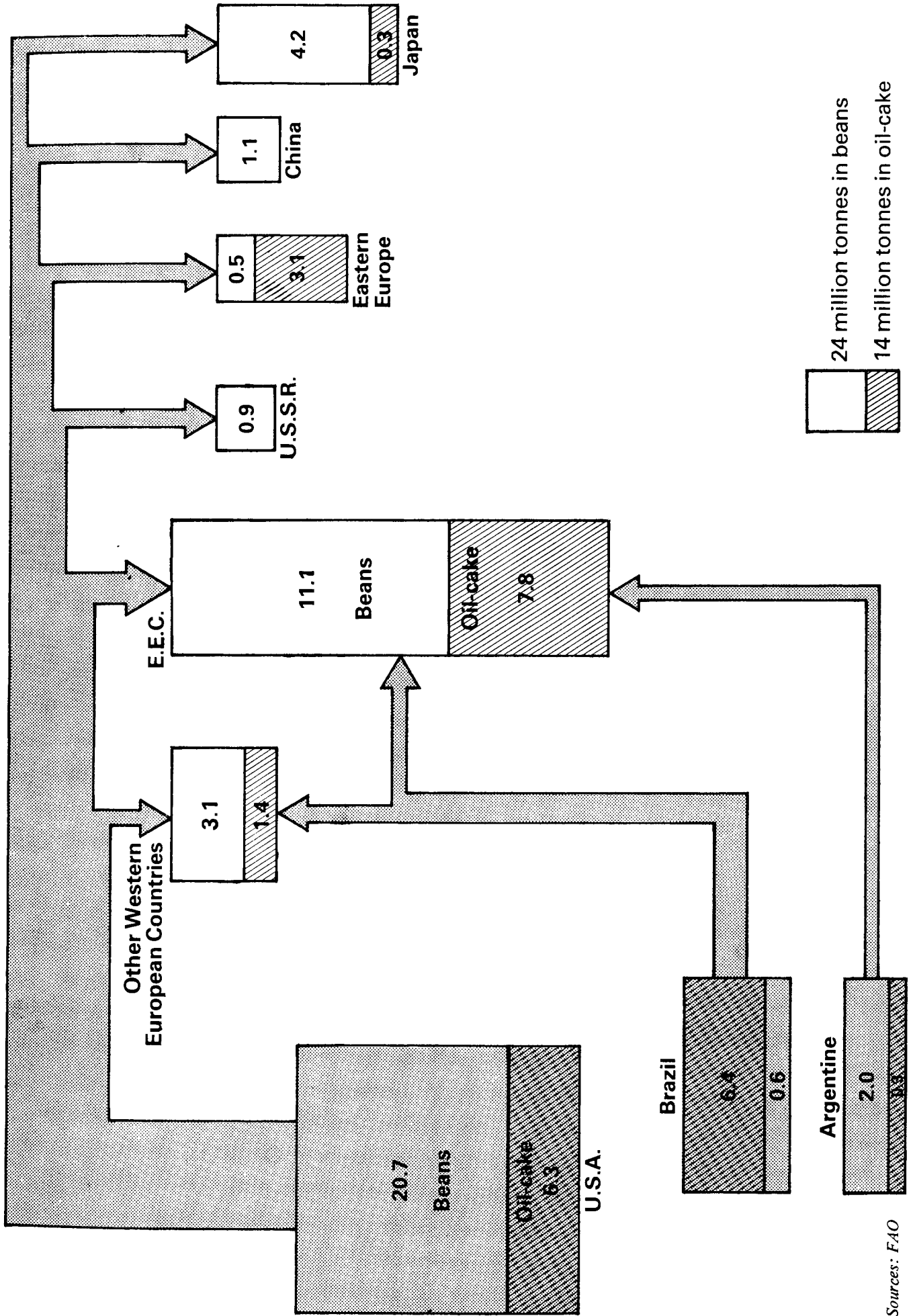
The total value of exports in 1979 was divided as follows:

| | |
|----------------|-------------------|
| Meat | US \$15.6 billion |
| Dairy products | US \$7 billion |

The value of the international trade in meat is twice that of dairy products. These figures should be set against the value of

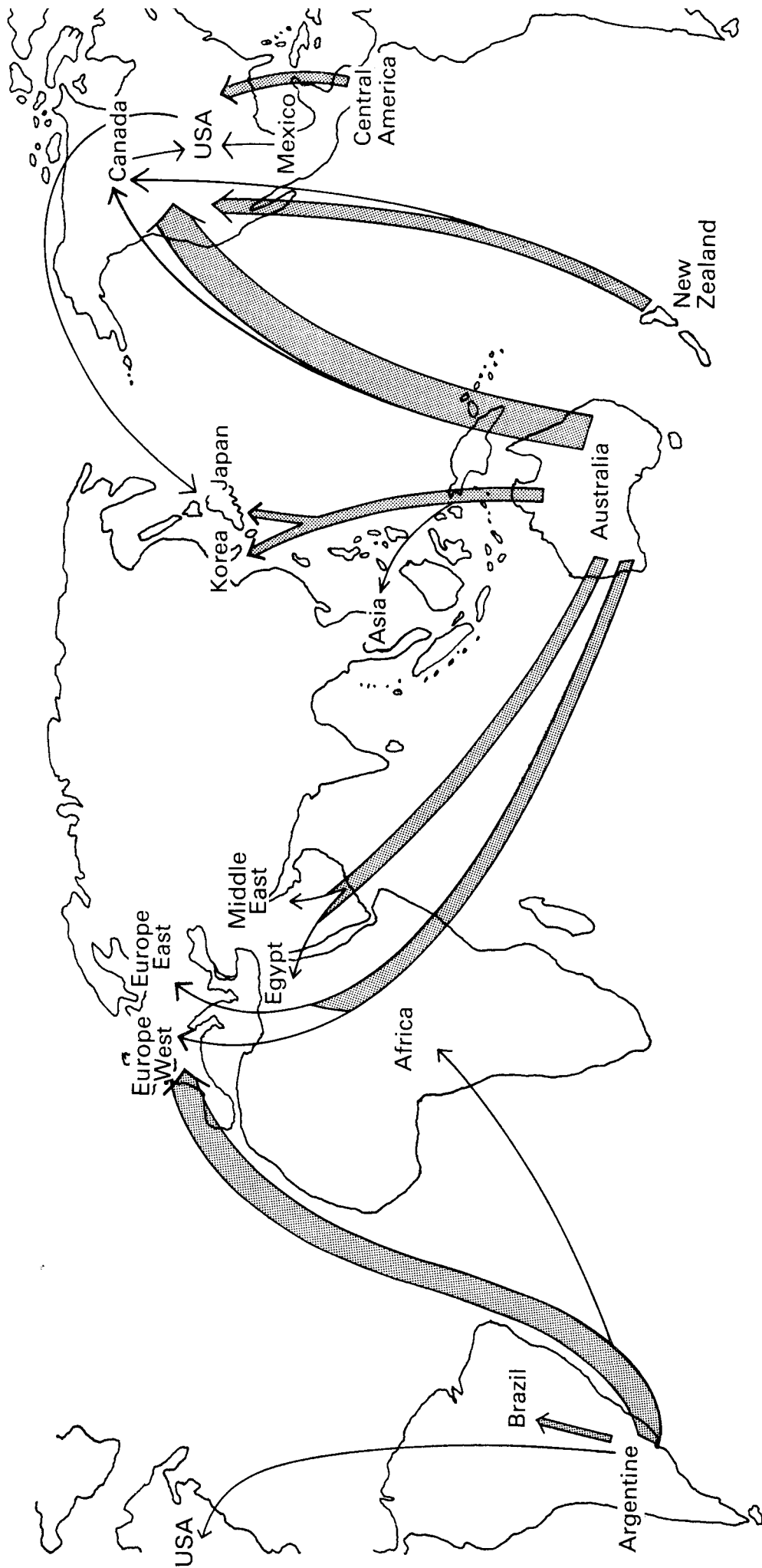
THE WORLD SOYA TRADE AND PRINCIPAL DIRECTIONS OF FLOW IN 1978

(in millions of tonnes)



Sources: FAO

BEEF—PRINCIPAL DIRECTIONS OF FLOW IN 1978



the international trade in cereals, which is over 30 billion dollars.

Meat exports from developing countries amount to 2.5 billion dollars, 16 per cent of the total, and meat imports by the same developing countries represent 17 per cent of total imports. Dairy product exports come entirely from the developed countries, and their principal importers are the developing countries (powdered milk 56 per cent of the import total; condensed and evaporated milk 75 per cent; butter 29 per cent).

1.2.2 Production and Trade—Meat

World meat production in 1979 was divided as follows:

| | |
|------------------------|---------------------|
| Beef | 46.7 million tonnes |
| Mutton and goat meat | 7.3 million tonnes |
| Pork | 51.5 million tonnes |
| Poultry | 27.5 million tonnes |
| <hr/> | |
| Total world production | 133 million tonnes |

Recent trends indicate that the production of beef is decreasing slightly, while mutton production remains constant and pork and poultry show notable increases.

International trade accounts for *only a small part of total meat production*, but its share is increasing and currently represents 5 per cent of the total.

The global volume of imports in the international meat trade amounted in 1978 to approximately 7 million tonnes.

The principal *exporting* countries are:

| | |
|------------------|--|
| In South America | Argentina and Uruguay |
| In Oceania | Australia and New Zealand |
| In Europe | Denmark, Ireland, Holland, Hungary and Romania |

The principal *importing* countries are:

- USA and Canada
- Japan
- Germany, Italy and the United Kingdom
- the Middle East

The main directions of flow of the world trade in beef and mutton are limited to a small number of countries, as indicated in the tables on pages 24, 27, 28. This is explained by health regulations, protective tariffs, and consumer preferences in the relatively prosperous countries.

The largest share of world trade in beef and mutton takes place in five directions only:

| | | |
|-------------|--------|---------------|
| Argentina | —————→ | EEC (beef) |
| Oceania | —————→ | USA (beef) |
| Oceania | —————→ | Japan |
| New Zealand | —————→ | USSR (mutton) |
| New Zealand | —————→ | UK (lamb) |

The trade in pork takes place almost entirely within the EEC. The world trade in poultry meat is more diversified than for other meats; poultry meat is cheaper and therefore demand for it comes from a wider variety of countries.

Certain modifications can be noted in the position of different countries in the international meat trade:

- (1) *the increasing auto-sufficiency of Europe*, which is reducing its meat deficit in spite of increasing internal consumption;
- (2) *the decline of certain traditional exporters*, particularly of Latin America which has seen a fall in beef exports (mainly from Argentina) and which is also developing its internal trade, as well as its imports of poultry meat. This corresponds to the expansion of certain internal markets.

The share in the total meat trade of the Oceanic countries (Australia and New Zealand) is also declining; their mutton exports show the smallest increase, while their share of beef exports has risen slightly (the preponderant position of Australia). This relative decline should be set against the expansion of their traditional export market, the UK.

- (3) *Development of new combinations*: Expansion of trade leads some countries to become simultaneously exporters and importers. This is the case with the UK, and more particularly with the USA, France, Netherlands and Belgium/Luxembourg, which are increasing both their imports and their exports. Variations in costs and changing production combinations partly explain this dual movement.

Thus the USA is increasing its imports of beef from zones with relatively low costs, and increasing exports of meat which incorporate large quantities of cereals and soya oil-cake with which it is well supplied.

Netherlands and Belgium/Luxembourg export poultry and pork meat produced from animal feed mainly imported at a cost lower than that of the European cereals: manioc, soya oil-cake, etc. Netherlands exports veal, but imports adult beef meat, and is becoming the country in which meat production is the best integrated commercially, since more than 60 per cent of its total production was exported in 1973/76 as against 25 per cent in 1961/65 (world average: less than 5 per cent).

France exports little poultry and pork meat, and even imports some pork due, among other factors, to the relatively higher cost of animal feed which results in non-competitive price levels. Low import prices have increased mutton imports. This also applies to certain beef imports but here the price factor must be set against consumption patterns. There is a large demand for superior cuts, while inferior cuts and meat produced by intensive techniques (such as veal or baby-beef) are exported.

The effects of the evolution in consumption patterns are however more noticeable in increased imports by a certain number of countries which today count as among the largest importers, particularly the German Federal Republic, Italy, Japan and the USSR.

The evolution in consumption patterns is in fact one of the levers which generates intensified production and the development of international trade. The high prices of beef and mutton compared with poultry and pork, are bringing about a slide in consumption towards pork and poultry meat.

Prospects for 1985

World meat exports are expected to increase by 29 per cent, while those of developing countries will increase by 170 per cent. Considerable increases are forecast particularly in Africa, the Near East and the OPEC (imports by this last group are expected to treble).

These prospects, drawn up to 1985, presage fundamental modifications in the structure of the world meat trade (FAO projections), indicating that the developing countries will in fact become net importers of some 500,000 tonnes of meat originating from the developed countries.

1.2.3 Production and Trade—Dairy Products

Dairy products, which are numerous and varied, are not all in demand internationally. In fact the only real international products are skimmed milk powder, butter oil and, to a lesser extent, butter.

In a market of more than 1 million tonnes (*representing 8 per cent of production*) powdered milk for human consumption holds an important place—more than 550,000 tonnes. Its rapid and steady growth (+11 per cent annually) is expected, according to the FAO projections, to continue.

The market in butter is different. It amounts to around 500,000 tonnes but is very irregular and, above all, shows considerable imbalance between production and consumption. Production of butter in the EEC alone is equal to 10 times the total import figure for all non-European countries.

The EEC, Australia, New Zealand and Canada by themselves account for almost the whole of powdered milk exports; New Zealand is undoubtedly the leading exporter in this field and conducts the most aggressive policy. Within the EEC, Netherlands enterprises display the most aggressive trading policies.

All the large producing countries have difficulties in overcoming the problem of surplus supplies.

The EEC, for example, uses subsidies for non-marketing of milk and for conversion of milk herds, the co-responsibility levy on producers. These measures have the effect of diverting structural surpluses primarily towards animal feed.

In addition, the system of import levies, export refunds, and carry-over stocks, considerably limits supplies, alienates producers while giving them artificial protection, and stifles the dynamism of the agricultural profession.

The USA has a system of price support and federal marketing orders, which also aim at ensuring adequate, but not excessive, supplies over a given period. The same applies to the Canadian Milk Board.

Special mention should be made of New Zealand, which constitutes a brilliant exception in this field. The price fixed by the Milk Board approximates to the world price and incorporates an amortization system for the fluctuations experienced by the latter. New Zealand thus exports three times more than its requirements and leads the world exporting countries.

The above government policies, with the exception of New Zealand, show that the market is globally a "remainder" market, or rather a "surplus" market.

International marketing has not been helped by the aggressive policies of some governments which employ "deficiency payment" situations to flog their commercial "remainders" at international level. It is due to this that the international market has acted for the past ten years as a buffer market, where the price of dairy products has varied enormously with the irregularity of supply. A small variation in production is here expressed in large variations in the volume available on the world market. The shares of the importing countries, spread over three continents, were as follows for the period 1974/78:

| | |
|---------------|-------------|
| Asia | 43 per cent |
| Latin America | 43 per cent |
| Africa | 14 per cent |

Exports from the EEC are fairly evenly spread over the three continents; New Zealand and Australia are orientated particularly towards Asia, and secondarily towards Europe; Canada towards Latin America, while the USA and Argentina export mainly to Africa.

Dairy production in the Asian region averaged 59.5 million tonnes annually for 1974 to 1977. According to the FAO, production is increasing by 2.3 per cent annually, while the population is increasing by 2.6 per cent annually and consumption per head is also growing. Five countries (Philippines, India, Thailand, Malaysia, Indonesia) account for two-thirds of total imports and 25 per cent of the world market. It is necessary in this context to distinguish between the commercial markets and those dominated by aid (India, Pakistan, Bangladesh, Sri Lanka).

Over the same period, dairy production in the *Latin American countries* amounted to 32 million tonnes, that is equivalent to 97 kg. per inhabitant, with production increasing by 4.9 per cent annually while the population increase is 2.9 per cent. The wealthier countries (especially Venezuela) are those which

import the largest quantities (with the exception of Argentina); in this sector food aid represents altogether 11 per cent of imports.

The *African continent* is the weakest market at present. Dairy production allows a consumption of only 29.7 kg. per inhabitant per annum. Production is increasing by 1.3 per cent annually, while the population increases by 2.8 per cent per annum. Regarding consumption, it is important to distinguish between two separate zones: first, the Maghreb, where living standards are higher than in the rest of Africa and where eating habits encourage production and consumption of dairy products; secondly, the rest of Africa where consumption per head is lower. In Africa, food aid plays a considerably more important role than elsewhere (50 per cent of imports).

Globally, demand is expected to continue to increase without the production of the developing countries being able to keep pace; consequently, and bearing in mind the economic position of the importing countries, the place of food aid (25 per cent of world imports) will increase. Prospects for 1985 indicate that world imports of dairy products will increase by 42 per cent, and imports by developing countries by 115 per cent. Many of the latter are insolvent and will become even more dependent in the future on external aid.

On the other hand, the petroleum exporting countries have become large buyers over the past few years, absorbing approximately one-sixth of world exports. As this is a solvent market, demand by this group of countries will increase, if only because of demographic expansion.

From a qualitative point of view, the market is very demanding. The EEC's quality norms are inadequate and do not correspond to the norms laid down for export for human consumption, and are therefore incompatible with good export policy. On the other hand, it seems that those countries with a single marketing structure (the Milk Boards of the Anglo-Saxon countries) achieve greater success, since they have the capacity to orientate production and practise aggressive export policies. It must also be recognised that these countries have a long experience of the world market in dairy products.

The acceleration in demand of the developing countries is however concomitant with the slowing down of demand in the producing countries, which should generate—despite their protectionist policies—an increase in the supply available for export, with a tendency to lower world prices. This will increase the flow of dairy products through the channel of aid, which we will examine later.

1.3 GENERAL TENDENCIES IN THE INTERNATIONAL MARKET IN CEREALS, FEED AND FEED-BASED PROTEIN

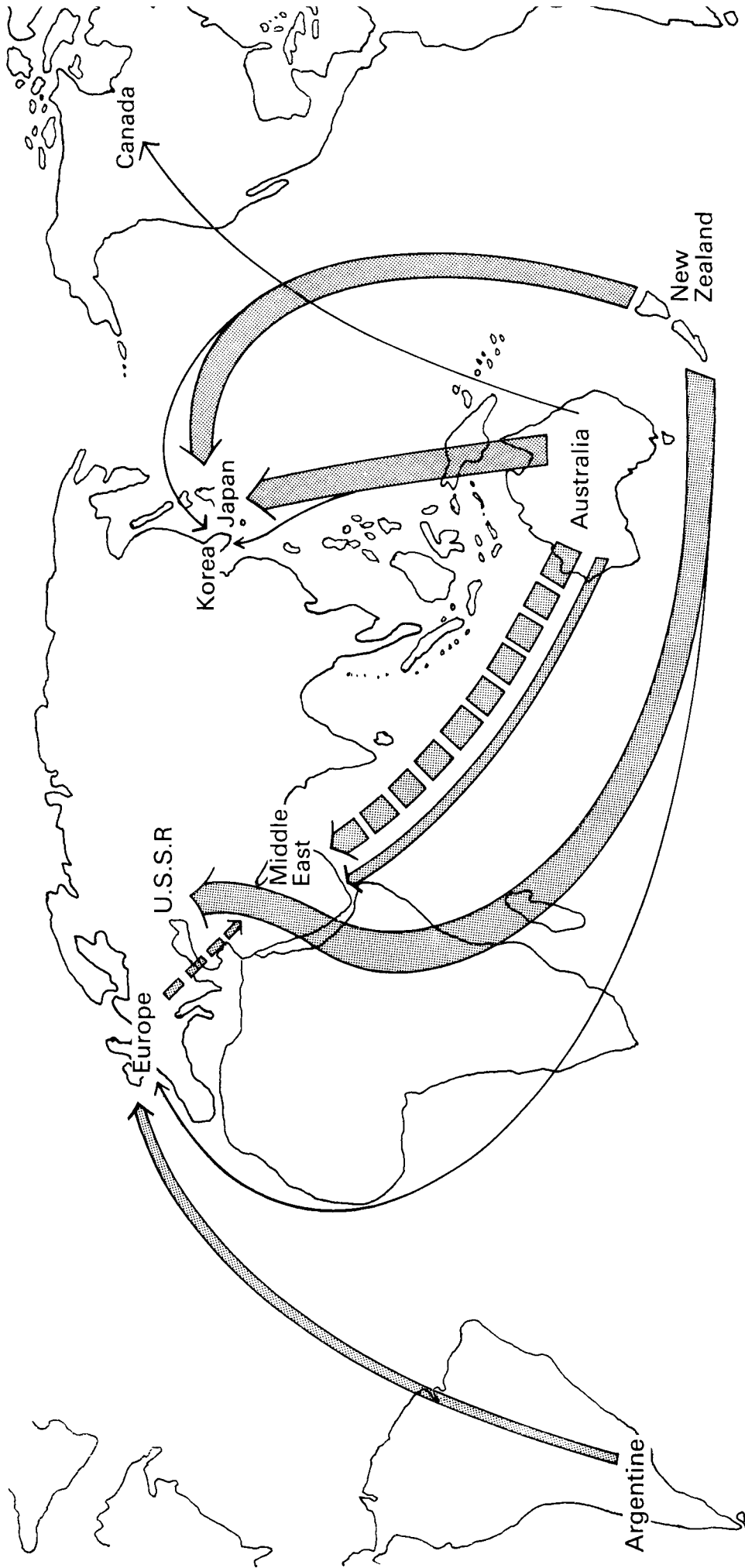
These tendencies can be summarised briefly as follows:

1.3.1 Diminishing margins: concentration, diversification, disengagement

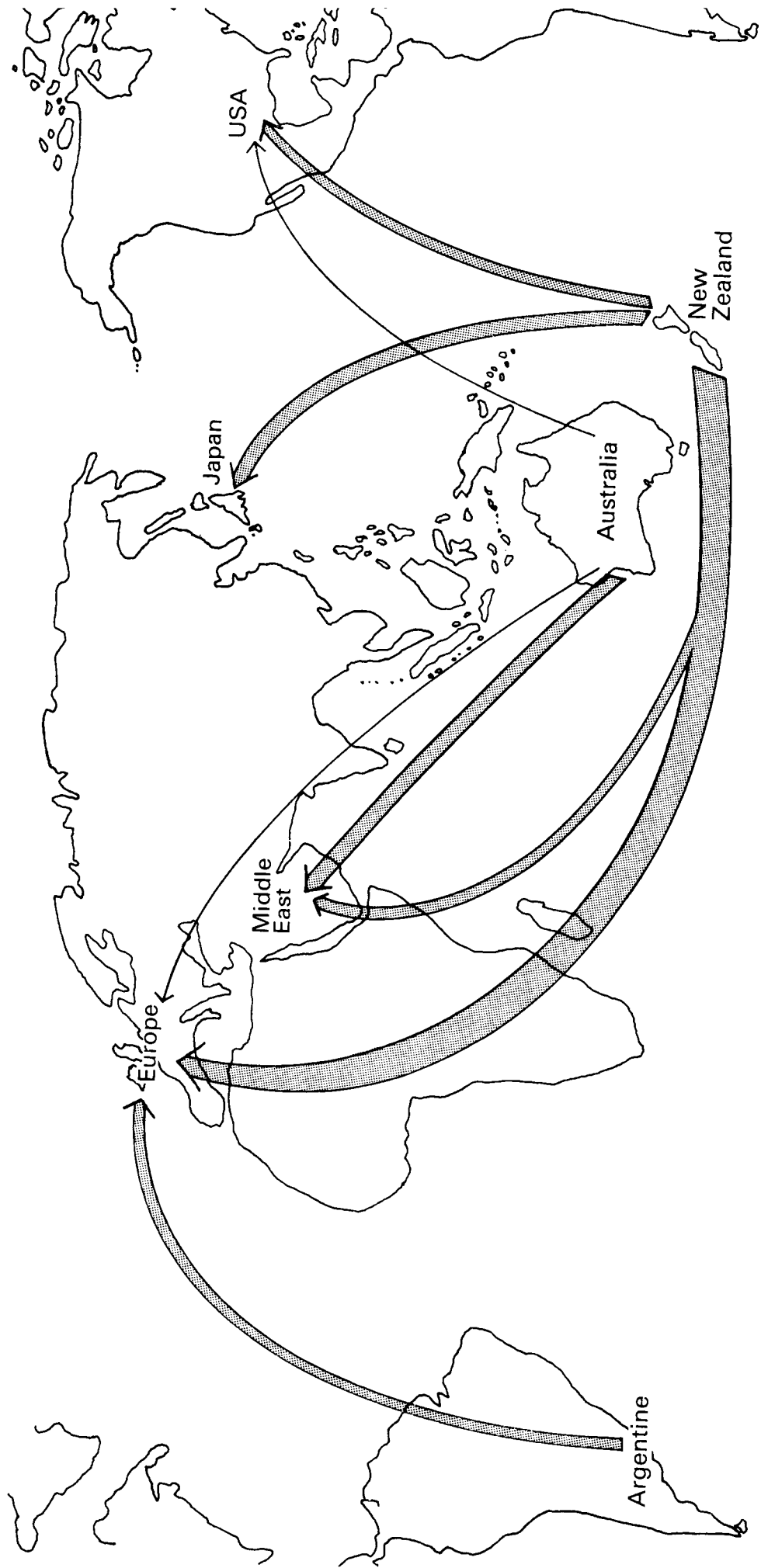
Central purchasing bodies and governments are increasing competition by buying at lowest prices. Competition has become such that margins have been reduced, which has caused the disappearance of many second-degree competitors. This has resulted in concentration of the market in the hands of a few firms, and diversification by these firms of their activities to limit risks. Since basic agricultural products are homogenous and indistinguishable, this is the only rational strategy to enable enterprises to survive in such an environment, which has also led to the disengagement of certain large firms towards more profitable sectors (complex processing industries, for example).

The disengagement can also be geographical. Thus many firms have disengaged from the intra-EEC market, where margins are very low and secondary profits limited (no profit on marine

MUTTON, MEAT AND LIVESTOCK—PRINCIPAL DIRECTIONS OF FLOW IN 1978



LAMB—PRINCIPAL DIRECTIONS OF FLOW IN 1978



transport), to redeploy in the developing countries. An analogous movement towards disengagement, to the benefit of agricultural co-operatives, was observed in the USA during the decade 1960/70.

Here Nestlé's disengagement seems to be a response to the reduced rate of increase of its turnover in the EEC. This group seems to be preparing to transfer manufacture to the countries producing the raw materials, which also have cheaper labour. It has closed several factories in Europe in favour of developing activities in a wider world perspective. The large firms are seeking to adopt global strategies to absorb the void of the developing countries, and are even seeking agreements with the planned socialist countries.

1.3.2 Entry on the cereals market

Access to the cereals market through international trading is relatively weak, and is cheap compared with access to other industries such as dairy production. The cost of entry in international trade is proportionately lower than that of many other industrial activities.

To start with, all that is needed is a team of competent individuals, experienced in trading techniques, and a solid financial base. This was how the Cook bosses formed Tradigrain with relatively small resources. This does not prevent them from taking part in most of the tender invitations.

In certain cases, the ownership of terminals and shipping may be a handicap. Thus Cargill, which holds the largest logistics investments (silos, marine transport, land transport) turns out to be dearer and to lose out on markets because it wants to use its own installations and means of transport, while its competitors can be *more flexible* and hire what is available according to need.

The example of Philip Bros. is characteristic of the rapid entry on the market of a firm coming from the industrial sector, with large financial means and an already existing international network.

The role of outsiders must be taken into account, since they upset the market with coups that break prices. Among the outsiders, the new strategies of the Japanese *shoshas* should also be noted.

In view of the low investment cost of entry to international

trading, and the high risk rate which compromises the "life" of the newcomers, the international trading market is a *changing* one, apart from the traditional firms which have attained a level of quasi-impregnability, because of both their long experience and their growing diversification outside the international cereals trade.

1.3.3 Increasing role of Governments

A growing share of the market is concerned with governmental agreements, at the expense of the free market. In some years, more than 75 per cent of the wheat exported by the USA has been in response to public tenders emanating from foreign governments. The case is similar for secondary cereals and for soya. Exporters are working more and more with national governments, on more or less long-term contracts. This preponderance of the public sector in the buying field obviously applies to all the planned economy countries, but also to a growing number of developing countries, if only for reasons of external financial equilibrium.

The world market in dairy products is also dominated by governmental policies, whether at the export level with the Boards of the Anglo-Saxon countries, or as appropriations for aid which play a considerable role in this market.

This tendency may also favour agricultural co-operatives, which control a high percentage of "collection" and are more interested in a guaranteed income for their producers than in speculative margins. Hypothetically the agricultural co-operatives should seek a system of long-term agreements to stabilise outlets and prices.

1.3.4 The strategic importance of independence

The only strategy capable of containing competition requires that resources should be controlled as near as possible to the base. Private operators have hitherto avoided investing in basic collection operations which require high investment with a low rate of profit. In view of the utilisation of surpluses as political weapons, the strategic importance of independence in food has become fundamental, and the control of cereals and proteins all along the line has become of prime importance, even if profit margins are reduced. In this sense, co-operatives could play an important role, since they control a large part of the "collection" in the exporting countries.

Section 2 — The Operators in International Trade

2.1 POSITION AND CHARACTERISTICS OF THE MULTINATIONAL CEREALS FIRMS

Operators can be divided into four principal categories, of which one—the six longstanding quasi-family firms, not quoted on the stock exchange—alone controls 30 per cent of the international cereals market:

- A. Long-established private firms—Cargill, Continental, Bunge, Dreyfus, André and Topfer;
- B. Outsiders, private firms which appear suddenly with large financial resources, and affect the market;
- C. The National bureaux, Canadian Wheat Board, Australian Wheat Board;
- D. Agricultural Co-operatives and their Unions.

There exist in fact various interpenetrations between the above four categories, and even within the same category. Thus the regional unions of exporting co-operatives in the USA sell two-thirds of their supplies through private firms. Likewise

the Canadian Wheat Board sometimes exports direct but entrusts the administrative details of the deal (transfer, insurance, loading and unloading) to agents which are no other than the private firms, or sometimes the Canadian co-operatives.

We will examine in this section the two first categories above. The specific problems of agricultural co-operatives will be examined in Sections 3 and 4.

A. The long-established private firms

The six world groups in the cereals trade account for 80 per cent of world traffic in this sector. They have certain important characteristics:

- (a) They are *family or para-family groups*, not quoted on the stock exchange, who have no need to disclose information on their operations, and whose capital is entirely in the hands of a few families and directors within the group. This leads to considerable efficiency in *rapid decision-*

making and in maintaining business *secrecy*. They also have the advantage of having entered the market early on, of experience, of a firm foundation, and of a solid network of inter-personal relations.

- (b) They have a *multinational, even worldwide, character*. They dispose of means of transport (barges, shipping, wagons, port terminals) and each has sales offices in more than 30, in some cases 80, countries of the world, including Moscow and Peking.

Diversity of supply allows them to buy wherever they wish all over the world. They also dispose of excellent information networks with rapid analysis of multiple data, almost instantaneously, on all parts of the world in order to detect as quickly as possible potential developments in the markets. These enterprises, taken as a whole, are highly efficient “decision and action” systems.

- (c) *Diversification of operations and risk-spreading*: most multinationals diversify in order better to:

—*control the trade in cereals all along the line* (seed, fertiliser, collection, transport, processing and agro-food industries). The exporters can then sell direct to their own processing factories in the client countries;

—*spread the risks over different products and areas* through multiple activities (internal equalisation of risks and the possibility of artificially lowering prices on certain products);

—*take advantage of more interesting margins in the more profitable sectors*: Dreyfus, Bunge and Cargill provide examples of commercial and industrial diversification. Cargill certainly makes a greater profit from processing and marketing minced steak than from selling cereals, but nevertheless it consolidates its position in trading activities by constructing terminals and purchasing boats. It maintains an active presence all along the line and, because of this, the essential control over price structures on the market.

The profits on international trading in cereals are generated not so much from the sale of cereals as from *allied activities*: profit on arbitrages, on foreign exchange transactions, on marine and internal transport—all of which require minimal integration of connected contracts.

- (d) *Economies of scale*: in order to respond to the demands of national buyer governments, the markets sometimes have to deal in large quantities. This obliges the private firms to diversify over a range of products from different countries. In the case of an actual or hypothetical blockade, they can then fulfil their commitments and guarantee stability of supplies. The economies of scale involved in millions of tonnes apply not only to storage installations, but also to transport, risk-covering operations, and processing industries all along the line.

B. The Outsiders

In addition to the relatively low cost of access to international trading, there are other reasons for the appearance of outsiders of enormous financial capacity, one of which is the feeling that *these markets could experience a fresh leap forward during the next few years in view of the growing demands of the USSR, of other East European countries, of Western Europe, of China and the developing countries*.

Taking the world spiral in wheat production:

| | |
|-----------|------------------------------------|
| 1883 | 50 million tonnes—approx. |
| 1910-1913 | 100 million tonnes/year—average |
| 1952 | 182 million tonnes |
| 1978 | 449 million tonnes |
| 1980 | (450 million tonnes forecast) |
| 1990 | (over 500 million tonnes forecast) |

the share of production which goes into international trade is

expected to increase steadily from now to the end of the century when it will certainly exceed 100 million tonnes! For example, in the three North African countries it is possible to foresee the following development: these three countries taken together imported 1.2 million tonnes of wheat and derived products (flour, semolina) in the course of 1970; in 1977 total imports exceeded 3.2 million tonnes; in the year 2000, the specialist departments of the FAO forecast a minimum import of 10 million tonnes of wheat, or almost 10 per cent of the total volume of world traffic in 2000.

In this context, the example already quoted of Philip Bros., an enterprise with a turnover approaching 10 billion US dollars and specialised in the sale of hundreds of different industrial raw materials (petroleum, coal, metals, etc.) is characteristic. It already disposes of a network of “support points” scattered throughout the world, and it does not cost the firm very much to use them also for cereals trading. The spreading of risks over a very extensive range of products in fact is all to the good; and above all, its diversified position enables it to make purchases in the form of counterparts, exchanging purchases of agricultural produce against metals, timber or petroleum; this also guarantees payment.

The appearance in force of the Japanese companies on the cereals market happened very suddenly. The interest shown by Japanese dealers in this field of activity is not surprising, because Japan each year imports from 20 to 25 million tonnes of cereals and over 5 million tonnes of oleagins. Japan has trading companies which are even larger than the American companies: Mitsubishi and Mitsui have turnovers exceeding 30 billion dollars, while Cargill, considered to be the leading cereals trading company in the USA, has a turnover of around 13 billion dollars.

This explains how the opportunity left open by Cook’s difficulties in 1977 was rapidly seized by Mitsui.

2.2 POSITION AND CHARACTERISTICS OF DAIRY FIRMS INVOLVED IN WORLD TRADE IN BASIC PRODUCTS

The firms dealing in international dairy products are relatively small in number. The sector is very concentrated. At the head is Nestlé, with its epicentre in Switzerland, which processes or controls 90,000 tonnes of skimmed powdered milk. Next comes General Milk belonging to the American group Carnation. Nestlé and General Milk between them control 130 to 140,000 tonnes. It is estimated⁴ that the factories of these two groups utilise more than 40 per cent of the total quantity of powdered skim milk on the world commercial market.

Then come Beatrice-Foods (USA), Foremost-Mc-Kesson (USA) and two co-operatives: the CCF (Cooperatieve Condensfabriek Friesland) and Holland Canned Milk (HCM). The policies of Nestlé and General Milk are noticeably different. Nestlé has invested more than Carnation in reconstitution factories. This can be assumed from the preponderant share taken by Nestlé of the imports which the firm itself controls at the level of the developing countries. This investment contrasts with its decreasing involvement in production in the exporting countries.

We must emphasise the technological research allied to maximum profit, which characterises the Nestlé industrial and trading organisation. Faced with this dynamism, it is predictable that lack of co-operation by the organised producers in the field would be deleterious to the latter.

We have omitted from this analysis the private firms dealing in meat on the world market, since from a strategic point of view meat is less important than cereals and dairy products.

⁴Limiting oneself to those firms in which these groups have a financial interest, i.e. including manufacture under licence and the non-commercial market (food aid).

2.3 "STATE/PRIVATE ENTERPRISE" COMPLEX IN THE ALLOCATION OF FOOD AID

The *principal exporting countries* provide almost the whole of Aid in the form of cereals and dairy products. The quantity channelled through aid represents around 5.4 per cent of world cereals exports but almost 50 per cent of powdered milk exports. This originates primarily in the USA where it constitutes 72 per cent of powdered milk exports. The same applies to cereals and flour (20 per cent), vegetable oils (35 per cent), rice (56 per cent). For the EEC the equivalent data are 9 per cent of wheat and flour exports, 3 per cent of powdered skim milk.

The distribution of aid shows that it meets two principal criteria, combining political and commercial considerations (numerous examples exist, known to all).

Food aid, like all aid, no matter where it comes from, is never neutral, but conforms to the *strategies* of the relevant country or group of countries.

For commercial reasons which are today obvious, the petroleum exporting countries are benefiting, more than hitherto, from food aid at the expense of the more deprived countries. The rise in petroleum prices has interfered particularly with the modernisation of agriculture in the poorer countries, the so-called Fourth World.

In fact the latter, and not OPEC, are the ones which should be the principal beneficiaries of all the forms of food aid provided by the wealthier countries.

However, aid is primarily the instrument of the policies chosen by the supplying State. Let us take USA Law PL.480.

PL.480 now includes three main titles:

—*Title I* concerns the sale of agricultural surplus to *friendly States* (since 1966, payments have been made in strong currencies). These sales provide counterpart funds deposited with the central banks of those States, intended to stimulate USA exports in the beneficiary country.

—*Title II* concerns emergency aid and gifts, approximately 20 per cent of the total US food aid which, in itself, is considerable.

—*Title III* concerns the exchange of strategic raw materials against food.

Food Aid in fact contributes to the development of commercial marketing of products. Over a period of time, food aid creates habituation to the consumption of US and European products, and these countries then inevitably become commercial importers. This has been the case with Japan, where it is estimated that a 10 per cent increase in income per inhabitant leads to an increase of 21 per cent in imports of USA provenance. The USA policy in the export of cereals for animal feed vis-a-vis Europe springs from a similar strategy. In fact food aid is becoming one means among others of developing any azimuth of agro-food exports from the USA and the EEC, which explains the tendency towards the globalisation of public aid projects and the strategies of private firms.

Section 3—Agricultural Co-operatives

Bearing in mind the continuing increase in the demand for food products, and the strategic importance of access to raw materials, it is essential that agricultural co-operatives should endeavour to follow their products through as far as they can on the international market.

The difficulties in the supply situation—with food blackmail for political reasons, and lack of solvency of countries with low revenues—places co-operatives in a favourable strategic position, since competitive pricing now depends on the control of basic resources and the whole marketing chain. Direct trading circuits make it possible to escape from political blackmail.

3.1 THE PRESENT SITUATION

Co-operatives in exporting countries have the following characteristics:

- considerable control* at the collection and local storage level;
- loss of control* of the marketing chain as it approaches the national or foreign consumer.

For example, in 1974 in the USA, primary co-operatives collected 40 per cent of the total cereals production.

Only one-half of this 40 per cent reached the regional export co-operatives. Finally the regional co-operatives, through their port silos, exported direct only 7.5 per cent of the total volume of American grain exports (wheat, maize, soya), the rest being exported through private firms.

A similar situation exists in France: French primary co-operatives collect and market 70 per cent of the cereals production, but only 40 to 45 per cent of the grain destined for export.

This share is reduced to less than 10 per cent if direct c.i.f. sales by French co-operatives are considered.

The further we go along the marketing chain, the less co-operative control exists. Apparently co-operatives are unable to maintain the strong positions they hold at local level, through to the export stage. This phenomenon is the more important because it is difficult for co-operatives to make any noticeable break-through in exports; for example, American cereals co-operatives, in spite of considerable financial efforts and the formation of inter-cooperative export groups, have only managed to gain 2 per cent in recent years, increasing from 7.5 per cent of direct grain exports in 1975 to around 9.5 per cent recently.

In the field of *meat*, the co-operatives' place on the market is small, although there have been remarkable efforts by co-operatives to control the market (for example, SOCOPA in France controls more than 10 per cent of the external meat trade). Also in the field of meat, the New Zealand and Swedish co-operatives can serve as models of dynamism and organisation.

In *dairy products*¹ co-operatives hold a considerably larger place than in cereals products, even if the same tendencies appear to some extent. Here collection is strongly dominated by co-operatives with 80 to 100 per cent; the same applies to a lesser extent in processing; but it would seem that many of them delegate exporting to other operators.

In the USA, the co-operative Land O'Lakes is the leading dairy co-operative, ranking 58th among the first 100 food enterprises in the world.

In Denmark the Export Boards, which comprise a minority private sector, take care of practically all exports. Andelssmor and one other co-operative between them carry out 95 per cent of butter exports.

¹Some of the data on dairy products comes from various publications of the IFAP Dairy Producers' Group.

The position of co-operatives in the collection and processing of milk

| Country* | Year | Share of milk collected by co-operatives % | Share of milk treated or processed by co-operatives % | Share of milk exported direct by co-operatives % |
|-------------|---------|--|---|--|
| Denmark | 1975 | 86 | 86 | 56 |
| USA | 1975 | 80 | 32 | 0.05 |
| France | 1976 | 46 | 45 | 20 |
| New Zealand | 1978 | 95 | 95 | 95 |
| Netherlands | 1978 | 88 | 88 | 75 |
| UK | 1977/78 | | 19 | N/A |
| Switzerland | 1971 | | 80 | N/A |

*Countries are in French alphabetical order.

Source: country reports

In France the same trend can be observed. The ULN comes 77th in the 100 leading world food enterprises, with a turnover of 1.10 billion dollars and a short lead over Südvieh-Südfleisch (FRG) and Mjölcentralen Arla (Sweden). The latter collects approximately 60 per cent of Swedish milk.

In the Netherlands, Cooperative Condensfabriek Friesland has a large number of interests abroad, essentially in Africa and Asia, which account for 60 per cent of its consolidated turnover. The Milk Marketing Boards of the UK, which are to some extent co-operatives with participation and wide regulatory powers, have not succeeded in dominating milk processing and distribution.

New Zealand is a country noted for its co-operative organisation at all levels; in view of developments in the reconstitution of dairy products in South-East Asia as well as in Central and Latin America, New Zealand has strengthened its technical and commercial links with the principal international companies concerned with the reconstitution of dairy products, both in Europe and the USA, so much so that it constitutes their most stable source of supply of these products. New Zealand has been able to set up subsidiaries, with exclusively New Zealand capital, in all the principal importing countries (New Zealand Milk Products Inc. in USA and FRG; New Zealand Milk Products Ltd. in UK; etc.)

The financial resources of co-operatives have always had to be invested primarily in facilities close to the source of production, which by their very nature are hardly profitable. The lack of mobility of capital tied up in such small links, is the principal reason for the *disengagement of the private firms*. Co-operatives have had to deal with this as best they could, by making considerable investments in order to maintain their position. In fact, to be present at any one level, it is first necessary to have occupied the preceding levels. The financial capacity of co-operatives is limited by the immobilisation of their capital. This restricts them when they attempt to encroach on more profitable activities either forwards or backwards along the line.

3.2 THE OBSTACLES

Without enumerating in exhaustive detail all the obstacles in the way of penetration by co-operatives of the export markets, a few would appear basic:

A. Internal factors

Co-operatives carry within them one cause of their weakness. Rigid statutes, unwieldy structures, lack of flexibility and slowness of decisions, as well as the lack of mobility of capital and investments, prevent the co-operative movement from adapting to the specific nature and flexibility of the international market mechanisms. In fact the above characteristics are often regulated and laid down by statute, fixed by the laws of their respective countries. In the western countries these regulations have often been drawn up under pressure from capitalist-type monopolies and in the name of free enterprise, in order to restrict the economic development of producer co-operatives.

Similarly in the socialist countries, the development of their co-operatives on the international market is restricted by the state monopoly of external trade. All this prevents co-operatives from undertaking investments abroad, and limits them to the range of products delivered by their members. The way round this obstacle is to set up *subsidiaries with the status of limited companies* (sociétés anonymes) to carry out the external operations for the purpose of international trade. They would then have access to the same implements for penetrating the foreign markets as their non-cooperative competitors. In fact most large co-operatives already function in this way for operations on the international markets.

This already happens in France with Fromançais, an offshoot of ULN; Interagra, offshoot of UCASO; SODIMA, SOCOPA, the Biret company. Central organisations for external trade carry out the same function for co-operatives in Poland and the USSR.

B. Difficulties with Inter-cooperative Agreements

In order to break into foreign markets on the same terms as the private firms, the basis of any co-operative strategy must be the drawing up of inter-cooperative agreements, conceived in such a way that any decision-making will be *extremely rapid*. Any structure which gives rise to delay and vacillation is ill-adapted to international trading operations.

The desire for collaboration between co-operatives is always being expressed at international meetings. However, in actual practice, when exporting co-operatives find themselves in competing positions as against a potential buyer, they tend to behave just like any private firm.

Understanding between exporting co-operatives is indispensable in order to break into the foreign markets. Intrinsicly, understanding between co-operatives implies the lack of any major conflict of interests between associated economic partners.

C. Scale of Operations

The advantage which the large private operators already have, dealing as they do in large quantities of products in different countries of varied range, is decisive in order to capture the market. It has often happened that co-operatives have been unable to tender for large medium-term government contracts because they were unable to *assemble large enough quantities* or the *required range of products*.

Operators in the international market are faced with central buying organisations, not only in the planned economy countries or those with State trading bodies; many developing countries are also moving in this direction.

The assembly of sufficient quantities generally implies operating on an international scale. Very few co-operatives are in a position to meet such requirements with their own products alone. In addition, an *individual buyer* expects to deal with an *individual negotiator* who will be fully responsible for the smooth running of the operation.

It also happens that lack of any agreement between exporting co-operatives of different countries prevents them from achieving sales where the origin of the product is optional. Such agreement is indispensable, first for ensuring markets which can be supplied at least cost from the nearest terminal silo, but also to safeguard against the risks of embargo or of default by an exporting country.

D. International Competence

Co-operatives also lack international competence in techniques for managing the international market. They are not yet sufficiently accomplished in the mechanics of international trade, the techniques of buying foreign currency and covering risks, the practice of credit transactions and the management of shipping availabilities.

The majority of sales are in fact c.i.f., therefore know-how in the matter of transport is indispensable. It is a supplementary advantage also to be able to arbitrate on freight.

Co-operatives must therefore invest in know-how and international competence, by utilising efficient information and data analysis systems, with the assistance of agents experienced in these techniques and located in sales offices in various foreign countries. International competence is dependent on policies of recruitment, of training and improving the quality of top staff. In all these fields co-operatives have remained too traditionally-minded, not recruiting enough executives with experience of international trading activities who might be less interested in, or less attracted by, the co-operative system of values.

E. Financial Aspects

The breakthrough by co-operatives into logistic activities (terminals or means of transport) and processing activities is also restricted by their *limited financial means*. With their specific aim of guaranteeing the incomes of farmers, which results in low profitability, any profit margins are distributed for preference among their members rather than invested in new activities. But one of the characteristics of public auctions is that bidders must hold their positions for a period of 24 to 48 hours. Co-operatives hesitate to take this risk, primarily because of the possibility of price fluctuations during this period, but also because of inability to cover their position financially in future markets, until the sale has been effected. Access of co-operatives to the financial market is equally limited, although they receive preference in the matter of rates, terms and guarantees. A wider appeal to mutualist and co-operative banks is desirable, but these banks must have more discretionary powers in dealing with agricultural producers. Conditions of payment—always a very important element in competition—are too rigid. USA, Canada, Japan and New Zealand grant long-term credit to their clients. The Mutualist Agricultural Banks of the European countries should enter into "joint venture" undertakings with banks in the client countries, in order to open up this channel.

To be able to enter foreign markets, products must be supported by considerable financial means and by efficient management. For all the above reasons, agricultural co-operatives need better credit insurance and prospecting insurance than other enterprises. They also need very short-term finance because of

their low working capital. It is deplorable that buyers' and suppliers' credit should be based entirely on equipment, and should superbly ignore products, at least in most European countries.

* * *

To set against these obstacles, we will quote examples of two different methods of penetrating the international markets. The recent setting up of the American and European co-operative group with Toepfer on the one hand, and the older UCASO-INTERAGRA Group in France, are two practical moves in international co-operative strategy.

The constitution of the *Euro-US co-operative group with Toepfer* has for its object the concentration of co-operative bidding, but also the achievement of vertical integration with diversification. By means of this group, American and European co-operatives can take advantage of pre-existing commercial know-how, and of a long-established international organisation. Within the group can be found, on the one hand, French and American exporting co-operatives and, on the other, Dutch and German importing co-operatives. The new structure brings together interest groups which may in certain aspects be divergent. The experiment is still too recent to be able to draw conclusions or to determine whether the fact of being within this group will enable co-operatives to operate with methods and attitudes which still favour primarily the interests of their members.

The profitability of the operation has not yet been proved. The question might be raised as to whether equivalent sums invested in strictly co-operative international know-how, or in port terminals, might not have been more favourable to the interests of co-operators.

The second example is provided by the *Union des Coopératives Agricoles du Sud-Ouest (UCASO)* in France which, committed to commercial diversification, came up against French legislative restrictions which forbade it, for example, to import tractors.

It then decided to create a subsidiary, the INTERAGRA Company, which now performs this function on behalf of the co-operatives belonging to UCASO, and is also extending to other goods.

Following this, still on behalf of French co-operative groups, the subsidiary intervened on the international agro-food market (cereals, milk, butter, meat, wine) achieving a turnover in excess of 1 billion dollars. We would add that these initiatives are always taken strictly within the framework of a given product or activity. In recent years INTERAGRA has initiated assistance to developing countries, dealing with delivery of equipment and help in setting up production techniques.

We quote these two examples because they represent co-operative activities, closely linked with international trade, which after years of effort have managed to achieve positions which are no longer contested.

We could give other examples of the Japanese, Italian and Swedish co-operatives, which also have solid experience in international trade. We hope that the debate will provide further information on co-operative experience in various countries in the matter of international trade.

Section 4—An International Strategy for Agricultural Co-operatives¹

In this Section we will examine in turn:

- the strategic framework for the international development of the co-operative movement;
- the economic forms necessary for this strategy.

Within the context of today's economic crisis, firms which are already multinational or on the path to multinationalisation, are redeploying in "fresh zones" with a higher expectation of profit rates. This movement has led to the *disengagement* of the

multinational agro-food firms in Western Europe, thus leaving vacant a certain number of links in the chain which co-operatives can and must take over.

¹This aspect of our problem was analysed in a recent Management Doctorate thesis by *Christian Bourreau*, for which the French Co-operative Institute has just awarded the 1980 *Prix de la Coopération*. ("Le développement international des Coopératives agricoles" Thèse de doctorat—Université Paris IX Dauphine 1979)

This trend obliges co-operatives to adopt an international strategy with the aim on the one hand of protecting the revenues of their members, and on the other of guaranteeing security of food supplies. Co-operatives must therefore press on with their international efforts to market their produce.

Nevertheless, as we have seen, international trade consists of a long chain which tends to join an economic arm with a technical arm. These two arms consist of a series of links, and these links are far from being controlled by co-operatives. For co-operatives, the links constitute so many *bottlenecks*, so many *barriers against entry* into international trade, which they should be able to overcome if they know how to take advantage of the laws governing this trade.

However, if the disengagement of the multinational firms from agro-food is taking place in Western Europe, this is not necessarily synonymous with disengagement from sectors in which they have acquired strong positions. Their target markets are the developing countries.

World co-operation has an important role to play, together with the governments of the developing countries, in promoting the co-operative movements in those countries.

What therefore should be the strategy of the agricultural co-operatives?

There are no doubt lessons to be drawn from the process by which the agro-food firms have become multinational. The co-operative movement should extract the "substance" from these lessons, and then determine its practice, in keeping with its own specific ethos, independently of the multinational firms. Let us examine first the keypoints in the strategy of the multinational agro-food firms.

- (a) The phenomenon of *concentration* which they have achieved, has come partly as a result of financial or fiscal pressures, but even more from the economies of scale thereby made possible in transport, processing and distribution.
- (b) In the course of multinationalisation, competitive pressures have enforced control of the raw material resources, leading to *vertical integration*, thus guaranteeing the firm a large measure of economic independence.
- (c) For the above reasons, they soon discovered that *geographical diversification* of supplies was particularly useful to ensure:

- the possibility of being able to deal with a threatened *break in supplies*;
- maintenance of *control over price structures*.

This made possible the arbitrages in space and time necessary to preserve their margins, and led them to set up subsidiaries in many countries in the world.

Today basic technologies are on the whole easily accessible, and no longer constitute a barrier to entry. However mastery of these techniques (*management in particular*) is another matter entirely, and good management teams are rare indeed. However, the positions acquired by the multinational firms have provided them with experience which enables them to set up other barriers to the entry of capital into this sector, connected with the physical, commercial and financial operations of:

- port collection at exit (dispatch terminals)
- international shipping (marine transport)
- import/export control and administration
- port distribution on arrival (reception terminals)
- processing and distribution.

Bearing in mind this know-how, any collaboration by co-operatives with such firms, based on the present international division of labour, can only be unequal collaboration, to the advantage of the multinational firm even if the co-operatives are in the majority. In such case the majority is formal only.

In fact, co-operatives often delegate to non-cooperatives the vital link which is the commercial one.

What is more, the motives inducing the multinational firms to work in conjunction with co-operatives, apart from control of the chain, are the possibilities of benefiting indirectly from part of the assistance given to the agricultural co-operative movement, without necessarily ensuring for the latter an outlet which will give full value to their products.¹

The association of co-operatives with multinational firms presents an even greater danger—alignment with the firms' strategies and loss of the co-operative spirit. This could only be avoided if a very strong co-operative movement were to take a majority holding in the capital of the multinational and control its direction. This is not a utopian dream but a possibility in the foreseeable future, particularly if the mutualist banks in the agricultural sector were to invest their resources in a move of this kind in support of co-operative enterprise.

For all these reasons, co-operatives must make their own arrangements, independently of the multinationals. Like any other enterprise, the co-operative enterprise is a living entity which, to survive and *a fortiori* to gain strength, must adapt itself to an ever-changing environment. Such adaptation is the minimal condition for any strategic initiative. However, this must not make us forget that co-operation has a vocation which is special, and different, concerning its members—the thousands of farmers of whom it is the extension—and this of itself is a constraint.

Moreover we are proposing to intervene in a sector of activity where the places are solidly held and protected. But any new social organisation engaged in production or marketing is handicapped at the outset by the need to prove itself and play its part. Therefore we believe that co-operatives should have the advantage of government financial assistance, provided that this does not lull them into too passive an attitude.

4.1 MEASURES FOR A DYNAMIC INDEPENDENT INITIATIVE IN FACE OF THE MULTINATIONALS

The measures which must be taken can be deduced from the obstacles which the co-operative movement must overcome in its long-term planning.

4.1.1 Co-operative concentration of supply

The structure of the co-operative movement has shown itself to be an efficient instrument in helping rural populations to resist the pressures of migration to the towns, because it has enabled them to benefit from maximum economies of scale. Co-operatives now control, as we have seen, a sufficiently large share of the "collection" to enable them to enter the international market.

In markets such as cereals, meat, sugar, powdered milk, butter oil, present-day operators are able to deal with very large quantities. This is a decisive advantage for the functioning of certain markets (the national markets) and for the intervention mechanisms of the EEC (adjudication of refunds).

The proportion of collection controlled by co-operatives, and their share of direct exports, must not however be allowed to blind us to the need for strengthening involvement in every one of the links—local, regional and international—in the chain. The co-operative movement must consolidate its control of supply, especially at the storage level, in such a way as to maintain their strong local position if possible as far as the export stage. Such concentration of supply comes with the acquisition of silos at the port of dispatch, and this is the indispensable condition which will permit co-operatives to dominate the next link, involving international shipping. It is estimated, for example, that the level of entry for the shipping trade stands at 1,000,000 tonnes a year for cereals.²

¹Similar arrangements have sometimes been called "socialisation of losses" and "privatisation of the product".

²An expert's opinion

Continuing along these lines, the need for *strengthening inter-cooperative collaboration*—national and international—cannot be too strongly emphasised. While it is certainly necessary to set up a system for providing information about markets, information is also needed about the commercial subsidiaries and networks of correspondents already operated by co-operatives in the markets abroad. Initiatives such as the creation of *Agralexport* in France should be supported and pursued.

In any case, we must not forget that exporting is not necessarily just the direct sale of one's product, but is often a case of first capturing the market where that product is consumed. This requires not only real expertise on the part of operators, but also the necessary partners.

It is with this in view that co-operatives have been created specifically to carry out international transactions; they are known as "International Co-operative Exchange" followed by the name of the country in question and their object is to set up the necessary facilities for ensuring markets and the provision of services, in those places where co-operatives are not in a position to do so. Two companies have been formed on this basis with assistance from co-operatives in various countries, which have enabled transactions to be carried out in Malta and Lebanon respectively. These companies fulfil the legislative requirements of the country in which they are situated, and the majority of their capital is held by the co-operative movement of the country concerned, which also has responsibility for direction of the company.

4.1.2 Vertical integration and geographical diversification of supplies and sales

Vertical integration is the principal requisite for the economic independence necessary to co-operatives. From this point of view it would be to their advantage for co-operatives to acquire terminals at ports of dispatch and delivery, as well as the necessary fleets of transport.

Agricultural co-operatives must also move towards diversification of supplies and of sales, in order to be able to carry out arbitrages in space and time.¹ *They could also initiate a world trading centre to serve in the development of international transactions.*

In this connection, international co-operation has a very important role to play in the USA/EEC/Japanese collaboration in the installation of terminals, the organisation of transport and financing. The resulting arbitrage positions would make it possible to draw up a prospectus with price revisions every month and commitments on quantities. *In short, this opens up the possibility of medium- and long-term contracts, outside the speculative sector.*

This could affect both the products of our co-operatives and their inputs (fertiliser, petroleum, plant, seed and genetic supplies, engineering). We must make our contribution to the North-South dialogue for a new international order, by finding a way of organising relations with the co-operatives of the Third World countries on a proper basis. In particular, this could be put into practice by facilitating their access to capital equipment, by gaining control over market conditions (quantities, prices, regular information network).

The setting up of such a programme would be a powerful means of avoiding the speculation which bedevils food aid, at the same time as it would encourage the development of co-operatives in the Third World countries.

4.1.3 Transfer of technology

Agricultural co-operatives, as an extension of the individual farmer, have today acquired wide experience in production,

¹The New Zealand Dairy Board (co-operative) now integrates New Zealand "collection" and exports. Not only this, but by means of the international infrastructure which it has developed, it now acts as importer/distributor in foreign markets. This gives it an extremely favourable arbitrage position.

processing, and even distribution. They could make *proposals for all-round development* which would be of particular interest to the developing countries.

Technology transfers should ensure an all-round increase in production. While primary and secondary storage can avoid loss of crops², at the same time techniques must be developed which will *make the best use of manpower and increase the potential of the land*. It is essentially a matter of irrigation combined with rational fertilisation, of the introduction of genetic improvements, the mastering of supervisory techniques in the process of agricultural and stock production, the whole combined with motivation which considers national employment and nutritional needs as the prime consideration.

It is in fact much more a matter of transmitting popularised know-how which has proved itself and is readily adaptable, than of providing sophisticated—and very costly—equipment which, in the majority of cases, is economically unuseable.

In providing their assistance, the agricultural co-operatives of the western countries will help to develop the co-operative movements of the Third World on a more appropriate basis than is today done by the multinational firms.

Additionally, with the technical arm linked to the economic arm, installation of plant can often be accompanied by the taking up of arbitrage or sale positions which will allow greater knowledge of the market.

This presupposes the existence of an *agricultural machinery industry* able to respond to the requirements of co-operatives and to collaborate with their research units, for sales on either a "key in hand" or a "product in hand" basis.

4.1.4 International financial and commercial competence, combined with support from the public authorities

We have seen that co-operatives lack informed competence in the techniques of managing international markets. To fill this gap they need, in addition to *competent and informed staff*, the encouragement and *support of the public authorities*.

This can take place at various levels, of which three are essential to start with: financing; simplification of international commercial operations; and the revision of Malthusian policies (prices, deficiency payments, limitation of supply, etc.).

(a) Favourable *financing* conditions should be created to facilitate for co-operatives those particularly difficult monetary arbitrages in the case of credit transactions. It follows that co-operators must retain the power of decision-making within the regional banks so that co-operatives can be sure of financing for international operations. Agricultural credit could also intervene in transfers of know-how in the developing countries for the setting up of co-operative credit systems (e.g. the French CAM and Togo).

International financing and insurance could be provided by those banks and mutual insurance societies, members of the International Co-operative Alliance.

(b) *Administrative procedures*, and particularly customs procedures, should be simplified. Tariff and non-tariff protectionist measures cause more difficulties for co-operatives than for multinational firms because the former can seldom effect investments abroad and do not have the capital mobility of the latter. The present conditions imposed by the EEC in the matter of refund certificates prevent member countries from effecting the minimum presence on the markets in Third World countries. The solution would be for the EEC, following the examples of USA, Canada, Australia, to lean towards medium- and long-term contracts and create an inter-cooperative consultative body. It is also absolutely essential to decentralise at regional level those public bodies involved in exports, and to allow the peripheral stages a freer hand in decision making.

²We know of the almost catastrophic volume of crop losses in a great number of the poorer countries. Experts estimate these at between 10 and 50 per cent.

(c) *Revision of protectionist policies* must be a constant in the co-operative struggle. Very large sums are devoted to deficiency payments, and to various measures for limitation of supply (slaughtering subsidy, the co-responsibility levy, wine loans, withdrawal charges, etc.). Co-operatives are being strangled by this artificially maintained economic system which transforms them into passive relays for the execution of agricultural administrative measures, whereas they set out to be medium-sized enterprises with their own private goals.

They should demand—financing of a genuine export policy through mobilisation of the moneys currently appropriated for limitation of supply.

The world market might then become something else than a jousting ground for artificial surpluses.

4.2 TWO POSSIBLE COMPLEMENTARY STRATEGIES

In the search for a coherent economic form within the strategic framework suggested, we have brought together sufficient elements to conclude that national paths alone are no longer practicable.

Several possibilities exist for drawing up *international co-operative solutions*:

- (1) Creating national co-operatives to operate internationally along the same lines as the multinational firms, but in the traditional fields. We have seen that this solution requires vast resources.
- (2) Setting up specific trading circuits with the aim of bypassing the traditional circuits. This could be done by using multiform solutions as follows:
 - long- or medium-term trading agreements between co-operatives of different countries, or between co-operatives and a properly constituted government-sponsored body¹;
 - triangular or multi-angular trading, bringing in various countries and various commodities to facilitate arbitrages;
 - creation of mixed structures between governments and/or co-operatives with international capital.

We should state at this point that the development of trade between (generally complementary) co-operatives of different nationalities should constitute the best way of entering foreign markets. The reciprocal advantages are obvious, the principal ones being that this would:

- eliminate the use of intermediaries by putting buyer co-operatives freely in contact with seller co-operatives;
- provide greater security and help to regulate the product markets through the drawing up of medium- and long-term trading agreements;
- reduce the dangers of speculation and the risks now being run;
- generate significant economies of scale, being multi-product;
- avoid dispersion and favour rapidity of intervention, by having a single negotiator in each country or group of countries.

4.2.1 Creating national co-operatives with international activities, operating in the traditional fields

The economic planning of such a strategy is straightforward and can be deduced from what has been said previously. It would consist, in fact, of vertical integration of the links not yet controlled by the co-operative movement, in which the

multinational firms already occupy strong positions. Essentially it would be a matter of export and import operations, international shipping operations, as well as taking delivery and processing, with all the corresponding financing and insurance.

With regard to the creation of Boards (such as the Canadian Wheat Board and the Milk Marketing Boards of the Anglo-Saxon countries), it would first be necessary to achieve *convergence of co-operative effort, before moving towards inter-professional bodies*.

We could also mention the French ONIC (Office National Interprofessionnel des Céréales) which has made it possible to regularise cereals markets and prices, thus guaranteeing a stable price to the producers which will be independent of fluctuations on the world market, and allowing control of carry-over stocks in order to regularise the market.

As far as the Boards are concerned, it is regrettable that the Boards' agents often take service with private firms, and sometimes become the representatives of such firms on the Boards. We would wish to reverse this trend for the benefit of agricultural co-operatives.

4.2.2 Setting up specific trading circuits by means of multi-product agreements between co-operatives in different countries or between co-operatives and governments

The developing countries are seeking economic *independence* which will reduce their present subjection and will at the same time guarantee *employment* within the country as well as *national food requirements*.

Co-operatives in developed countries often try to block this development, because of the *growth crisis* being experienced by farmers in their own countries, and the *protectionist policies* practised by the majority of their governments. As a result, co-operatives in the developed countries are, on the one hand, seeking outlets for their products in regular quantities and at guaranteed prices, and on the other, looking for raw materials for intermediate consumption in agriculture, also in regular quantities and at appropriate prices.

Non-traditional medium- and long-term trading agreements are not entirely non-existent, and today a certain number of experiments are in process. One of the American inter-regional co-operatives which supplies petroleum products, the International Energy Co-operative of which Agway and Land O' Lakes are the principal members, has been seeking to barter its technical assistance against crude petroleum in Saudi Arabia. When this initiative failed, it found a more willing ear in Algeria. Another example is the long-term agreements reached by the Japanese co-operatives over the past ten years with co-operatives in the USA, Thailand, Australia, New Zealand, covering 55 per cent of their imports of agricultural raw materials.

Concerning the technical arm, we note that all the large engineering companies have gradually opened agro-food divisions which have enabled them to constitute a screen between the holders and users of technology. This screen has enabled them to capture the technology. Today, as we have seen, technology is no longer a barrier to entry. At all events, technology is bound up with the trade in the relevant product. Consequently, there are various solutions open to co-operatives.

Engineering co-operatives should increasingly do what they can to put purchasing enterprises in contact with the counterpart enterprise in the industrialised country, to facilitate not only manufacture of the equipment, but also training of personnel and the dispatch and subsequent maintenance and operation of the machinery. Countries at the receiving end of technology will in future require from the enterprises with which they deal, a protective guarantee in the form of participation in the financing of projects and the taking of shares in the enterprises created.

¹Direct collaboration between a firm and a government is never possible; there will always be an intermediary body acting for the government (either co-operative or a firm).

Such associations of multinational co-operative capital with local capital should provide for the progressive withdrawal of the former once the transfer of know-how has been completed. The necessary conditions, first technical, then political, already exist for the development of these strategies.

(a) **Technical conditions**

Complementary co-operatives—We should look for those existing within the same arm (for example, soya co-operatives in Brazil and European supply co-operatives). This concerns the inputs and outputs of the agro-food complexes in the countries concerned, since many developing countries are seeking to create or develop agricultural co-operatives as an instrument of planned economic and social development.

Joining forces

- on one product by concentration of supply by mobilising the co-operative movement at all levels. The example of the Swedish co-operatives proves that this is possible;
- on several products to facilitate arbitrages.

In fact, the agricultural profession in the developed countries must recognise co-operation as its principal driving spirit.

Vertical integration—by systematically seeking to occupy simultaneously those links from which the multinational firms are disengaging, as well as those which constitute the bottlenecks from which the multinationals get their profits.

If co-operatives want to take over the latter, they will not only have to assume the corresponding logistic and commercial risks, but also move towards the long-term reduction of those risks by setting up specific organisations for the purpose. This co-operative strategy relating to international activities, and for a period of at least ten years, will require mobilisation of the *financial resources* and *teams of qualified personnel* without which it cannot succeed.

The *status* of the co-operative movement should enable it to adapt to any situation. It is particularly well suited to increasing productivity, the rationalisation of production, and agricultural organisation. It has shown a great capacity for providing services adapted to various types of farming. It therefore constitutes a powerful self-managing means of agricultural expansion.

It could provide the *framework* within which to find international solutions which will guarantee the revenues of its members.

The growing role of national governments in the world agro-food complex should stimulate co-operatives to seek new formulae for *collaboration with the public authorities*.

Collaboration with *private firms*, although not to be categorically rejected, should be *limited* to those fields where it serves to palliate the present handicaps of agricultural co-operatives.

(b) **Political conditions**

It is obvious that the strategic possibilities open, can only be fully realised if accompanied by certain governmental policy decisions:

- National encouragement of the type of production which will *utilise the whole of our agricultural potential*. We must fight the current protectionist policies, which are turning the world market into a market literally of wretchedness (un marché misérabiliste) (the freeze on acreages in the USA, the measures limiting supply . . .)

Along the same lines, the co-operative movement must bear in mind that, from the geo-political point of view, raw products (wheat, maize, powdered milk) are as important as developed products.

- International price levels for basic products* should be fixed in such a way that farmers in the western countries receive a fair income, avoiding the following two-fold stumbling block:
 - on the one hand—an international price which is too low, which will discourage food production in the developing countries and aggravate their food dependence; on the other—an international price which is too high, which will throw out their balance of payments and compel them to specialise in export crops.

In fact, the tendency should be towards a definition of prices in relation to physical quantities, taking account of the above observations, as practised in clearing agreements.

- Promotion of an export dynamic* to replace the mere sale of structural surpluses.

The world market, because it is a market of remainders, is very irregular and national operators find it difficult to maintain their trading positions. Here the co-operative movement should take advantage of its strong position in the collection field. Governments should therefore develop and encourage a storage policy, to enable national operators to carry forward their cyclical surpluses against periods of cyclical shortage. The setting up of such facilities would constitute a powerful factor in the regulation of prices.

- The *systematic reservation of places for co-operatives* within the structures set up by governments for the control of trade, following the example of the USA which, because of abuses of the anti-trust law by multinational firms, has encouraged development of the co-operative sector.

Paper 2: Capital Equipment for Co-operatives

Presented by

E. ROUCH, *Union des Coopératives Agricoles du Sud-Ouest (UCASO), France*

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Foreword

The food needs of developing countries are tending to increase; this situation is too well-known to merit a long explanation here.

According to FAO studies, at the beginning of the 1950s developing countries imported only 20 million tons of food products. In 1970, they already imported 50 million tons, and in 1980 these imports will reach 85 million tons. These figures take on even more importance when they are compared with the production and export possibilities of the countries concerned. The studies likewise project grain import requirements at the end of this century at 143 million tonnes and the export possibilities at 61 million tonnes; there will thus be a negative balance of 82 million tonnes. It is the same for dairy products; the exports from developing countries will be almost negligible, and enormous amounts will have to be imported. There is an identical situation as regards meat, which also illustrates the seriousness of the dietary shortage of proteins. Such figures show the urgent need to develop both the agricultural food industries and the support that the co-operatives in industrialised countries could give developing countries through their technology and know-how.

This situation is tending to become even more serious in certain countries as a result of the rural exodus that has brought about the growth of large urban centres of sometimes over a million inhabitants; in this situation the food supply is doubly handicapped:

- agricultural food production, sacrificed under colonial systems, has had neither the time nor the means to develop to meet the increased needs caused by this population shift;
- there is a serious shortage of the agro-food equipment that would allow the import and local processing of the most indispensable food products, at least during the transition period in order to face this extremely urgent situation. Since only exportable agricultural crops had been developed, the minimum amount of investment had

been made to facilitate their shipment. Sometimes these facilities were left without maintenance or were abandoned in the case of the departure or flight of certain colonial farmers.

The Commodities Report has tried, first to show how the intervention of the co-operative movement in the field of trade could break the quasi-monopoly of the multinational companies, thus creating mutual benefits for agricultural producers in developed exporting countries as well as those in developing countries.

The second objective is to show the imperative need for the increase of agricultural production in developing countries. This assumes that the various production, storage and processing requirements can be met.

The object of the present report is also to consider how, from the technical, financial and administrative points of view, the agricultural co-operatives in developed countries can help those of developing countries to achieve those goals, not only to their mutual advantage, but also in the name of mutualism, of respect for national sovereignty and the orientation chosen by the governments concerned, with their eventual participation.

The bases of our evaluation derive from a double approach:

- a questionnaire sent to the agricultural co-operatives in all the member countries of the ICA, to enable them to express their needs in capital goods and materials.

The needs, as expressed in the survey, are quite varied, ranging from the supply of cribs and small silos to Benin, to equipment for draught animal cultivation for co-operatives in Haute-Volta; from millet mills for a food crop co-operative in Niger, to the installation of different types of irrigation systems in Bangladesh or cold storage chambers to preserve meat or vegetables in Senegal, or even the creation of poultry complexes or units for processing the mango surplus.

—the lessons drawn from visits and missions to various countries, especially in Africa.

In view of this complex situation, we shall not attempt to propose global or theoretic solutions to the problem of food dependence. More modestly, and more practically, and in

terms of the present possibilities of the co-operative movement, we will indicate what its contribution in certain precise sectors could be. Our proposals are neither definitive nor exhaustive: the ensuing discussions will be a positive factor in our common desire to end, within the shortest possible term, the food deficit of all peoples who cannot satisfy their hunger.

1—Helping Co-operative Development in the Field of Agricultural Production

The low level of the technical means of production is a well-known fact; so it would obviously be a mistake to wait for developing countries to increase their production by themselves. If we want to start the movement of the large mass of small- and medium-size peasant farmers towards increased agricultural production, we must simultaneously and methodically modify their production techniques and their production relations. Of course, local conditions, the peasants' know-how, and the need for farming methods that are relatively economical in intermediate consumption, should be borne in mind. Such improvement in techniques implies increased means of production, some of which lie within the domain of co-operation.

In this respect, helping to establish co-operative forms of agricultural production, once the choice has been made by the Government concerned, is within our field of experience and competence. We have used the term "co-operative forms" for we think that the diversity of local situations demands peasants should be able to choose from among a number of diversified and progressive types of agricultural co-operative.

1.1 Helping to train personnel for co-operatives

No social form of work or production is either spontaneous or easy to acquire. Its learning is facilitated by the participation of trained personnel (technicians and managers) who have acquired experience in existing co-operatives. Thus the exchange and organisation of theoretic and practical training placements (lasting several months) for such personnel would be beneficial. Within France, a convenient structure responsible for this could be the CUMAs, (Coopératives d'Utilisation de Matériel Agricole—Co-operatives for the Use of Agricultural Equipment). Many other countries with a wealth of co-operative experience could participate in this programme; for example, Bulgaria, Canada, Hungary, Italy, the Netherlands, East Germany and Sweden, to name a few.

Primary level co-operatives, usually extending over a village, make appropriate community structures for considering various problems—the communal use of agricultural equipment, workshops, a good school for co-operative training. Such training facilities could equally be extended to small storage and marketing co-operatives.

The constitution of such basic production co-operatives, improvement of their internal structure, organisation of workshops and management, would benefit positively from the experience of the many co-operative executives in developed countries.

1.2 Specific equipment for basic co-operatives (tractors, repair shops)

Without attempting to enforce increased mechanisation and motorisation, and while stressing the importance of draught-animal cultivation, it is still necessary to plan for powerful modern equipment for certain farming operations; tractors for clearing fields of weeds and stumps, and transport vehicles—for collective use; also repair shops and spare-parts warehouses which could be inter-cooperative. The co-operatives can participate by training maintenance personnel, and by organising training in the repair shops and maintenance centres.

Tractocoop—one of the conclusions of the New York Conference was that the co-operative movement should attempt to deal with the problem of agricultural mechanisation, specifically by producing a co-operative tractor at reduced cost, to be called "Tractocoop". The idea for this project has been developed and given effect by a group of French co-operatives. We have worked out assembly conditions for "Tracto-coop", the specifications of which will be presented during this conference.

1.3 For a minimum of inorganic fertilizer—the installation of "bulk-blending"

The use of inorganic fertilizers as a production factor can no doubt be limited by well-planned crop rotation¹ and the use of organic fertilizer. However, in the search for increased yields, the need for a minimum dose of inorganic fertilizer cannot be excluded. In order to limit the cost, a possible choice could be the supply of simple fertilizers mixed locally—on demand—by means of bulk-blending equipment.

In fact, the use of simple fertilizers generally provides the lowest unit cost for fertilizers. In the same way, in order to obtain mixed fertilizers at lowest unit price, either in bulk or sacked, a bulk-blender is the most economical form of equipment.

With a storage capacity of over 10,000 tonnes, the possibility of handling 50 tons per hour and two blenders of 3.5 m³, a basic installation capable of responding to the needs of several tens of thousands of hectares is obtained. Research will of course be needed into the optimum investment, taking into account the supply conditions, the volume of bulk blending, and the equipment as well as the surface to be covered. The human investment, for management and the eternal problem of maintenance, must also be foreseen.

1.4 Water supply—small hydraulic works

It is unnecessary to point out here the extent to which the water supply in many countries constitutes a prime factor both for human needs and for farming and stock raising. Often, when water is available, the solution has been seen in terms of the construction of large dams.

There are other possibilities for making the best use of water, not only for agricultural and domestic needs, but also as an insufficiently exploited source of energy. There are small and medium hydraulic works, using local water resources through projects studied and carried on with the beneficiaries themselves. Agricultural co-operation is capable of participating in the equipment of these small irrigated areas.

The use of photo-voltaic pumps should increase considerably in developing countries because of their particular qualities, while the price of photo-voltaic generators will have decreased considerably in the next five years. Their sturdiness makes them perfectly usable in a rural environment; the low up-keep can be handled by non-qualified personnel, and both the length of life and reliability are high.

1.5 Drying and primary storage of agricultural products

The size of post-harvest losses of food commodities is equally

¹Including rotation of food and industrial crops.

a handicap in these countries; it can lie between 20 and 50 per cent depending on the situation. If the effort is made to increase agricultural production, it is equally necessary that part of it should not be thoughtlessly destroyed, by insects or through bad drying or storage conditions.

This is one of the concerns of FAO which, in 1978, launched a large programme for the prevention of post-harvest losses. Within this framework and in the name of the FAO-ICA contract, we have tried to show—taking maize production in Benin as an example—how the solution of this technical aspect is more efficient when seen in conjunction with an improvement of the entire production function and a modification of production relations (formation of co-operatives).

2 — Developing Means of Storage and Processing

We have stressed the importance of a path for mass rural co-operative development and the role that co-operatives in developed countries could play in it.

This must be complemented by storage and processing equipment. In view of the urgency of the needs, it is important to organise agro-industrial forms of production.

An integrated “food pipeline”

The objective of agro-food investments is to develop immediate local basic food industries (in grain and proteins), avoiding losses at the various storage and processing levels by optimum rationalisation of techniques and management.

In certain cases, storage and processing units may have to operate temporarily with imported products (maize, soybeans, wheat, rice, meat, fish) to compensate for current shortages of local farm products, but the long-term objective is to progressively use the processing units for a maximum of local products.

This makes it possible to reconcile efforts to increase future local production with present import needs, while developing immediate agro-food industries.

We have suggested a scheme for the setting up of storage and processing units, which would allow a population to be inexpensively supplied with its food needs in processed grains and animal proteins (see diagram).

This scheme could be reproduced in various countries by adapting it through analogy in relation to local conditions.

Using operational examples, we shall then show how such a scheme has been carried out, and the advantages that this represents at management level.

In order to show the dimensions of the needs, we have taken the example of several African countries grouped along the western coast of West Africa.

In 1978, total imports of wheat, rice and maize in Nigeria, Benin, the Congo, Zaire, the Ivory Coast, Ghana and Angola were 3 million tonnes. The total population of these countries amounts to almost 150 million and is growing rapidly.

In spite of efforts to increase local production in each of these countries, the imports are growing very much more rapidly than the population. It is probable that by 1985 wheat, rice and maize imports in these countries will be in the order of 8 million tonnes. Moreover, wheat imports will probably increase more rapidly than those of rice or maize.

Such imports show the urgent need to create processing industries side by side with efforts to develop local production. The agricultural-industrial equipment scheme shown in the diagram—Silos—Mills—Industrial Bakeries on the one hand, and Silos—Animal Feed Plants—Poultry Complexes—Feed-lots—Slaughterhouses and Cold Storage Warehouses on the

Then some elementary investments—in our case cribs and small silos—completed by the rational use of the appropriate pesticide, permit this problem to be solved at village level and thus significantly increase global agricultural production.

An outline of this basic, inexpensive equipment was drawn up with technicians from the province of Zou, in Benin, and formed part of the report written at the time of the mission; it must of course be combined with the heavier equipment that is the object of the paragraph following.

Occidental agricultural co-operatives can also contribute their know-how and some resources in this field such as the first tools for primary processing (*maize sheller, millet mill, etc.*).

other, becomes a necessity in order to supply bread, rice and animal proteins inexpensively to the populations of these countries.

We can provide some examples of concrete achievements:

A—Mills

The expansion of bread consumption to the detriment of local food products is mainly an urban trend in developing countries. Certain of these countries have decided to curb this tendency because of previous abuses by multinational companies which stopped flour imports and slowed down the running of the mills they controlled, provoking shortage situations likely to lead to speculation and social unrest.

In order to strengthen its independence, a Black African country has contracted a partnership with French agricultural co-operatives to restart a mill in order to turn it into a rational modern instrument capable of producing flour locally at competitive prices.

Thanks to rigorous rational management, costs have been reduced and, above all, losses have been avoided at many different stages in the production process, from transit transport up to the various processing stages. In this way it has been possible to avoid more than 30 per cent of previous losses. The economy brought about merely by avoiding a weight-loss of 30 per cent of merchandise between its port entry and its distribution, can allow local flour production at a lower price than that of imported flour.

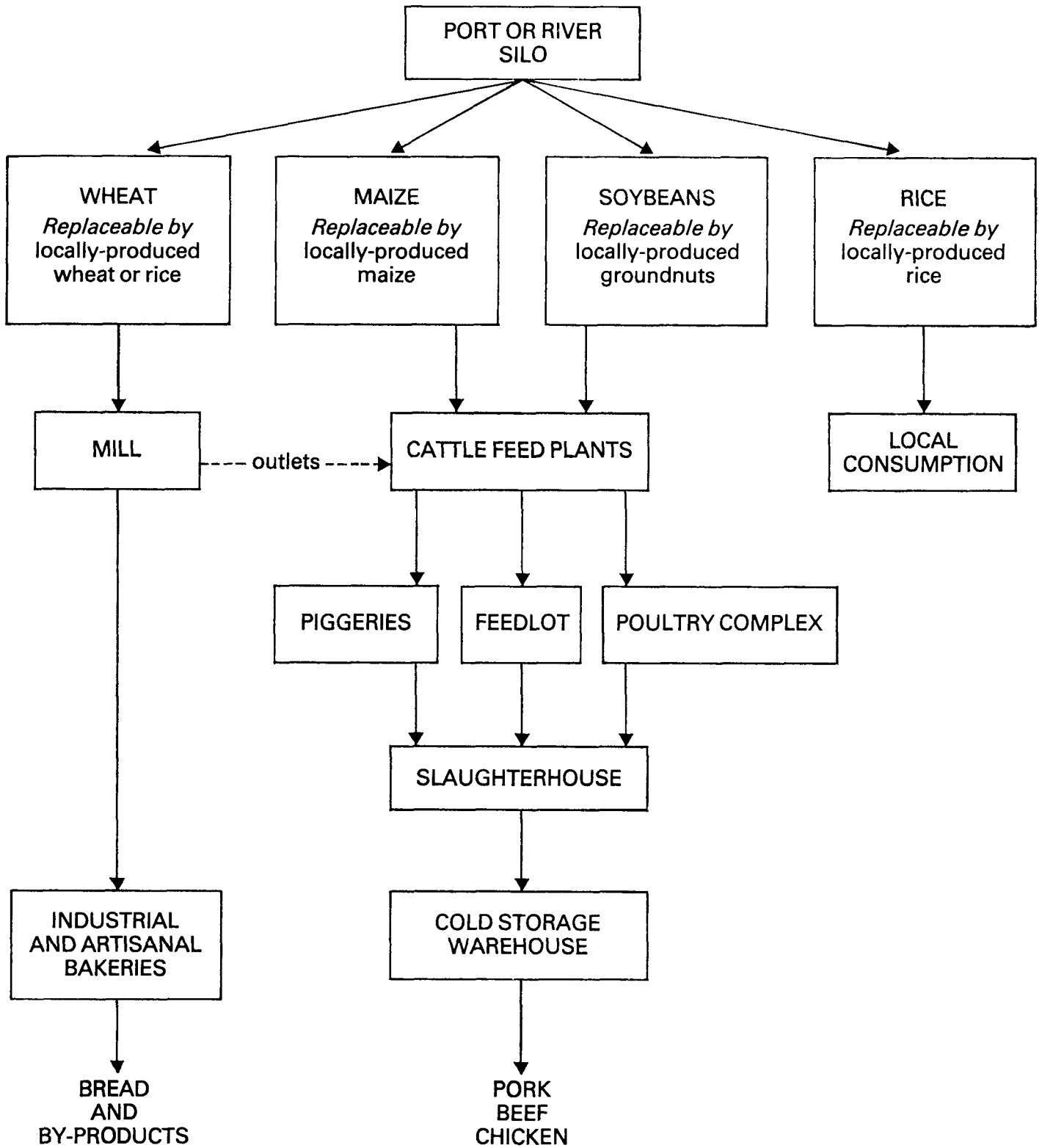
The originality of the Technical Assistance given by French co-operatives lies in the fact that they have committed themselves, with their African partners, to the risks of running the mill and the economic results of the production system after having elaborated with African professional officers, a recovery plan approved by the political authorities. The French co-operatives have simultaneously begun to train local management staff capable of taking over the running of the means of production in the near future.

B—Poultry Complexes

The installation of poultry complexes within the framework of agreements between certain African countries and French agricultural co-operatives, should allow the local production of chicken at a lower price than that of imported frozen chicken and at half the current market price in the main towns. Considering the rise in costs and freight for chicken imports, these countries will thus be protected from rises on the world market.

Thanks to the rational use of locally produced food products (maize, groundnuts, milling by-products), the poultry complexes should permit urban populations to be supplied with animal proteins at a lower price, while encouraging the economic independence of the country in relation to food products

GENERAL DIAGRAM OF CAPITAL EQUIPMENT NEEDED TO SUPPLY URBAN POPULATIONS WITH PROCESSED GRAIN AND ANIMAL PROTEIN



and economising currency on the balance of payments for foreign trade.

C—Other equipment

French agricultural co-operatives have also helped developing countries to install and manage other agro-industrial equipment such as the installation of *cold storage warehouses* to allow these countries to develop local production of perishable products (fish, meat, vegetables) by limiting the risk of deterioration and to accumulate reserve stocks in zones of heavy population concentration to buffer periods of surplus and shortage; or the installation of *cattle feed plants* to allow countries to take better advantage of local raw materials (maize, groundnuts, sugar cane), to expand stock breeding, to protect themselves against interruptions in stock supply and price rises of imported raw materials and, lastly, to economise currency.

Another example, an extension of the previous one, is that of *feedlots*. The zones of the Sahel and the Savannah are an important reservoir of cattle and sheep, which are currently under-used.

Intensive fattening units allow the more profitable rearing of cattle by using agro-industrial by-products. The intensive stock raising sector is linked with animal feed production industries and with cold storage slaughterhouses. Such a scheme could be carried out in several countries by more rational use of existing facilities. Certain examples have already shown that it is possible to produce meat in agro-industrial zones close to urban concentrations at a cost which is lower than the market price and competitive with imported meat sold locally.

This list is not complete; our purpose is only to show what co-operatives in industrialised countries can do by contributing their technology and technical assistance.

3 — The Means

In what is, in fact, a transfer of technology, the attitude of the co-operative movement must be innovative so that these exchanges can bring about mutual advantages for the farmers of developed countries and the peoples of developing countries.

We have already emphasised that the processing units must operate increasingly with raw materials of local origin. This point is the first and fundamental condition for genuine autonomous agricultural development.

Moreover, we think that contracts should include at least three supplementary elements: long duration, transfer of know-how, and financial support which respects the right of decision of the country or organisation involved.

The idea of long duration obviously provides the best conditions for equipment profitability while permitting the country involved to prepare itself efficiently for the take over (supply of raw materials and training of personnel).

In fact, the transfer of “ready-to-use” know-how—with a demonstration of actual performances of the enterprise—and not merely the transfer of “ready-made” technology should be another characteristic of co-operative action. This necessitates the training of technicians and workers in the country involved, as we have already envisaged at the level of agricultural development, and also practical training placements in partnered

agricultural co-operatives. They must assimilate these technologies fully in order to ensure the integral running of the factories.

Finally, the financial framework to allow these achievements must be set up through financing with appropriate guarantees, for the benefit either directly of the co-operative partner, or of the buyer country. To start with, the management must be carried out with the help of technicians from the co-operatives bringing in the technology, but it must be progressively transferred into the hands of the local technicians.

The payment problem still remains to be defined. The solution which, at least partly includes the use of the products as a means of payment gets supported from several angles: bilateral or multilateral trade, price relations taking the security and stability of the energy and raw materials supply into account. The specific role of agricultural co-operation must consist especially in seeking financing from international institutions and mutualist banks in order to finance these investments under conditions of low returns on capital, thus respecting one of the fundamental principles of mutualism.

In its own field, agricultural co-operation can contribute practically to the achievement of this new world economic order, which is indispensable if there is to be more justice and more peace between the peoples of the world.

Delegates' Reports

S. SULEMESOV, *Central Co-operative Union (Bulgaria)*

Mr SULEMESOV commenced by congratulating all those responsible for the Conference arrangements, and thanked them for their efforts: the Agricultural Committee and its chairman, Mr Kuylenstjerna; the Economic Sub-Committee (ESC) and its chairman, Mr Doumeng; their Moscow hosts in particular, for the excellent working conditions.

He also expressed his appreciation of the papers by Messrs. Rouch and Ducroquet, which would be of great assistance to the Agricultural Committee and its Economic Sub-Committee in their work of analysing the problems facing agricultural co-operatives and improving co-operative and inter-cooperative trade.

In recent years there had been a great advance in economic co-operation, particularly in the field of trade, between the national co-operative organisations which had become members of the Economic Sub-Committee. Mr Sulemesov referred to the success of the First International Trade Conference in New York in 1978, at which unfortunately his own country—among others—was not represented. He hoped the present Conference would be even more fruitful.

Preparations for the Conference had included the sending out of a questionnaire to the agricultural co-operative movements all over the world, asking for information on import and export possibilities in the way of machinery, pre-fabricated factories, goods and raw materials. Representatives of member-countries of the ESC had attended a symposium on the role of co-operatives in the exchange of agricultural food and other products, held in Geneva in June 1980.

Mr Sulemesov's own organisation had drawn up a list of goods, materials and equipment in which it was interested for export and import purposes, which it had sent to the ESC towards the end of the previous year; this list would now be updated, to include various mass-consumption goods which it was interested in importing, for discussion in the various Working Groups the following day.

He wished to draw attention to the progress made by the co-operative movement within the economy and in the field of trade. The Bulgarian co-operative movement was ready to collaborate with all co-operative movements in every country, to set up joint enterprises for the most varied activities, between the co-operative unions and co-operatives of various countries, to include scientific, technical and other collaboration. Obviously many other forms of collaboration could be considered, depending on their reciprocal advantages, and this would contribute to the development of the co-operative movement in all countries.

If international co-operative trade were to have a chance of competing with the multinational monopolies, it would need to be properly structured, including the setting up of guarantee funds.

Joint enterprises between the co-operatives of developed and developing countries should also be en-

couraged, to supply markets in the 3rd World countries, and Mr Sulemesov quoted the examples set by the German Federal Republic and France in this field.

It was important to bring the less economically developed countries within the trade circuit. Changes were taking place in the economic structures of many countries, increased planning combined with governmental support for exports and the provision of better legal and trading facilities: these improved the prospects for international economic and commercial collaboration. The competition of the multinationals had compelled co-operative leaders and members to set up similar forms of collaboration; if they did not do so, they would find themselves in difficulties. However there were many problems to be solved: credit, investments, electronic data-processing, and particularly information on prices, surplus stocks, and goods available for export.

However they must also consider other problems which affected their future work. From reports and discussions it appeared that the movements of some countries had difficulties with their internal trade, as well as with inter-cooperative and international trade. Others were concerned with the various ways of organising agricultural co-operatives to increase production. Small agricultural producers were not in a position to deal with competition, as they were individually unable to apply modern techniques, and although agricultural co-operatives could help them, this alone would not resolve the problem of the hundreds of millions of people in the world suffering from hunger and malnutrition. The need to improve the level of life for all men required the development of agricultural co-operatives: to purchase, process and sell agricultural produce; to supply machinery and agricultural inputs; to expand activities; and to promote the formation of further agricultural co-operatives. This would correspond to the Resolution of the ICA XXVth Congress in Warsaw.

The expansion of the agricultural co-operative movement was today the true path to raising the status of farmers. It was usually not possible to make a living by using primitive methods and purchasing in small quantities; the situation must be changed by utilising modern techniques, while still leaving ownership of the land with the farmers. Such methods had produced positive results in the socialist countries, and in various capitalist and developing countries.

Therefore the Conference must put forward proposals to encourage co-operative and inter-cooperative trade, and for increasing agricultural production by means of agricultural processing co-operatives.

The International Co-operative Alliance, with the enormous financial and material resources of its 355 million member co-operators in 64 countries, represented a significant potential, a reserve, for the development of international trade—in particular co-operative trade—an inexhaustible reserve which remained unexplored and unused. If we did not as yet appreciate its full value and did not use it, that did not mean it did not exist. The non-utilisation of this reserve, of this potential, could debase the value of co-operatives. Therefore all co-operatives owed it to themselves to collaborate in the field of com-

merce, to take an active part in international trade as well as in other forms of collaboration to be discussed later. The development and expansion of trade would create an ordered system which was powerful, flexible and effective, in which each co-operative would find the place it could occupy with dignity.

J. J. MUSUNDI,

*Kenya National Federation of Co-operatives
(Kenya)*

Mr MUSUNDI commenced by expressing the appreciation of his delegation to Centrosoyus for their hospitality and for making the climate of the Conference so conducive to its deliberations.

He found the number of delegates from developing countries very encouraging, considerably greater than at the New York Conference, and this emphasised the importance of the Conference to the Third World: he hoped its discussions would bear fruit in increased international co-operative trade in the future.

Mr Musundi did not want to bore delegates by recounting the development of co-operation in Kenya, but he would highlight a few areas in which international trade could be important for his country.

Kenya was basically agricultural and depended very much on what it produced from the soil. Many of its agricultural products were exported as raw material and then later imported as finished products—and this game had gone on for many years. With the creation of the Economic Bureau of the ICA Agricultural Committee, it might now perhaps be possible to look into the possibilities of joint ventures with other co-operative organisations in the field of production, to convert some of Kenya's agricultural crops into exportable commodities.

Co-operative products in Kenya included: *coffee*, the major export and now entirely handled by the Kenya National Federation of Co-operatives—60 per cent of the crop from small-scale and 40 per cent from large-scale farms; and *pyrethrum*—80 per cent produced by small-scale, and 20 per cent by large-scale farmers. Small-scale farmers formed the bulk of Kenya's agricultural producers, and should therefore be encouraged by some sort of incentive to increase their production, possibly by involving them in a joint venture for the manufacture of equipment which would help them to do this.

The two Papers presented at the Conference had made much mention of tractors: everyone knew that tractors were very expensive, and could not easily be bought by small-scale farmers; he commended the French initiative in this field, and thought that the matter of **equipment** generally was an area in which joint ventures could be undertaken by the co-operatives from the industrialised countries with those of developing countries, to produce equipment which was cheap and yet versatile. Small-scale farmers in developing countries tilled the soil with hoes, and it took many hours to till sufficient ground to produce crops not only for their own use but also to provide a surplus for the market; unless the small-scale farmer was assisted to increase his holdings to enable him to sell more of his produce on the market, while leaving enough for his own consumption, he would continue to live within a vicious circle as a subsistence producer. This was where

joint ventures could help, and this would also increase exports.

Co-operatives in developing countries faced many problems, including that of **finance**: they did not have access to finance, they had no securities and were unable to borrow for production purposes. In Kenya the Government had done everything possible to introduce credit facilities to enable small-scale farmers to borrow through the Co-operative Bank which had been established, as well as through other lending institutions, primarily for agricultural production. But Kenya was unusual in this. Perhaps this was another area where help could be given internationally, by generating finance either through UN Agencies or through the World Bank, to assist co-operators in developing countries to borrow for production purposes.

Another area was **fertiliser**, of which mention had already been made. Here again co-operatives in developing countries might go into joint ventures with co-operatives from industrialised countries, to produce cheaper fertilisers to increase agricultural production. Fertiliser had become a very expensive commodity, and this restricted its use; if it could be produced locally in those countries with limited resources, it could be made available to small-scale farmers at a price they could afford.

Mr Musundi wanted to keep his intervention brief but there were many areas in which co-operatives from industrialised countries could collaborate with those in developing countries, for the benefit of both. He commended the Economic Sub-Committee for its achievements in this field since the New York Conference, and hoped the 80s would see further developments along these lines.

Mr Musundi thought the co-operatives in the developed countries should be more aggressive and show more initiative: developing countries were visited by representatives from the multinationals, with proposals for activities of various kinds, and he felt co-operatives should take a similar approach, which would assist their fellow co-operators in the less developed areas of the world.

E. M. ANANGISYE,

ICA Regional Director for East and Central Africa

Mr ANANGISYE thanked the Chairman for giving him the opportunity of contributing to these discussions on the important theme of inter-cooperative trade. He had only been with the ICA Regional Office some nine to ten months, but was very impressed with the work being done to promote international co-operative trade, especially since the First International Co-operative Trade Conference in New York. He might sound too optimistic, but he felt that the work being done would lead co-operatives along their true path, would make them more outgoing.

Co-operatives tended to look too much inwards: when they reached a certain stage of success they rested on their laurels, whereas the private sector used its success as a stepping-stone for further business promotion, even to the extent of manipulating the co-operative sector in its interests.

Mr Musundi had stated that small-scale farmers in Kenya controlled 60 per cent of coffee production (and

Kenya was one of the three countries which produced the best coffee in the world, used for blending), and 80 per cent of pyrethrum production (used in pesticides), and yet somewhere in between you had a private sector which controlled the further links in the chain and determined the conditions for overseas buyers, both the prices to be paid overseas and the prices for the producers in Kenya. Would it not be possible to cut out these middlemen, if these products could be sold through an international co-operative trade organisation? But co-operative organisations would need to be more aggressive instead of contenting themselves with their achievements to date.

Some areas for action were obvious: farmers in the East and Central African Region were large buyers of agricultural supplies and equipment: co-operative manufacturers could visit these farmers and negotiate direct. With this approach it would be possible to establish **trading links** between co-operatives in developed and developing countries. The question of direct trading links between co-operatives had been discussed earlier, and of course there would be problems and restrictions, but no problem existed which did not have a solution.

There was also the question of **investments**. There was considerable investment potential in industries to supply the goods needed by farmers and other co-operators in developing countries. He hoped it would be possible at the Conference to discuss this and to identify projects. Co-operatives in developing countries were often willing but lacked the understanding and experience to identify possible economic activities, but these could include joint industrial and processing projects in areas of interest to co-operators in developed countries.

So Mr Anangisye suggested that teams should be sent to developing countries to identify such projects; his Regional Office would be happy to place itself at the disposal of any team visiting his Regional area. In this way co-operators would get to know each other, and be in a better position to work out practical details.

To introduce a bit of philosophy, Mr Anangisye reverted to his feeling that co-operatives were at last, through discussions at this Conference, being put on the right path; perhaps for the first time co-operatives would no longer be the underdogs in international trade and in international economic structures, and would make their power felt in the world. There was so much talk about creating a new international economic order, but when one looked at the people talking about it and their interests, it was clear that they would not get anywhere. But knowing co-operators and their philosophy as he did, Mr Anangisye thought it should be possible for the co-operative movement really to move forward and help in the establishment of this New Economic Order that would be to the advantage of all mankind.

E. FRIEDLANDER,

BAHAN Audit Union of Agricultural Co-operative Societies in Israel

Mr FRIEDLANDER said that, as representative of a small and developing country, he had asked himself what contribution the co-operative history of Israel could make to the co-operative movement as a whole, and to this Trade Conference in particular. With their permission

he wanted to report on two developments which might be unique and therefore of interest to co-operatives in other countries.

(1) Co-operatives held a very large share in the Israeli economy: 100 per cent of public transport; approximately 33 per cent of all production for local consumption and for export, of development of water resources, all kinds of distribution and services, of insurance and finance. Over 90 per cent—or more nearly 100 per cent—of agricultural production was co-operative, and all services connected with agriculture were performed on a co-operative basis: collection, sales, storage, processing.

(2) In Israel, agricultural co-operation was not only a framework for achieving certain savings, cheaper services etc., but was a way of life. Mr Friedlander described the *Kibbutzim*—collective village-farms owned and run as co-operatives, not by the State, but by the people who lived in them. There was another form, the *Moshavim*, in which the farms remained the property of the individual farmers, but the villages were organised along co-operative lines. The Chairman had said earlier that co-operatives should not only be efficient, profit-minded, give good service; they had other obligations, and in these co-operative villages in Israel, everything possible was done to improve the quality of life under hard physical conditions, through mutual help in a co-operative framework. Only the co-operative way of life in his country could have made it possible to till the desert and transform it into a blossoming garden, and to establish thriving communities on the barren hills. The Israeli experience in these matters could be important for developing countries.

One of the reports had mentioned the problem of migration to the towns, which created problems for the urban communities. During the past few years they had tried in Israel to set up related industries in the agricultural co-operative villages in order to provide work and make it possible for people to continue to live in rural surroundings. This had worked well, and they could now provide experience of integrating industrial co-operatives into agricultural co-operation and village life.

Israel therefore had a very positive attitude towards agricultural trade within the framework of regional and national co-operation, and their delegation hoped that this Conference would provide the means for furthering this aim, by which the success of the Conference would be judged.

Domingo SOLIS Ruiz,

President, National Union of Agricultural Co-operatives (UNACO), (Spain)

Spanish co-operatives wanted to make their contribution to the work of the Conference, and on behalf of his delegation Mr SOLIS wished to report on the position of the co-operative movement in his country; he then gave details of the activities of his Federation and of the Spanish National Rural Bank, of which the main points were as follows:

Agricultural co-operatives in Spain are organised as follows, under the National Union of Agriculture Co-operatives (UNACO):

51 Territorial Unions of Agricultural Co-operatives
24 Inter-territorial Co-operatives

150 Provincial Co-operatives
 337 District Co-operatives
 6,553 Local Societies

with a total membership of 1,448,555 families.

UNACO's functions are to promote, guide and represent the general interests of agricultural co-operatives, and to this end it:

- represents the common interests of its co-operative member organisations, with the possibility of initiating legal action on their behalf;
- maintains the spirit of co-operation and harmony between its members;
- guides and motivates thrift and credit, insurance and other institutions which serve agricultural co-operatives;
- promotes and guides agricultural co-operative development;
- represents its member co-operatives on official bodies responsible for prices, credit, supplies and services in the general public interest.

UNACO organises and provides services for its member co-operatives, including:

- Auditing;
- Advice on legal, labour and financial matters;
- Technical advice and research studies (planning and work supervision, market studies, productivity etc.);
- Accounting and statistics;
- Co-operative training.

To carry out all the above activities, UNACO has set up various sectoral councils (*juntas*), to which co-operatives may affiliate if they so desire, through the various provincial councils within the territorial unions:

National Council of Co-operative Vinegrowers and Wine Producers with 850 co-operative shops, and more than 50 per cent of the national production of table wine: this is marketed direct, both internally and internationally and accounts for almost 49 per cent of total Spanish foreign trade.

National Council of Co-operative Oil Mills comprising 1,030 mills responsible for 56.5 per cent of national olive-oil production. Exports by the co-operative sector in 1979 represented 33.39 per cent of total national exports of olive-oil and oil-residue. Direct sales through co-operative outlets all over the country accounted for a high proportion of national trade.

National Council of Horticultural Co-operatives—direct sales of fruit and horticultural products through the various markets set up by this Council amounted in 1979 to more than 415 million pesetas.

National Supplies Council—in 1979 the Council supplied fertiliser and insecticides to its member co-operative organisations to a value of more than 1,500 million pesetas.

National Council for External Trade—recently established, the Council in 1979 exported various co-operative products to the value of approximately 400 million pesetas.

National Section for Co-operative Manufacturers of Animal Feed—in 1979 the Section supplied raw materials for the manufacture of feed compounds to its member co-operatives to a value of more than 2,891 million pesetas.

To sum up, total sales by member organisations of the National Union of Agricultural Co-operatives amounted in 1979 to 7,363 million pesetas, both direct and through the various regional organisations.

The Rural Banks

As regards **Financing**, agricultural co-operatives benefit from the services, in almost every town and province, of a large network of Provincial, District and Local Rural Banks. Mr Solis gave the following details of the pyramidal structure of the banking system:

- At the top of the pyramid, the National Rural Bank (*Caja Rural Nacional*) as an integrating body, co-ordinating and unifying the criteria and objectives of the system;
- The central body, formed by the Provincial Rural Banks (*Cajas Rurales Provinciales*), which concentrate the resources of the respective provinces, and provide financial and technical means, as well as the technical and personnel assistance, required by their members.

These Provincial Rural Banks, which are autonomous legal entities, are all members of the National Rural Bank and are also linked through a National Consortium of Rural Banks (*Consorcio Nacional de Cajas Rurales*).

- At the base of the pyramid are the various local branches of the Provincial Rural Banks, as well as the Local and District Rural Banks which were the original units of this great credit co-operative complex.

At 31st July 1980 there were 49 Rural Provincial Banks with 2,134 local branches, and 80 Local and District Rural Banks with 263 local branches, registered as co-operative credit organisations with the Bank of Spain. Their resources at 31st July 1980 were as follows:

| | <i>(In million pesetas)</i> | |
|--------------------------------|-----------------------------|------------------|
| | Own Resources | Borrowed Capital |
| Provincial Rural Banks | 20,762.7 | 247,385.2 |
| Local and District Rural Banks | 6,613.2 | 56,025.4 |
| Total | 27,375.9 | 303,410.6 |

These figures showed the importance of the Rural Banks within the general financial context of the country, and Mr Solis drew attention to the fact that this phenomenal development had taken place mainly within the past ten years. The first official list published by the Bank of Spain at 31st December 1972 showed 42 Provincial Rural Banks, 11 Local and District Rural Banks, with a total of 1,433 branches, approximately half the present number.

The Rural Banks carried one-fortieth of national savings, its loans to agriculture represented one-third of its total resources.

Mr Solis closed by saying that Spain supported the ideas of this Conference which gave them the opportunity of getting to know other co-operative organisations, leading to the possibility of trading contacts. They at present traded with organisations in France, Italy, USA, Switzerland, UK, Germany, Brazil, Argentine, USSR, Hungary, Bulgaria, Poland, Romania, Czechoslovakia, and various Arab Gulf and African countries. The

Spanish co-operatives were contributing to energy resources by using cheaper fuels produced from agricultural products, as had been mentioned earlier. They would do everything possible to make this Conference a success.

Chief E. A. ASHAMU,
Oke-Afa Farms Isoho/Mushin (Nigeria)

Chief ASHAMU wished to thank Mr Doumeng for the privilege of being present at this Conference; his own organisation was at present engaged in setting up a project, in collaboration with Mr Doumeng's organisation.

He gave some details about his country, which was only some 20 years old as an independent state, with a population of 100 million, 80 per cent of whom were farmers living at subsistence level. To raise their standard of living, farmers had to be organised in co-operatives, and this was the responsibility of the various state governments: in each state there was a central co-operative organisation and a ministry responsible for co-operation, the Ministry of Trade and Industry, under the Federal Government Ministry of Trade.

Co-operative societies in Nigeria suffered from lack of finance. Co-operative management of funds was not accepted by foreign bank operators as valid security, and this had held back co-operatives until recently; but the various State governments had created Finance Corporations, to which they allocated substantial sums, and to which co-operatives could apply for loans; the State governments would also guarantee loans from commercial banks in the case of well-established co-operatives.

In 1978 the Federal Government started an agricultural credit guarantee scheme of which Chief Ashamu was the Chairman, specifically to provide support for co-operative societies. Under this scheme the Federal Government guaranteed up to 75 per cent of loans made to co-operatives or individuals for agricultural purposes, the commercial banks bearing the responsibility for the remaining 25 per cent; this was to ensure that loans were properly supervised and managed. The co-operative system was also considering setting up its own insurance company.

On the production side co-operatives in Nigeria were doing reasonably well, although not as well as private individuals on the whole, due to lack of expertise. The accent was now on collaboration with foreign co-operatives, particularly in developed countries, to enable funds to be transferred from the more advanced countries to Nigerian co-operatives, and Chief Ashamu thought that discussions at this Conference would help to identify ways of collaboration between co-operatives of developed and developing countries. This would help the co-operative movement to compete against the multinationals, which were well organised and very efficient: multinationals went from country to country to set up their operations; co-operative societies could not do this, but they could collaborate with co-operative societies of other countries towards the same result.

There was no doubt in his mind that the co-operative movement as a whole had a far bigger potential than the multinationals, because they had the human power behind them; means must be found to utilise fully this human power, and he hoped the Conference would find a way of

setting up the kind of central body required to assist co-operatives in developed and developing countries to work together. There were certainly problems with currency legislation and political revolutions, both of which affected international trade; but the multinationals had ways and means of overcoming such difficulties, and unless the various co-operative societies present could discuss methods of working along the same lines as multinationals it would take a long time to find a solution. He himself was convinced a solution could be found, but they must talk seriously about it.

Chief Ashamu had mentioned earlier a project on which his own organisation was collaborating with Mr Doumeng's group: this was a farming operation which it was hoped would speed up co-operative development and enable co-operatives to gain access to better facilities and funding, assisted by the expertise and funds of the French group. This project would be a kind of central co-operative farming system, with a radius of 100 miles, so that farmers within the area could draw from a central stock of inputs, training facilities and expertise. This would be a "private" experiment, not under governmental control. He said that co-operatives normally had difficulties with inputs, because fertiliser was supplied by the government; the governmental organisations put in tenders for supplies of fertiliser, which then did not usually arrive until the planting season was over, and co-operatives had no proper storage facilities for the fertiliser: under humid conditions more than 12 per cent of the fertiliser component disappeared due to hygroscopic action—with loss to the farmers.

He hoped that this joint venture would change governmental policy and persuade it to grant credit to farmers and co-operatives, instead of giving them the fertilisers and inputs in kind. In a year or two, with good organisation, this project might be something that would be of interest internationally.

R. BEASLEY,
Farmland Industries (USA)

Mr BEASLEY had four points he wanted to make:

(1) *Results of the New York Conference*—these had been difficult to assess because of the understandable reluctance of the more active traders to discuss current business. However, the results had been documented, and from the Report it appeared that the most important result was the contacts which had been made, from which business would flow, rather than trading arrangements made on the spot.

(2) *Government interference with trade*—at present there was interference from political motives, and this was something to be decried. But there was another type of interference, which might be less obvious but in the long run could have an equally deleterious effect on inter-cooperative trade—*bureaucracy*, the interference by the bureaucratic mind which made it so difficult to do continuing business between nations. The developing countries, as well as the highly-developed countries, had their own forms of bureaucracy. Mr Beasley thought that perhaps co-operatives could make it one of their objectives to do as much as possible to cut out red tape around the world!

(3) *Multinationals*—several speakers had made references to multinationals as the “common foe”, etc. But to a grain-supplying co-operative such as his own (dealing in hard red winter wheat), they presented a different problem, that of breaking through the multinational screen to reach the international market. To oversimplify, co-operatives would have to develop their own forms of multinational; they must have a fully integrated alternative. Multinationals at present provided services for which co-operatives did not have proper alternatives: they must develop those alternatives.

(4) Finally, as someone who had been deeply involved in the First Conference and its problems, Mr Beasley had been very impressed by the organisation of this Conference. There had been great progress between the First and Second Conferences—one might say they had made “arithmetic progression”; he suspected that between the Second and Third there would be “geometric progression”—they needed it! He hoped the Third Conference would be in a developing country, where he was sure they would meet in even larger numbers.

H. S. SUR,

National Federation of Industrial Co-operatives Ltd. (India)

Mr SUR told the Conference there were at present more than 39,000 industrial co-operatives (more popularly known as “producers’ co-operatives” in some countries) in India, with more than 24 million workers, artisans and craftsmen, in membership. His organisation had participated in the First Trade Conference, and he would like to report on the progress they had made during the past two years, particularly in the field of inter-cooperative trade.

Their co-operatives produced a wide range of goods, many of which used agriculture-based raw materials; in some cases they imported raw materials from abroad and exported the finished goods. He quoted a few examples of their products:

- textiles, knitwear, ready-made garments;
- handmade carpets, both cotton and wool;
- leather goods, footwear, travel goods, sports goods;
- engineering products;
- handicraft products.

They aimed at exporting to co-operatives around the world, and also to other organisations. During the past two years, and as a result of contacts made in New York as well as of individual efforts and visits made to various countries, they had considerably increased their trade. They had exported to USSR, Bulgaria, Poland, Czechoslovakia, and in smaller quantities to the USA and other countries. They had been trying to set up relations with Swedish, Danish, French, British and other co-operatives; in many cases samples had now been exchanged, and they hoped to do substantial business.

One example of increased business: before the New York Conference they had an annual turnover of Rs. 6 million with Russian co-operatives in exports and imports; this had now gone up to Rs. 44 million, and they hoped to increase it shortly. They were also looking forward to increasing business with co-operatives of other countries.

He wanted to make two points: they imported a lot of raw materials, such as synthetic yarns, shetland wool,

merino wool, for the manufacture of knitwear, particularly from the UK, USA, Australia and Japan; also chemicals, dyes, etc. Unfortunately these imports were all from the private sector. His organisation felt that if it could establish contacts with co-operatives in the developed countries, these materials could be imported through co-operative channels; it might also be possible to arrange exports. This was one important area in which they were prepared to collaborate.

His second point: in India it was possible to set up labour-intensive industries, in collaboration with co-operatives from developed countries, for production of various goods, in particular leather goods. This had already been discussed with co-operatives in various countries; European co-operatives in particular were looking to them as a source of supply of these goods. So here again was an area in which much could be done.

Various suggestions had been made during the Conference for the development of inter-cooperative trade: the most useful, in his opinion, was the suggestion that co-operative organisations should make available a list of their products available for export, and their import requirements. This would enable other co-operatives to identify areas in which collaboration could take place, and lead to further development.

Mr Sur mentioned one final area in which collaboration could be extended: small and medium-size industrial co-operatives in India had made considerable progress in the manufacture of:

- complete bicycles,
- auto parts,
- diesel engines,
- generator sets.

Here again was a field where collaboration could be in the mutual interest of co-operatives.

R. PIGEON,

Conseil Canadien de la Coopération (Canada)

Mr PIGEON represented the co-operatives of Quebec, the only strip of land left on the North American continent which still had a French-speaking government, and it was perhaps for this reason that they had been forced to develop a strong agricultural co-operative movement—which was the envy of many all over the world—as they were otherwise rather isolated!

They had managed to develop export links, although after the First Trade Conference in New York they had realised how difficult it was to establish co-operative links in export trade.

He had been interested in the Chairman’s remarks, when he spoke of production being controlled in certain parts of the world, when people in other parts did not have enough to eat. This was an example of the conflict between marketing interests and those of agricultural co-operatives, from which his own organisation also suffered. These opposing interests were difficult to equate. When he looked abroad, at what was happening in the UK, in Australia, in New Zealand particularly in relation to dairy products, it was obviously very difficult to develop a co-operative system where the marketing interests were very strong. Their Chairman had used the same

arguments which Mr Pigeon himself had used to the politicians: agricultural producers had been told they should limit their production if they wanted to obtain reasonable prices. But it was the duty of agricultural co-operatives to produce food: it was up to the country's leaders to arrange for its distribution.

Mr Pigeon congratulated his French colleagues on their Papers: a great deal of work had been needed, to make participants consider seriously the matter of organising an international co-operative trading system. His own organisation was engaged in exporting to their consumer co-operative friends in Japan, but unfortunately arrangements had to be made through intermediaries, for finance, transport, etc., and he felt strongly that it was high time co-operatives set up their own system.

Finally he wanted to remind the Conference of a statement made by the International Federation of Agricultural Producers, which should not be forgotten if they wanted to bring about a better international economic system with the help of the agricultural co-operatives: they must always remember that at the 1974 World Food Conference, the world's agricultural producers had declared that the world's resources—technological, human, arable land—were sufficient to feed the world's population. The right to be fed was a basic human right. The world's agricultural producers could produce sufficient food, if only the world's leaders would take charge of the transport, the distribution, so that it reached those who needed it. He wished the Conference every success, and hoped that together they would make some contribution to the setting up of a better economic and social system, a more civilised system, for the good of humanity.

Z. A. HAQUE,

Jatiya Samabaya Union (Bangladesh)

Mr HAQUE voiced his thanks to the Conference Committee and to the ICA President for giving him the opportunity of expressing the viewpoint of his country's co-operative movement.

He said Bangladesh was a small country of 50,000 square miles with a population of 89 million. They had inherited a co-operative movement which was entirely credit-orientated. During the liberation period, the existing co-operative structure was destroyed and they had to start afresh. They now had a very diversified structure. Co-operatives played an important role in the production of jute, rice, wheat, sugar cane and milk. They had marketing co-operatives, which provided cold storage facilities for co-operative agricultural produce, although less than the total required.

At a recent workshop held in Bangladesh under the auspices of the ICA, ILO and SIDA, the following statistics had emerged: 85 Central Co-operative Multipurpose societies; 9 Central Co-operative Marketing societies; 4,122 Private Union Co-operative Multipurpose societies involved in the trading activities of some 85,000 co-operative societies, with a membership of more than 10 million.

They were at present in process of re-structuring the co-operative movement. During the second 5-Year Plan commenced in July 1980, they hoped to do away with the traditional form of co-operative, and to re-shape the co-

operative system to make it more production- and consumer-orientated, to involve the whole community. Bangladesh at present imported £12 million of food annually, including rice, and the Plan included a basic programme for increasing food production; they then hoped to be in a position to export food. Co-operatives would play a dominant role in the Plan, which included measures for organising marketing and trade activities. But all this was still in the planning stage.

Bangladesh co-operatives at present exported frozen fish and handicraft goods, but there was an export potential for:

- fruit
- vegetables
- spices
- potatoes
- tobacco
- handloom products

However a number of obstacles stood in the way of increasing their export trade, including: lack of transport and storage facilities; the necessity of using middlemen and intermediaries, who took advantage of producers' weaknesses; lack of relevant markets; lack of standardised grading and sampling procedures; use of defective weights and measures; the ignorance of co-operative workers, and a lack of trained personnel to run marketing co-operatives.

Mr Haque wanted to make a further point which might be relevant to co-operatives in other developing countries. In Bangladesh there were three recognised sectors: public, private and co-operative. Previously co-operatives had only had the private sector to compete with. But nowadays with the growth of the public sector, he felt it was important to examine the roles of the public and private sectors, to ensure that they did not stand in the way of co-operative growth. Although most governments had a general policy of encouraging co-operatives, in practice their banking, trading, insurance and other economic policies often militated against the development of the co-operative movement.

If his movement could obtain the support and collaboration of those present at the Conference, Mr Haque felt there was a real possibility for the development of co-operative trade in Bangladesh, but first the real situation must be examined and defined.

(Mr DOUMENG said he would make a point of visiting Bangladesh to look into the position there.)

A. KASZYNSKI,

HORTEX-POLCOOP (Foreign Trade Enterprise) (Poland)

Mr KASZYNSKI first conveyed the warmest greetings and best wishes for the success of the Conference, on behalf of Mr Jan Kaminsky, President of the Central Union of Agricultural Co-operatives in Poland and himself. He had had the pleasure of taking part in the First Trade Conference in New York, and he still remembered the following words of Mr Doumeng, pronounced during his report at that Conference:

“The aim of this Conference is to define practical and concrete actions with the aim of acquiring a larger share of international transactions for agri-

cultural co-operatives; in this way, by improving their knowledge of the markets, they will strive to increase the end value of their co-operator's products . . . Therefore the next step would now be for co-operatives to intensify their efforts on an international scale to market their products."

His organisation appreciated the efforts of the Economic Sub-Committee towards the development of trade and economic relations between co-operatives. Much had been done during the past two years, and during this Conference they would discuss all aspects of the further development of international trade.

Mr Kaszynski went on to give some information about his country's agricultural co-operative movement, which had a respectable tradition going back for 150 years. The commune in Poland was the smallest administrative territorial unit, and the commune co-operative was the basic co-operative; it carried out very varied activities, with shops in all the small villages and department stores in almost every country town. At the co-operative's procurement centres, the farmers could sell cattle, pigs, grain, fruit and vegetables—in fact, all their products. Government contracts for the purchase of cattle and agricultural products guaranteed a market for the farmers at predetermined prices. The co-operative movement had built up its own extensive network of factories with modern processing plant, including bakeries, fruit and vegetable canneries, dairies, cheese-processing factories, factories for the production of building materials, etc.

The commune co-operatives provided eating-places; they ran over 6,000 inns, bars, cafes and restaurants, almost half the total of catering establishments in Poland. They also provided services for the population, such as for the repair of agricultural machinery, and radio and TV sets, etc. Every commune co-operative ran "modern housewife" centres for teaching home crafts, household management, child care etc.

The commune co-operatives were grouped in 49 Federations, which supervised their activities and directed the work of the various factories. The activities of the Federations were co-ordinated and supervised by the Central Agricultural Union of "Peasant Self-Aid" Co-operatives based in Warsaw, which included three types of co-operative:

- the "Peasant Self Aid" rural co-operatives with multi-purpose social and economic functions;
- the dairy co-operatives; and
- the market gardening and bee-keeping co-operatives.

All these offered a wide range of services to agriculture, particularly to private farmers. They constituted an important part of the food economy in Poland, and an effective instrument for the development of agriculture.

Mr Kaszynski said that HORTEX-POLCOOP was one of four foreign trade enterprises dealing in food-stuffs. It *exported*:

- fruit, vegetables and dairy products (*sole exporter*);
- animal products, such as rabbit meat, goose and duck livers, goose fat, other frozen goose and duck products, live snails, live frogs;
- forest mushrooms and champignons, flowers and honey.

It *imported*:

- dairy products (*sole importer*);
- potassium fertilisers (*sole importer*);
- fruit and vegetables, *excluding* citrus fruits and bananas.

It *exchanged* market surpluses with co-operative organisations of other countries, in the socialist bloc as well as in Western Europe, on a goods-for-goods basis.

HORTEX-POLCOOP had become a large enterprise dealing in foodstuffs, mainly fruit and vegetables, which accounted for over 60 per cent of total exports. It exported large quantities of food for *industrial processing*:

- fresh fruit and vegetables, and mushrooms;
- semi-finished products, such as fruit pulp, raw juice and concentrated juice;
- deep-frozen fruit and vegetables, accounting for over 40 per cent of total Polish fruit and vegetable exports.

Fruit and vegetable preserves were exported under the trade name "KRAKUS":

- fruit in syrup, jams, nectars, fruit juices;
- pickled dill cucumbers, baby beets and onions;
- asparagus, peas and stringless beans.

All goods exported had to meet Polish export standards, or the standards of the importing country.

HORTEX-POLCOOP exported its products to many countries in and outside Europe, including the USA, Canada, Japan, Australia and New Zealand. It also exported fresh and frozen fruit and vegetables, preserves, and champignons for its own retail shops in USSR, GDR and Czechoslovakia. Cut flowers were sold in HORTEX shops in Moscow, Leningrad and Berlin.

In 1979 HORTEX-POLCOOP traded with 30 co-operative organisations abroad, and the turnover of trade with these organisations amounted to over 60 per cent of its total turnover. HORTEX-POLCOOP collaborated with the co-operative movements and co-operative foreign trade enterprises of the various East European countries. It had enjoyed particularly good relations with the two Soviet co-operative organisations, for which he wished to thank them.

The Polish Central Agricultural Co-operative Union, representing over 6 million members, was a member organisation of the International Co-operative Alliance. Mr Kaszynski was sure the following sessions would give participants present at this Conference the opportunity of discussing all aspects of collaboration in international trade, and he wished them all success and good results, during this very well organised conference.

S. P. SRIVASTAVA,

National Agricultural Co-operative Marketing Federation (NAFED) (India)

Mr SRIVASTAVA mentioned the various types of co-operative in his country with its population of 650 million. His fellow delegate had already given a description of the activities of the Indian industrial co-operatives; he himself proposed to describe those of the marketing co-operatives and the National Agricultural Co-operative

Marketing Federation in particular, which undertook the marketing of produce inside and outside the country.

Since the First Trade Conference in New York, and with the encouragement of Mr Doumeng who had insisted that they should develop export links with the co-operatives of developed countries, they had held a trade conference in Singapore, funded by ILO and SIDA, where agreements had been signed for the export of certain products. During the past two years they had exported \$6 million of rice to INTERAGRA, and were in process of arranging other bulk exports. The various products which India could offer to the developed countries were:

- rice, barley, spices, peanuts;
- cattle-feed raw material, esp. groundnut extract, cotton-seed extract, soya-meal;
- perishables, inc. onions, potatoes;
- processed foods.

While they maintained links with the developed co-operatives, their exports at present went only to the private sector.

NAFED had 1 million members, average 5 members per family: it purchased directly from the producers, and sold on their account. They had not been able to make much of a dent in the international market, and had in fact been buying a lot of agricultural products from developed countries.

On the question of *multinationals*, Mr Srivastava also thought that co-operatives in the developed and developing countries should be able to set up an organisation able to compete on equal terms with these. The challenge of the multinationals could only be met by co-operatives.

Joint ventures: NAFED had a number of processed food industries; Mr Doumeng's group had exported goods to them on three or four occasions for processing, and they were now discussing details of quality control, packaging, etc. He thought it might be possible for them to develop a wider range of processed foods for his country.

Mr Srivastava made a plea for the lifting of governmental *bureaucratic restriction* which, in many developing countries, made international trade so difficult.

The USSR had entered into a contract with the Indian government for the purchase of rice, but they were interested in buying particularly from co-operatives. The USSR had also been buying perishables from India, but from the private sector. He wondered why they did not buy all their requirements from NAFED, this would help the USSR and give NAFED the feeling that their products were going into co-operative channels.

In conclusion, Mr Srivastava made three points:

- (1) Many countries still depended on private brokers: why did not co-operatives organise a channel, or bureau, to facilitate trade contacts between co-operatives of developing and developed countries?
- (2) The private sector tended to corner stocks at harvest time particularly from developing countries, which they stored in Hamburg and other places, and could then control the prices on the international market. This meant higher prices for the consumer and lower prices for the producer. Why could not co-operatives set up their

own common warehouse in e.g. Hamburg to store products from the developing countries which could then be sold through co-operative channels in the developed countries?

(3) Co-operatives in developing countries exported certain products in large quantities to the developed countries, e.g. tea and spices from Sri Lanka, and in particular peanuts from India: India was the largest world producer of peanuts, with USA second and China third. Would it not be possible for co-operatives in the USA and India to get together to fix prices, so that they did not compete against each other but could give producers a fair price, and not give all the advantage to the consumer?

T. BJELOGRLIC,

General Secretary, Yugoslav Co-operative Union

Mr BJELOGRLIC said he was speaking on behalf of the Yugoslav delegation, and he conveyed the greetings of the Yugoslav Co-operative Movement and their best wishes for the success of the Conference.

His delegation hoped to have discussions with other delegates present on a bilateral basis, commencing with the exchange of experience, joint ventures, and scientific and technical co-operation. Their approach to other co-operative movements was based on socialist principles, as worked out by their late President Tito, and on constructive collaboration on an equal basis.

The production of food was one of the main tasks in the development of the Yugoslav economy as a whole. To achieve this, the agricultural producers had been organised in co-operatives which played a given role in the economy. Co-operatives enabled them to make better use of the available facilities and organise their production of a wide range of foodstuffs. This production had enormous potential, and they believed they would be able to operate more rationally and successfully if they could gain access to the international co-operative market; they intended to take full advantage of their presence at this Conference in that respect. They looked forward to the constructive collaboration of the other delegates.

For the purpose of international co-operative trade, all Yugoslav co-operative organisations were united in a single Yugoslav Co-operative Union, on behalf of which all the delegates were present there, and he invited delegates from other countries to join them in constructive discussions.

B. RABINOVITCH,

Hevrat Ha'Ovdim (Israel)

Mr RABINOVITCH said he wanted to speak briefly about that part of the Israeli co-operative movement which was relevant to their discussions, namely the agricultural and manufacturing co-operatives.

Israel was a small country, but co-operatives played a big part in its economic activities. To give an example, exports from industrial and agricultural co-operatives totalled well over 1 billion dollars.

There were two kinds of co-operative industry in Israel: one type was owned by co-operatives in the cities;

the other—perhaps of more interest to this Conference—were those factories which formed part of the agricultural settlements known as the *Kibbutzim*. Agriculture had advanced significantly in the *Kibbutzim*, and could no longer provide work for all the members. Now they had built over 300 factories to supplement agriculture as a source of livelihood for the members. Particularly relevant to discussions at the Conference was the fact that they were utilising the experience gained in agriculture, in their manufacturing, and this could be of help to co-operatives elsewhere. They were already collaborating with co-operatives in Africa and Latin America, and hoped that the Conference would lead to further contacts.

Mr Rabinovitch said his colleague, Mr Blumenthal, would later make a reference to possible activities between Conferences, but several things had occurred to him during the earlier discussions, and he thought the discussion could perhaps start while they were still in plenary session, on areas of collaboration where Israel could provide both the product and the expertise:

- (1) *Pesticides and insecticides*
- (2) *Irrigation systems*: Because of Israel's lack of water, they had acquired considerable experience of various irrigation systems, the most relevant being drip irrigation; several kibbutzim manufactured complete drip irrigation systems, including the piping and the computer controls; also various piping and sprinkling systems—anything connected with irrigation, especially where very little water was available.
- (3) *Agricultural machinery*—which was manufactured in the kibbutzim and by the co-operative factories in the cities—from ploughing equipment to fruit packing machinery.
- (4) *Greenhouse culture*, especially of flowers.

Energy problems had been mentioned during the Opening Session. Israel had no water, but did have plenty of sun, and considerable experience in the use of *solar energy* for heating water.

Their second experience concerned the use of *agricultural waste* for providing energy for agricultural communities. An experiment in one of the kibbutzim had been running quite successfully now for three years, and it hoped soon to be providing most of its energy requirements from agricultural waste. He knew that similar work was being done in India and other countries.

Last—but not least—they were carrying out research on liquification of *palm-oil*—which might be of interest.

The list could certainly be longer, but these examples had come to mind while he was listening to the discussions, and he hoped anyone interested would contact him or his delegation during the course of the Trade Conference or the ICA Congress.

I. LORENZONI,

Alleanza italiana Cooperative Agricole (AICA) (Italy)

Mr LORENZONI and his colleague were at this Conference as representatives of the commercial arm of the Italian agricultural co-operative movement affiliated to the Lega Nazionale delle Cooperative e Mutue.

The total membership of AICA was 1,500 co-operative societies, with a total turnover of US\$1 billion. AICA's main activities were:

- (1) Purchase and supply of technical inputs to its associated member co-operatives;
- (2) Marketing their agro-industrial produce.

They had listened with great interest to the reports given, in particular they agreed with the programme submitted by Mr Doumeng. The world was very much in need of concrete and effective co-operation. They felt that conditions also existed for more incisive co-operative development in all those countries where the co-operative movement was effectively showing itself to be an important economic and social force. Fruitful collaboration between the different facets of the agricultural co-operative movement was urgently needed at international level, particularly in the field of trade exchanges. AICA was fully prepared to establish concrete relations with all co-operative movements in membership of the ICA.

AICA was particularly interested in the *purchase* on foreign markets of the following products:

- Maize for animal feed: 400,000 tons per year
- Durum and soft wheat: 100,000 tons per year
- Vegetable proteins (soya beans) for animal feed: 150,000 tons per year
- Fertilisers in general: 50,000 tons per year

AICA itself also produced fertilisers and pesticides, and was interested in selling them, and in opening new markets for *export* of the following products of its 1,500 member co-operatives:

- Italian wine in bulk—1,000,000 hectolitres
- Italian wine "D.O.C."—large quantities
- Citrus fruits, particularly lemons
- Cheeses
- Pasta
- Fruit juices
- Tinned vegetables
- "Pre-mix" animal feed
- Fresh fruit in general
- Tomato paste and tinned peeled tomatoes

Mr Lorenzoni closed by praising the organisation of the Trade Conference, and wished the Conference success.

O. KARLANDER,

Federation of Swedish Farmers (Sweden)

Mr KARLANDER praised the organisation of the Conference. He said they had achieved certain limited results in New York; he hoped this Conference would go even further.

Several speakers, as well as the Papers presented, had stressed the importance of transfer of technology. He proposed to give some information on various ways of doing this, in order to foster the growth of co-operation in the developing world.

Ten years ago the Swedish Co-operative Movement had established the Swedish Co-operative Centre, with the specific aim of promoting co-operative development in the Third World. Through the SCC, they tried to foster co-operative education: they held seminars; every year

they recruited a number of people to work in developing countries, especially in co-operatives and in the ICA Regional Offices.

Three years ago they had set up a new organisation, *Swedfarm*, which stood for Swedish Farmer Services, as a vehicle for the transfer of technology in the field of agriculture, forestry and related industry. As a start, they were carrying out feasibility studies for investments in provision of silos, handling grain, feed production, feed machinery, slaughterhouses and dairies. To take one example, they had produced a "mini-slaughterhouse" adapted to conditions in Tanzania, and they hoped to go one step further by establishing a factory in Tanzania for production of these "mini-slaughterhouses".

Mr Karlander had just come from Zambia, where they were discussing setting up of joint ventures: this was a milestone, because the Swedish Co-operatives had never before made a direct investment in Africa with a co-operative movement. During the next five years they hoped to organise a seed company in Zambia, together with their Zambian friends. They also hoped to set up factories in other countries in the Third World.

He hoped the Conference would give them the opportunity of making further contacts in relation to these specific fields.

A. DUCHALAIS,

Confédération française de la Coopération Agricole (CFCA) (France)

Mr DUCHALAIS felt he should first apologise for the frequency with which France had taken the platform; there had been two papers originating from his country, and now he himself was on the rostrum, in his capacity as President of the French Agricultural Co-operative Federation which united all the agricultural co-operatives in France; by his presence he wanted to assure Mr Doumeng of their support, and to congratulate both him and Mr Zlataric on the work carried out by the Agricultural Committee of the ICA, which after only a few years had borne fruit in these Trade Conferences. He also wanted to congratulate their host organisation on the excellent arrangements made for them.

The CFCA had a continuing interest in international relations, and had set up a special Department to maintain contact with co-operative organisations abroad; this had enabled them to receive a delegation from the Hungarian co-operative movement in Paris, and also to send a delegation of their own to visit the co-operative organisation in the USA. They maintained close relations with co-operatives in developing countries, including those in Africa.

The French agricultural co-operative movement today was represented mainly by three large organisations: UCASO (the Union of S. W. Agricultural Co-operatives); *Union Nationale des Coopératives Agricoles de Céréales*; and the *Union Nationale des Coopératives Agricoles d'Approvisionnement* (Supplies), which dealt with inputs, chemicals and all other products necessary for agricultural production. These co-operatives were represented at the present meeting, and their delegates would be available during the next few days should any participants wish to contact them.

Returning to a point made by Mr Doumeng concerning his faith in the agricultural co-operative movement but also expressing his fear of its limitations, Mr Duchalais felt that the movement could overcome these limitations—it had the will to do so, it had the means, it even had the necessary techniques. But they would have to go forward—as Mr Doumeng had said—with patience and a pragmatism which took account of reality, of the different social, political and economic situations of their co-operative enterprises, of the difficulties of international trade. They could overcome all these difficulties and progress towards more extended international collaboration between co-operatives.

At the same time they must work towards a new organisation of the world markets, without which their progress would be slow indeed. Mr Ducroquet's report had suggested the first steps to be made in this direction, such as long- and medium-term contracts, triangular exchange of commodities, but it must be left to participants to find the most effective—and rapid—formula.

The agricultural co-operative movement could not remain in isolation, and Mr Duchalais was happy to note that this Trade Conference was being held on the eve of the ICA Congress. He believed it was their imperative duty to strengthen relations, not only between the agricultural co-operative movements, but also with the consumers' co-operative movements. To judge from what he had seen in his own country, there was considerable room for improvement in this direction, but he hoped the situation might be better in other countries.

In conclusion, he expressed the wish that their work at this Conference would strengthen the links between their co-operative institutions, improve their trading relations, and develop friendship and understanding between the nations of the world.

M. LEHOCZKI,

National Council of Agricultural Co-operatives (TOT) (Hungary)

Mr LEHOCZKI wished to associate himself with all those speakers who had expressed appreciation for all that had been done in preparation for this Conference, including the two main papers. He also wished to thank their hosts for its excellent organisation.

He thought their Chairman's report and the background papers provided a good basis for their discussions and for further productive collaboration. But this was only the beginning: there were still formidable obstacles to be overcome.

It was important to identify and open up new channels of collaboration, to study each others needs and potential, and to strengthen solidarity and mutual assistance among co-operatives.

Mr Lehoczki went on to talk about agricultural co-operatives in Hungary, where they played a decisive role in the economy. The co-operatives and the land owned privately by co-operative farmers accounted for more than two-thirds of agricultural produce in the country. Their share in some commodities was even higher: 85 per cent of cereals, and 90 per cent of sugar beet and of

oils. They also accounted for between 22 and 24% of industrial goods each year. Thus they played an important role in the export trade.

Agricultural co-operatives also accounted for a large part of the raw materials used in industry.

The incomes of co-operative farmers were approximately equal to those of workers and employees in the towns.

They were working towards the utilisation of all available resources: land, economic, technical and economic as well as know-how.

Various forms of co-operation were promoted in Hungary. Mr Lehoczki drew attention to the important role played by other forms of co-operation; for example there were more than 700 co-operative organisations in different branches of industry. They also had agro-industrial complexes, but these were still at the experimental stage.

There was a degree of co-operation with private producers who farmed their own plots of land.

His movement was ready to take part in the various areas of co-operation which had been mentioned, to share their own experience in developing agricultural co-operatives so that others could avoid their mistakes. They were willing to assist with training co-operators from developing countries in particular, to participate in projects, to promote supplies of equipment, machine tools and other materials, and to take part in bilateral and multilateral co-operative exchanges.

Mr Lehoczki felt sure that this Second Trade Conference would be successful in promoting international co-operative relations, to the benefit of the agricultural co-operative movement.

K. H. A. KHEIR,

Central Agricultural Co-operative Union (Egypt)

On behalf of the Egyptian Co-operative Movement, Dr KHEIR congratulated the Agricultural Committee and the Economic Sub-Committee on having so well organised the Conference.

His contribution would be brief, but he had particularly wanted to take part in these discussions. Many problems had been raised, two of which had particular relevance to the developing countries: one was that of the multinationals, which posed grave threats to developing countries; the other was the quality of education and training provided by the developed countries for co-operators from developing countries—would these courses produce efficient leaders, which were very much needed? Dr Kheir felt that a scientific way must be found to handle these problems.

On collaboration between co-operatives, he wanted to thank Mr Doumeng who had visited Egypt to look into possibilities, and also their co-operative friends in the USA with whom they were hoping to set up joint ventures.

In Egypt they now had legislation providing for consumers', artisanal and agricultural co-operatives, and the whole co-operative movement was currently being reorganised from bottom to top.

Dr Kheir hoped that they, as co-operators, could find ways of easing the tensions all over the world, which particularly affected the economies of the developing countries. Co-operatives needed a peaceful environment in which to operate and expand. In Egypt they had an open door policy: they welcomed their fellow co-operators from both East and West, and indeed from all over the world.

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M. DOUMENG then declared the Session closed. He congratulated all those who had contributed to the discussions on the high quality of their interventions. They had not been conclusive, but such discussions could never be concluded but must always be ongoing. He also congratulated those who had listened with patience and interest for so many hours.

END OF SESSION

Inter-Cooperative Trade Working Groups

For the purpose of trade discussions, the Conference split up into six Working Groups*, each including one Soviet representative. A Rapporteur was chosen for each Group, to report on the Group's work to the Plenary Session the following day.

Working Group

| | |
|--|-------------------------|
| 1. Grain, feed and livestock | R. Beasley, USA |
| 2. Other food and agricultural products | S. P. Srivastava, India |
| 3. Non-food consumer goods (energy, etc.). | M. Mitrovic, Yugoslavia |
| 4. Farm supplies | O. Karlander, Sweden |
| 5. Farm equipment and plant | J. Myotte, France |
| 6. Credit, finance and joint ventures | B. Thordarson, Canada |

Rapporteur

Group Reports

1. Grain, Feed and Livestock— Report by R. Beasley (USA)

The group consisted of representatives from Bulgaria, France, FRG, Hungary, Japan, USA, USSR, Yugoslavia (2). They exchanged import-export "shopping lists" and related information. Mr Beasley knew of at least two contacts made during their discussions, likely to result in new trade arrangements.

However, the nature of the commodities under discussion made it difficult to achieve results in such a setting; rapidly fluctuating prices, the large size of transactions, the often difficult—or at least complicated—transportation details, combined to prevent on-the-spot decisions and deals, although some beginnings had been made.

Recommendation

For lasting progress in this area, a *continuing mechanism* was needed, to function between conferences, to act as a catalyst and clearinghouse for inter-cooperative trade. Such a mechanism might be sponsored by the ICA, and financed—at least in part—by participating co-operatives. One problem to be considered by the new mechanism might be *how to balance currencies and the flow of goods*.

The group itself had reflected such balance problems: (1) they had more sellers than buyers; (2) with one or two exceptions, the would-be buyers did not have enough hard currency (a common problem), and would have to barter, or else raise funds through sales to third parties.

Mr Beasley believed that the need to bring co-operatives together in trade, which had led to the First and Second Trade Conferences, must also require that a mechanism be designed to assist such trade between conferences.

2. Other Food and Agricultural Produce— Report by S. P. Srivastava (India)

The group consisted of representatives from Bulgaria (2), Canada (1), India (4), Israel (2), Italy (2), Poland (1), USSR (1), Yugoslavia (4), but Mr Srivastava said the discussion was relevant to the needs of other developing countries also. Participants had drawn up lists of import

and export requirements, which had been circulated. This had enabled the group to identify and catalogue the commodities involved, which were as follows:

Fresh fruit and vegetables (esp. onions and potatoes)
Processed and canned foods, fruit and vegetables
Marine products: frozen/canned fish and prawns
Animal products: fresh/frozen meat
Poultry products
Edible nuts, esp. peanuts, cashew nuts and walnuts
Oil seeds, esp. rape and mustard seed, sesame seed
Edible oils, esp. rape-seed, soya and sunflower oil
Spices, inc. black pepper, turmeric, cumin seed
Tea and coffee
Jute goods
Cotton (raw)
Dairy products
Tobacco

Various contacts had been established, which could form the basis for trade exchanges in coming years. After preliminary discussions, the group had split up into smaller groups for the exchange of views and ideas. Points which had come out were:

(1) Trading co-operatives were not aware of the activities of co-operatives in other countries: e.g. Indian co-operatives exported some food items to Yugoslavia, but the Yugoslav trading co-operatives were not aware of the imports, and the Indian co-operatives did not know of the Yugoslav trading co-operatives. If trading co-operatives could trade direct with each other and strengthen their activities, this would minimise the impact of the multinationals, and co-operatives would make an impact on the international market.

(2) The strengthening of inter-cooperative trade relationships would protect both producers and consumers.

(3) It was noted that some countries had bilateral trade agreements on a government-to-government basis, in which State Agencies had the major share. It was felt that trading co-operatives should be given their share of trade under such agreements, provided that the co-operatives were efficient so that governments could rely on them.

*For constitution of the six Working Groups, see Appendix 2.

Recommendations

(1) Lack of information often stood in the way of setting up inter-cooperative trading relations. An *International Co-operative Trading Information Bureau* should be established, to act as a "data bank" and provide up-to-date feedback information to trading co-operatives, who must also fulfil their part by supplying and maintaining detailed information about their products: availability, quality specification, packaging, price, shipment schedule, etc.

(2) International co-operative *trade fairs and exhibitions* should be held in conjunction with the International Trade Conferences, to enable participants to display samples and to allow trade negotiations to take place on the spot.

(3) *Joint ventures*—Trading co-operatives in developed countries could assist those in developing countries, in the field of processing, canning and packaging of various food items suited to the developed country. They could also assist in shipping and transportation, etc.

(4) Co-operative *warehouses* maintained jointly in such trading centres as Hamburg and Rotterdam would enable co-operatives in developing countries to deliver their goods as and when possible, instead of being handicapped by the shortage of shipping facilities at the appropriate time. This would also prevent middlemen from taking advantage of seasonal shortages by charging higher prices to the consumer.

(5) Co-operatives in developing countries must improve their *standards of processing, canning and packaging*, by employing trained personnel familiar with international trading practices.

(6) While trading co-operatives must uphold basic co-operative principles, they must develop a more commercial approach if they are to break into this keenly competitive market: they must be *prompt, accurate, and efficient* in their trading activities.

(7) In addition to the trading activities of the co-operatives themselves, *intra-regional trading* activities should be encouraged, perhaps with the setting up of consortia to deal with the various commodities.

The members of the group had found the Conference educational and useful. They felt that there was enormous scope for strengthening international trading relationships, and that if a system could be devised for maintaining this tempo of international contacts, they could meet at the 3rd International Trade Conference with a long list of achievements to report.

3. Non-food Consumer Goods—

Report by M. Mitrovic (Yugoslavia)

The group consisted of representatives from Bulgaria (1), India (2), Japan (2), USSR (1), Yugoslavia (2), most of which already had fairly long-established trade relations. Mr. Mitrovic expressed surprise at the lack of interest from other countries, although the composition of the group had made for a very interesting discussion.

Members listed the various commodities which each was interested in exporting and importing. There was particular interest in petroleum and petroleum products.

Bilateral negotiations were discussed. The preferred method of exchange was by barter, since this avoided balance of payments difficulties, although some normal trade in non-food consumer goods also took place.

5-year agreements, reviewed annually, had already existed for 15 years between the co-operatives of the USSR and Yugoslavia, USSR and Japan, USSR and Bulgaria; USSR also carried out some trade with India. There was interest for trade between e.g. Japan and Bulgaria. Some trade was already being done between USSR and India, and between India and Bulgaria. The only countries not already in contact were Japan and Yugoslavia. The range of commodities was small, but it was hoped to expand this.

Even with barter arrangements some countries, especially India, had problems with licences and import permits.

Recommendation

The small number of countries in the group made it difficult to present broad conclusions, but it was felt useful if the Paris Bureau could circulate a list of products offered and required, to be updated every three months. The group believed that there was considerable potential for the expansion of international co-operative trade in manufactured consumer goods.

4. Farm Supplies—

Report by O. Karlander (Sweden)

The group consisted of representatives from Bulgaria (1), France (2), Hungary (1), Sweden (1), USSR (1), Yugoslavia (2); a small group but highly qualified. In addition to farm inputs—fertiliser, seeds, pesticides—they had also discussed technology to some extent.

They had looked at the possibilities of improving trade between co-operatives in the field of farm supplies, but in fact agricultural co-operatives were on the whole not involved in production of farm inputs, which were mainly in the hands of outside interests.

Lack of resources often stood in the way of collaboration between co-operatives; also *lack of organisation, and lack of hard currency*.

Their discussions made Mr Karlander believe that these problems could be solved, and he mentioned some concrete proposals:

(1) The Hungarian *fertiliser* co-operative BIVA wanted to improve contacts and trade relations with other co-operative units producing fertiliser; BIVA sometimes has a surplus of nitrogen.

(2) The Hungarian *seed* co-operative, Hungaroseed, was interested in establishing relations with other seed co-operatives. The Swedish seed co-operative would be asked to look into this possibility.

(3) The Yugoslav trading co-operative was looking for new technology in the field of *alternative energy*; also *machinery* adapted to the family farming system.

(4) Centrosoyus was seeking know-how in the field of *honey processing and packaging*, and would like to export honey to Sweden through the Swedish co-operatives; Mr Karlander promised the Swedish co-operative movement would look into this.

Their discussions had been limited by the size of the group. However they believed that the main progress in the field of farm supplies would be made, not through increased trade between co-operatives, but by co-operatives getting together to improve their bargaining position and making *joint purchases* from the multi-nationals, which held an oligopolistic position in tractors

and harvesters, and a high proportion of the market in fertilisers and pesticides. This situation was likely to continue, but if co-operatives could collaborate in joint purchases from these corporations, this would incidentally change the power structure and improve the supply position for the farming sector.

Recommendations

(1) On *joint purchasing*, this could not be achieved merely by the pronouncement of a few words. The problems in the way of collaboration between co-operatives all over the world were almost insurmountable, but *collaboration on a regional basis*—e.g. the Common Market, Eastern Europe, North America, Latin America, the Nordic countries, between developing countries—could be started immediately. The Nordic countries had in fact had a joint scheme for the past 3 years, although

even between such similar countries they had encountered some difficulties. However, once such collaboration had been established between two or three countries, and was working smoothly, this could then be extended, step by step. The group believed that the Economic Bureau could do a lot to foster collaboration on a regional basis.

(2) Before closing Mr Karlander wanted to mention that a co-operative unit had been set up within the European Confederation of Agricultural producers, for the purpose of improving co-operation between co-operatives in the field of farm supplies; the unit was INTERCOOP—like the ICA organisation. He suggested that if it had not already done so, the Economic Bureau should make contact with this unit; this was important as it would find there the general managers of all the leading co-operatives in Western Europe who were missing from their present Conference.

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During the course of his Report, Mr. Karlander gave further details of the **TRACTOCOOP project**, as an example of what could be done to break the multinational hold in a particular field.

The aim of the project had been to produce a tractor which would be competitive from the technical and convenience angles, as well as in price.

The French co-operative organisation had constructed a prototype which met these requirements. The price on the French market would be 30-50 per cent lower than other similar tractors, the difference in price being accounted for as follows: 80 per cent by the fact that the organisation would control the project, buy the parts (from Romania and the Common Market), assemble the tractors, and sell direct to members; the remaining 20 per cent by the fact that the tractor was less sophisticated than other brands, but was perfectly adequate for farmers' basic needs.

Production would start in 1980 with a series of 500 units.

The possibilities suggested for other countries were:

- (a) to go into production jointly with the French organisation; *or*
- (b) to purchase the parts and assemble the tractor themselves—which would be easier for countries lacking hard currency (e.g. Eastern Europe and the developing countries).

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5. Farm Equipment and Plant— Report by J. Myotte (France)

The group consisted of representatives from five countries only, one each from Bangladesh, Bulgaria, Nigeria and USSR and three from France. Mr Myotte confessed himself disappointed that, in the framework of this Conference which provided an unparalleled opportunity for exchange of viewpoints, so little interest had been shown in the question of capital investment, particularly as the developing countries were present in force.

However it would appear from the group's discussions that many co-operatives throughout the world had already mastered the necessary technical and organisational know-how and were functioning effectively in such varied fields as stockpiling of cereals, manufacture of animal feed, processing of animal products, setting up of fertiliser storage and mixing units, etc., and were able to meet the competition in many developing countries. The co-operative movement today was in a position to provide support, thanks to its experience and achievements.

In spite of the small number of participants in this group, they had had useful discussions. The representatives had expressed their specific interests as follows:

Bangladesh—interest in drainage pumps, and all types of irrigation systems;

Bulgaria—a list was provided of the various types of equipment and services available for export, in particular industrial chicken batteries, pig breeding units, modern livestock housing units;

France—was able to provide all types of equipment of interest to co-operatives, thanks to the specialised sectors which it had set up within the co-operative organisations over a number of years;

A *Swedish* delegate had reported that his movement had close links with an engineering firm, and a document was provided with details of their various operations in this field all over the world.

USSR—Centrosoyus was interested in receiving full documentation on bottling, canning and packaging plant, to give them some guidance in their purchases in this field.

6. Credit, Finance and Joint Ventures— Report by B. Thordarson (Canada)

The group consisted of representatives from Canada (2), Egypt (2), France (4), Israel (1), Kenya (1), Philippines (4), Sweden (1), USSR (1) and Yugoslavia (5).

Because of the heterogeneous nature of the group—producer co-operatives interested in international transactions for a variety of reasons, including the wish to sell direct and bypass middlemen; others interested in joint ventures to enable them to process products prior to export, or to diversify from a single crop which might be disadvantageous in trading terms for a variety of reasons; consumer and manufacturing co-operatives interested in both buying and selling; an insurance co-operative interested in marine insurance; finance co-operatives interested in providing financing for international co-operative trade—discussions tended to be general, and concentrated on the subject of joint ventures rather than on credit and finance.

They had discussed the following points:

(1) Joint ventures required not only adequate financing, but also adequate *administrative expertise*. Some sources of the latter were:

- an International Chamber of Commerce publication *INCOTERMS 1953 (revised 1976)* giving the terminology of international trade;
- the Economic Bureau of the ICA Agricultural Committee which could provide practical advice in a number of areas;
- UNCTAD which had issued recommendations on documentation.

Among the administrative arrangements to be investigated prior to buying or selling were:

- terms of delivery
- means of transport
- warehousing requirements
- documentary routines
- marine insurance

The discussions emphasised that if co-operatives were interested in international trade, it was essential that they should “do their homework” and familiarise themselves with the basic administrative and technical requirements.

(2) On the question of joint ventures with developing countries, co-operatives from the developed countries should also include *technical assistance*, as had already been done in a number of cases.

(3) On trade between developed and developing countries—the developed countries often wanted to sell products either inappropriate to, or not wanted by, the developing countries; co-operatives should be in a better position than the multinationals to overcome this problem because of their awareness of developmental needs and their different social orientation.

(4) They had briefly reviewed the research paper on “Cereals, Feed and Feed-based Protein” and had been unanimous in their opinion that it was a very comprehensive, accurate and useful account of the challenges facing co-operative organisations, particularly the observation that co-operatives tended to lose control of their product the nearer it got to the export stage.

(5) They discussed the need (already mentioned by several speakers) for comprehensive and up-to-date information on the import and export interests of co-operative organisations around the world.

(6) On financing, one of the obstacles to international co-operative trade was the not unnatural desire of the financing institution for guarantees, especially where trade to developing countries was involved. It was suggested that co-operatives might develop a programme for the sharing or pooling of risks among themselves, first at local and national level, which could then be extended to the international arena in order to promote increased inter-cooperative trade.

In conclusion, Mr Thordarson said there appeared to be three general areas of agreement, although they had not reached any formal consensus of opinion:

(1) Co-operatives were clearly not taking full advantage of the many existing opportunities for international transactions among themselves.

(2) There was need for a number of activities to be undertaken on a co-ordinated basis, such as:

- development of an information bank or register of co-operatives’ export and import interests;
- provision of technical and administrative expertise and advice in connection with trade activities;
- integration of at least some trade between developed and developing countries into a development strategy, to take into account not only economic matters but also the special needs of developing countries;
- creation of a guarantee fund or similar system within the co-operative movement in order to promote increased finance flows.

(3) The group felt strongly that while it was difficult to identify the specific results achieved by such a Conference, the benefits in terms of new information and contacts were undeniable, and they should definitely be continued. The group supported the idea of organising the 3rd Conference in a developing country in order to encourage maximum participation of co-operative organisations from the developing world.

Conference Report and Recommendations

presented by J. B. DOUMENG

The Second International Co-operative Trade Conference, representing 29 countries, was held in Moscow from the 9th to 11th October 1980. It considered the results achieved since the First Conference in New York in October 1978, and decided that the impulse given to co-operatives in the world markets had been positive, as expressed by the fact that exchanges have taken place to the value of around US\$1 billion. The Conference is pleased to note the contracts arranged in the course of the past few days. It approves publication of the reports and conclusions and thanks the organisers for all the arrangements made for its work.

The Conference calls upon agricultural co-operatives in the developed countries of Europe and America, to oppose all limitations on agricultural production under pretext of absorbing surpluses, at a time when food shortages and malnutrition are affecting a significant part of the world population. The Conference authorises its Economic Bureau to denounce those governments and boards taking such decisions. It condemns all embargos on food exchanges, which are always contrary to the interests of producers and their co-operatives. It condemns the use of food as a political weapon, as being contrary to our civilisation.

The Agricultural Co-operative Movement intends to participate in a new economic world order and in the reorganisation of international markets on a just basis. It calls on agricultural co-operatives and co-operators to denounce speculation, corruption, the manipulation of statistics by certain international operators of our time. It demands that the activities of multinationals be controlled, and seeks from concerned countries its due place in the distribution of food aid.

Agricultural co-operators affirm their presence at international level, with their principles and their ethics. We will assume our economic responsibilities. We will

succeed in dominating the technological changes of our times, while respecting and expanding the human personality: co-operators must be contented men and women.

The Conference supports the TRACTOCOOP project. It asks the strong agricultural co-operatives to help those in the developing countries, by assisting with training, financing and management of means of production, the fight against post-harvest losses, marketing. It also asks that agricultural mutualist, insurance and banking institutions should support its efforts.

The Conference pledges itself to strengthen its Economic Bureau, and asks the Bureau to look into means to enable agricultural co-operatives to make further progress on the international market. The next conference will take place in October 1982, probably in Cairo (Egypt) the programme to cover the access of agricultural co-operatives to energy sources: fertiliser, petroleum, electricity, bio-mass, solar.

The Conference authorises its Chairman to carry out its decisions.

* * *

After presenting the *Report and Recommendations*, Mr DOUMENG said it was fitting that the work of this Conference should close with a declaration of their presence at international level, in the construction of a new international world order which should provide more just and more stable living conditions for every inhabitant of our planet.

A simple questionnaire had been distributed to participants, and the answers would be collated and used in their preparations for the Third Conference.*

Mr Doumeng then threw the Report open for discussion.

*See Appendix 3

Discussion

R. G. TIWARI,

National Agricultural Co-operative Marketing Federation (NAFED) (India)

Mr TIWARI commended the work of the Economic Sub-Committee in bringing together co-operatives from different countries, for the exchange of information and trade facilities. He had three points to make:

(1) International trade was one of the basic co-operative activities. However the main purpose of co-operatives was to serve the common man, and international co-operative trade could lead to exploitation if all the links of the chain were not in co-operative hands. Sometimes co-operatives were not able to deal entirely through co-operative channels because of lack of an appropriate co-operative agency; sometimes co-operatives deliberately ignored a co-operative agency, to deal with private enterprise which employed the very tactics against which co-

operatives fought, leading to exploitation of the ultimate consumer. They must devise ways and means of maintaining co-operative discipline.

Mr Tiwari asked the ESC to consider the creation of an International Co-operative Trade Agency within the Bureau, which would help co-operatives to overcome the unfair trading practices of private traders.

(2) Co-operatives not only aimed at making profits. The standard by which their operations must be judged was not the extent of their business, not the size of their profit margins, but the extent to which they served the people. But how could such judgement be made? Mr Tiwari felt it was highly desirable to evolve a system, by which co-operatives could prove that they were different from the multinationals, that they did not operate only for their own profit but for the benefit of their members and of society.

He drew attention to two steps being taken by his own organisation:

- (i) They had invested considerable funds in the setting up of an institution to carry out research and collect information on production, exports and other ancillary matters, and make the material available to those who needed it.
- (ii) They were seriously considering setting up another important foundation, through which they could directly serve the agricultural producer.

Such projects, beyond their normal trading operations, would justify their existence as co-operatives.

(3) Every country had its problems. The Chairman had rightly pointed out that they must act to prevent exploitation, to prevent the use of food as a political pressure instrument. In India they wanted to improve the lot of the producer, but the mass of consumers was not well-off financially and could not pay higher prices. How could these two conflicting interests be reconciled?

These were some of the problems they faced, which no doubt existed also in other countries, to which solutions could perhaps be found through the organisation behind this Conference.

O. KARLANDER, *Federation of Swedish Farmers (Sweden)*

Mr KARLANDER returned to a point made by the various discussion groups, about the need to set up a data bank. All participants were agreed on the importance of furthering inter-cooperative trade, but most of them lacked the information necessary to enable them to "do their homework" and come to such a conference fully prepared to make the best use of it and achieve the most practical results.

He found it natural that their First Conference (at which he had not been present) should have discussed principles and plans, and that their Second Conference should have returned to the same theme. However, before the Third Conference took place, they should have the opportunity to get all the necessary information about the co-operative movements in the various countries, their export and import interests—not prices, because obviously business could not be done through the Paris Bureau—but at least there should be up-to-date lists, with grades and specifications, so that contacts could be made beforehand and more practical results achieved at that Third Conference.

Mr Karlander also supported the points made by the previous speaker, Mr Tiwari.

K. H. A. KHEIR, *Central Agricultural Co-operative (Egypt)*

Dr KHEIR said they had gained a lot from this Conference, not only through their public discussions but through the many contacts they had made, which had enabled them to explain many of the needs of the developing nations.

He fully supported the recommendations contained in the Chairman's Report, and hoped that Cairo would be accepted as the venue for the Third Conference.

J. LE BIHAN, *ISA (France)*

As Director of an Institute involved in training cadres for co-operatives in the Third World, and therefore somewhat outside the mainstream of the Conference, Mr LE BIHAN had three comments:

(1) The first day's discussions had tended to ignore the fact that there were now two groups of developing countries, those with oil and those without. The first were in a position to develop, to buy technology from the multinationals; the others, with no oil and no other strategic primary commodities, could not afford to do so. It was in the latter group where co-operatives were most needed, to devise suitable economic forms which were both practicable and acceptable, because it was these countries, with their populations of many millions, increasing every year, which the world must feed. This was tomorrow's problem—to avoid famine in these countries.

(2) The Third Conference might give more space to innovations. He suggested including with the Cairo Conference an "Innovations Fair", as was held annually in Houston (USA) and had been held for the first time that year in Singapore, devoted to innovative technology which was simple, intermediate, not necessarily ultra-modern, and appropriate to the needs of the developing countries, where potential buyers could meet potential sellers. Perhaps the Committee could consider this suggestion.

(3) As a teacher Mr Le Bihan felt that much of the co-operative training organised under the aegis of governmental bodies had limited usefulness because it was carried out in a university context without economic links. The cadres produced by such courses were—as he had seen from his own experience in Africa and Latin America—not only useless in their own countries but often interested only in political power and not in producing an effective service for the agricultural producer. He suggested that co-operative training programmes for developing countries should be organised by the co-operatives of the developed countries, to provide training more appropriate to today's pragmatic realities and to co-operative ethics.

T. ZAKARIA, *Coopérative Agricole (Mali)*

Mr ZAKARIA was glad to have taken part in this Conference as he had been unable to attend the first one. He had no comments to make on either the Chairman's Report or the Reports of the Working Groups, but would like to make one proposal, in connection with training and management, on the subject of "twinning".

Trade exchanges were particularly important for developing countries, but they lacked resources. Their co-operatives had difficulty in surviving, and it would therefore be useful if "twinning" could be arranged with co-operatives in developed countries, to provide assistance and support for autonomous co-operative societies in the developing countries and promote their development.

Reference had been made earlier to the poor participation of the African countries in the Working Groups. This was due to the very varying conditions in the different

countries, and to the fact that many African countries were not affiliated to the ICA; the ICA had taken steps to remedy this by opening a Regional Office in West Africa, with the joint participation of co-operative organisations and governmental promotional agencies, but this would account for the lack of participation. Mr Zakaria suggested that the 3rd Conference should be preceded by far-ranging discussions in depth with the ICA Regional Offices, so that the subjects to be discussed at the Conference should also be of concern to most, at least, of the African countries.

Statement prepared by

N. BLUMENTHAL,

*Koor Industries Ltd. (Israel)**

“The International Co-operative Trade Conference held at the World Trade Centre in New York in November 1978 recommended that the Economic Sub-Committee of ICA should explore ways and means of co-ordinating various supplies and inputs for the benefit of co-operatives, bearing in mind the interests of developing countries.

“With this aim in mind, we urge that an **Information and Promotion Centre** be established, perhaps as a department of the Economic Sub-Committee. I believe the Economic Bureau in Paris is already working on the concept.

“The Information and Promotion Centre will collect information from co-operatives according to their products and services. A ‘Directory’ of the processed inform-

*This statement was not given from the platform, owing to lack of time, but was circulated to delegates.

ation will be put at the disposal of all member co-operatives to facilitate inter-cooperative trade.

“The Centre will promote inter-cooperative trade while aiming at the development and strengthening of industrial co-operatives and securing the interests of developing countries.

“Preference in purchasing should be given to industrial co-operatives, promoting these important sources of employment and workers’ welfare, and at the same time strengthening the co-operative movement to which they belong.

“Purchases should also be oriented to developing countries, so that at the same time that the importing co-operatives enjoy a greater variety of products and better purchasing terms, the exporting co-operatives, especially in the economically less-favoured nations, will see their employment sources secured and their economy strengthened.

“The achievement of these aims will give the International Co-operative Movement the strength needed to fulfil its great tasks. Therefore I believe it is the duty of all members of the Co-operative Movement gathered here, to make sure that this crucial tool, the Co-operative Information and Promotion Centre, is established as soon as possible.”

* * *

As there were no other requests to speak, Mr DOUMENG declared the discussion closed and put the *Report and Recommendations* to the Conference.

The *Report and Recommendations* were unanimously approved.

Closing Addresses

D. I. GOUDKOV,

Conference Co-Chairman and Vice-President of Centrosoyus

Mr GOUDKOV, on behalf of Centrosoyus, thanked the distinguished participants of the 2nd International Co-operative Trade Conference for their appreciation of its efforts to make the Conference a success. He expressed his profound satisfaction that the Soviet Union and the City of Moscow had been chosen as the venue of this important meeting. Centrosoyus had done its best, but this was the first such conference it had organised, and it apologised for any shortcomings; should they return for another meeting, Centrosoyus would ensure that these were not repeated.

This Conference was an important instrument for the development of inter-cooperative trade. Both the Plenary Session and the Working Group discussions had provided them all with a wealth of information which must now be studied so that they could take steps to implement the measures mapped out by the Conference. He felt the Conference had been a success. However there should be a standing body to provide continuous contact between conferences, which would help to further develop and extend trade between co-operatives. The co-operative movement was a popular mass movement, an influential force able to solve many problems, not only in the field of peace but also in other fields of activity, and the Conference was an important means of helping to attain this goal.

The consumer co-operatives of the Soviet Union wholeheartedly supported the idea of regular conferences of this kind. The Soviet Union and its consumer co-operatives were large importers and exporters of a wide range of products, and were interested in extending their international links. Mr Goudkov believed that future conferences would bring wider and more professional participation, with delegates coming better prepared to discuss business.

This did not mean that the 2nd Conference had not achieved results: they had come to know one another better; agreements and arrangements had been made which now remained to be implemented, calling for considerable effort and leading to increased trade activities; Centrosoyus had established links with many co-operatives from other countries. But the results of the 3rd Conference should be even better. There was potential for improvement in two directions:

- (1) There were countries and co-operative movements with which Soviet co-operatives still had no contacts; they hoped to remedy this during the next two years.
- (2) The volume and range of imports and exports must be increased, by the diffusion of import and export lists, and this they also hoped to do.

In conclusion Mr Goudkov thanked participants for all their work and for their help, and their Chairman, Mr Doumeng, for his able leadership: Mr Goudkov felt that Mr Doumeng was most excellently qualified for his arduous task, and on behalf of the Conference, wished him every success in his future work.

J. B. DOUMENG,

Conference Co-Chairman, and Chairman of the Economic Sub-Committee

Mr DOUMENG said how pleased he was to have the privilege of drawing conclusions from the 2nd International Co-operative Trade Conference. He declared that it was not without pride that men judged their actions by their consequences and reminded listeners of a great French socialist, Jean Jaurès, who said:

“Man’s greatest honour is to take part in an undertaking, when he knows he will not see its full accomplishment.”

In other words, the path they had opened would stretch beyond the lives of those round this table, and would appear in the world of tomorrow as a decisive effort by agricultural producers in the fight against hunger, and in international trade.

The principal idea to come out of the Conference was that of freedom for co-operative initiatives. They were not there to centralise, to lay down bureaucratic procedures, but to re-evaluate each others’ experiences, to create technological structures, and to meet together every two years for the fruitful exchange of ideas between the co-operatives of the world, and the development in the future of a new international social order, more just and more humane, which would carry their contribution as expressed in the Conference’s Recommendations.

He reminded participants of the structure of the International Co-operative Alliance, with its various Auxiliary Committees, of which the Agricultural Committee was one, and which necessarily only took into account those agricultural co-operative movements which were affiliated to the Alliance. The Agricultural Committee had set up the Economic Sub-Committee (now the Economic Bureau of the Agricultural Committee) specifically for the exchange of ideas and experiences, and had agreed that it might serve not only members of the Alliance, but also non-members, and they believed that this was the organic structure which they needed to continue their work. The Economic Bureau must be enlarged; it had consisted hitherto of five members chosen by the Agricultural Committee: France, Hungary, India, USA, with Japan as observer, and they would suggest to the Agricultural Committee, meeting the following day, that the number be increased to fifteen, to include Egypt, Federal Republic of Germany, Italy, Spain, Sweden, USSR and Yugoslavia, although this list should not be regarded as limiting potential membership.* Mr Doumeng said that no international organisation could continue to operate unless it was given the means to do so. The French movement had so far contributed a large part of the resources of the Bureau; they must now work out how its activities would be financed in future, in order to achieve the goals they had set themselves. The Regional Offices by themselves were not enough; they did good work, but there were many agricultural co-operative movements which were

*This was agreed at the meeting of the Agricultural Committee held on 12th October.

not members of the ICA, but had been accepted by the Bureau as correspondents and ratified by the Agricultural Committee and the ICA Executive as such.

This was why he had brought up the statutory position to define their work, to place it in context, and to confirm the practical reality of their meetings every two years. He hoped that the people who actually dealt on the markets would be present at these meetings, with duly mandated executive powers, so that practical arrangements could be made between the individuals directly concerned, instead of at second hand which was always less effective.

Mr Doumeng then gave details of various bilateral arrangements which had been in force for some time, in both Eastern and Western Europe. They also had the prospect of organising, in ten countries, the rational production of cheap proteins, under centralised management where co-operatives were capable of doing this, which would encourage production in the countries concerned, and enable them to cut down their import requirements.

They must never forget that in the world of tomorrow, production must be on a regional or national basis, since transport and distribution costs often exceeded those of production. Therefore co-operatives were assured of a greater share of the trade in agro-food products, which was at present only 17 per cent of total world trade, if only because galloping inflation was making it difficult for such deals to be profitable from the capitalist point of view. And their exchanges of experience every two years at these conferences would enable them to take this share.

Technical requirements were another reason for strengthening the Economic Bureau. It was important to understand price structures; how to avoid manipulation of statistics; how to deal with problems of shipment, insurance and credit; it was important to affirm their position in face of the big international operators. The general agricultural producers' organisations in the developed countries must no longer be allowed to look on the agricultural co-operative sector as merely supplementary—this was too narrow a view; agricultural co-operation was a parallel force which, contrary to opinion in those circles, would strengthen their own efforts in bringing about social and economic change. This was the role of agricultural co-operation—to assist in this process everywhere, with its own specific logic and faith, to enable men and women to improve the quality of their lives, and to participate—as entrepreneurs, with new organisational structures—in the formidable technological changes taking place in the world.

Mr Doumeng said he was pleased with the conclusions reached by the various Working Groups. They had worked separately, many of their members had never met

before this Conference, yet not one of the six reports went against this general orientation. Thus it had been particularly easy to make a summary of certain general ideas, although in the final Report it had obviously not been possible to go at length into all the technical details. They had wanted to affirm the struggle against the multinationalisation of production. It was not conceivable that the developing countries should be left to struggle alone. Co-operation could provide assistance that was not neo-colonial tutelage but was given on terms of friendship, through the exchange of experience, the transfer of technology, leaving the 3rd World leaders to take full responsibility within this collective effort for their own economic, political and social development.

The other important point was that of *convergence*, which could never be over-emphasised. The world political systems differed from each other; sometimes they included racist and other divisive aspects, which were contradictory to the humane ideals of co-operation. However, in every country—developed or under-developed, socialist or capitalist—the co-operative spirit was the same; and co-operation was the only milieu in which agricultural producers' organisations all over the world could meet together to get to know each other, exchange views and share experiences.

Mr Doumeng was proud of the efforts of the Economic Bureau in this field, and of all those who had contributed to its work. He hoped that he would long be given the strength to work in its service, to establish contacts, to carry news of practical achievements, to facilitate the exchange of experiences—leaving all initiative for development and planning in the hands of the co-operatives themselves, but assisting in such development and planning by finding new co-operative markets. Agricultural producers needed to market direct to consumers, to find outlets for their surpluses. Because if, today, world surpluses constituted in certain countries a powerful advantage, tomorrow the opposite might well be true if world production were stabilised on national or regional bases. Therefore co-operatives might well play an important part in persuading their governments to get together to reorganise world production on a more rational and effective basis. Stockage, stock remainders and distribution systems were all undergoing technological change; these were matters on which co-operatives must make their voice heard, the voice of responsibility, and of humanity.

Mr Doumeng closed by saying that he had tried to express his own feelings and those of the Conference on understanding, on convergence, on the importance of the existence of the co-operative movement within so many different political systems, as a means of understanding between peoples, and he hoped this understanding would deepen in the years to come.

★ ★ ★ ★

The Second International Co-operative Trade Conference was then declared closed. Mr. Doumeng said that the full report of the proceedings would be sent to all registered participants.

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Venue of the Third International Co-operative Trade Conference
The Third International Co-operative Trade Conference will take place in October 1982, probably in Cairo (Egypt).

APPENDIX 1.

List of Participants

| | | |
|------------|--|--|
| Bangladesh | Jatiya Samabaya Union | A. Haque A. Hossain, M.P. |
| Botswana | Botswana Co-operative Union | B. Bubi |
| Bulgaria | Central Co-operative Union | G. Chopov S. Ignatov S. Sulemesov P. Tsenov |
| Canada | Conseil Canadien de la Coopération Co-operative Development Foundation Co-operative Union of Canada CSP Foods Ltd | Y. Forest R. Pigeon G. Rioiul M. MacKenzie B. Thordarson B. Gunn |
| Denmark | Andelsselskaber | A. Pedersen |
| Egypt | Central Agricultural Co-operative Union | M. Bassiouny Dr. K. H. A. Kheir |
| France | La compagnie Européenne des Pétroles(CEP)/INTERAGRA Confédération française de la Coopération Agricole (CFCA) Confédération des Organismes du Crédit Maritime Mutuel Union Coopérative Agricole du Sud-Ouest (UCASO) Union du Crédit Coopératif Union nationale des Coopératives Agricoles d'Approvisionnement (UNCAA) Union nationale des Coopératives Agricoles de Céréales (UNCAC) ISA | M. Doumeng A. Duchalais P. Bigot E. Guyardeau G. Cauche P. Ducroquet E. Rouch J. B. Gins J. Myotte M. Catton J. Le Bihan |
| FRG | Deutscher Raiffeisenverband Deutscher Raiffeisenverband Warenzentrale | W. Schiffgen A. L. Kreft |
| Ghana | Ghana Co-operatives Council Ghana Co-operative Distillers Association Ltd | O. B. Amponsem III J. M. Appiah B. M. Osam |
| Hungary | National Council of Agricultural Co-operatives (TOT) | M. Lehoczki H. Radnoti |
| India | National Agricultural Co-operative Marketing Federation (NAFED) National Co-operative Consumer Federation National Federation of Industrial Co-operatives Ltd West Bengal State Technicians' Industrial Co-operative Union Ltd. | S. P. Srivastava R. G. Tiwari K. R. Punia M. J. Shah H. S. Sur S. Ghoshal |

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| Israel | Agricultural Centre BAHAN Audit Union of Agricultural Co-operative Societies in Israel Hevrat Ha'Ovdim Koor Industries—Hevrat Ha'Ovdim | S. Assaf E. Friedlander B. Rabinovitch N. Blumenthal |
| Italy | Alleanza italiana cooperative agricole (AICA) AICA/Lega Nazionale delle Cooperative e Mutue Confederazione cooperative italiane | I. Lorenzoni C. Montebugnoli Dr. U. Canullo |
| Japan | Central Union of Agricultural Co-operatives Japanese Consumers' Co-operative Union National Federation of Agricultural Co-operative Associations (ZEN-NOH) | T. Kai H. Usui A. Ikawa A. Kurimoto S. Maejima S. Nakabayashi T. Takakasu |
| Kenya | Kenya National Federation of Co-operatives Ltd | J. J. Musundi |
| Mali | Coopérative Agricole | T. Zakaria |
| Mozambique | Agricultural Co-operative Union | M. Joaguimmes G. Zimba |
| Nigeria | Oke-Afa Farms Isoho/Mushin National Co-operative Insurance Society of Nigeria Ltd | Chief E. A. Ashamu A. S. Ringim |
| Philippines | Sugar Co-operatives Development Institute of the Philippines | R. Gamboa J. Jacob A. Kilayko L. Lizares |
| Poland | (Foreign Trade Enterprise) HORTEX POLCOOP | A. Kaszynski |
| Portugal | Cooperativa Novos Pioneiros | A. Barbosa |
| Puerto Rico | Co-operative League of Puerto Rico | P. R. Reyes |
| Spain | Unión Nacional de Cooperativas del Campo (UNACO) | V. Oliver Mora J. Pomaires Martiney J. M. Reoyo-Prats D. Solis Ruiz |
| Sweden | Federation of Swedish Farmers Folksam General Mutual Insurance Society | O. Karlander H. Annwall |
| USA | Farmland Industries | R. Beasley |
| USSR | Centrosoyus Union of Foreign Co-operative Trade | A. S. Astakhov A. Fedorov A. Gazibekov N. Ganina D. I. Goudkov A. Kurganov R. Larina S. M. Markarov A. Nemtsov F. Nikvuliv Y. E. Polikarpov V. S. Protiv A. F. Tokarev V. Shehovskov |

| | | |
|---|--|---|
| Yugoslavia | <p>Agromakedonija Agro Vojvodina Ex-im Astra Zagreb</p> <p>Bosanska Krajina Banja Luka Centroprom Beograd EMONA Generaleksport Institut Za Spoljnu Trgovinu Jugoslavenska Zadružna Zajednica PKB—Commerce Co-operativa—Belgrade “Poljoexport” Sarajevo Slavija—Uvoz-Izvoz Skopje</p> <p>TAMIS Vocar Koop Beograd Yugoslav Association of Co-operatives for Mutual Collaboration of Planning and Business Yugoslavia Commerce</p> <p>Zajednica Za Voce i Povrce</p> | <p>V. Dimovski B. Rodic A. Kormanjec T. Skrinjar R. Babic M. Zecevic M. Obradovic M. Niksic Dr. M. Stojnic T. Bjelogrljic B. Stankovic H. Dragoje V. Mojsovski J. Proevski M. Jovanovic V. Soldatovic T. Jurisic</p> <p>B. Cosic A. Milevic M. Mitrovic B. Obrenovic A. Stojanovic M. Barac</p> |
| International | <p>International Co-operative Alliance</p> <p>World Council of Credit Unions (WOCCU)</p> | <p>Dr. S. K. Saxena, <i>Director</i> R. P. B. Davies, <i>Deputy Director</i> R. B. Rajaguru, <i>Regional Director,</i> <i>S. E. Asia</i> E. M. Anangisye, <i>Regional Director,</i> <i>E. & C. Africa</i> A. A. Bailey</p> |
| Conference Staff | <p>B. Zlataric C. Scheuer V. Ouglev S. Plotnikov M. Blindell A. Carcone</p> | <p>Chief of Agriculture & Fisheries, ICA, London Agricultural Committee Economic Bureau (BECA), Paris Centrosoyus, Moscow ” Rapporteur, ICA Secretary, ICA</p> |
| Press | <p>J. Grall Y. Procot</p> | <p><i>Le Monde</i> <i>Le Coopérateur de France</i></p> |
| <p>Representatives of the Soviet press and TV were also present</p> | | |

APPENDIX 2.

Members of Working Groups

1. Grain, Feed and Livestock

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|------------|--|--------------------------------|
| USA | Farmland Industries | R. Beasley |
| Bulgaria | CCU | S. Sulemesov |
| France | UNCAC | M. Catton |
| FRG | DRWZ—Frankfurt | A. L. Kreft |
| Hungary | TOT | M. Lehoczki |
| Japan | ZEN-NOH | T. Takakusu |
| USSR | Centrosoyus | A. Kurganov |
| Yugoslavia | Yugoslav Association of Co-operatives for Mutual Collaboration concerning Planning and Business Astra Zagreb | T. Jurisic A. Kormanjec |

2. Other Food and Agricultural Products

| | | |
|------------|--|---|
| India | NAFED | S. P. Srivastava |
| Bulgaria | CCU CCU | S. Sulemesov P. Tsenov |
| Canada | CSP Foods Ltd | B. Gunn |
| India | National Co-operative Consumer Federation National Federation of Industrial Co-ops Ltd NAFED | K. R. Punia M. J. Shah R. G. Tiwari |
| Israel | Agriculture Centre BAHAN | S. Assaf E. Friedlander |
| Italy | AICA AICA-LEGA | I. Lorenzoni C. Montebugnoli |
| Poland | Foreign Trade Enterprise—HORTEX POLCOOP | A. Kaszynski |
| USSR | Centrosoyus | A. Federov |
| Yugoslavia | Agro Ojvodina Ex-im “Poljoexport” Sarajevo Slavija Uvoz-Izvoz Skopje Astra Zagreb | B. Rodic H. Dragoje V. Mojsovski T. Skrinjar |

3. Non-food Consumer Goods

| | | |
|------------|--|-------------------------|
| Yugoslavia | Yugoslavia Commerce—Beograd | M. Mitrovic |
| Bulgaria | CCU | S. Ignatov |
| India | West Bengal State Technicians Industrial Co-operative Union Ltd National Federation of Industrial Co-operatives Ltd | S. Ghoshal H. S. Sur |
| Japan | Japanese Consumers Co-operative Union Japanese Consumers Co-operative Union | A. Ikawa S. Maejima |
| USSR | Centrosoyus | R. Larina |
| Yugoslavia | Slavija—Uvoz-Izvoz Skopje | J. Proevski |

4. Farm Supplies

| | | |
|------------|---|----------------------------|
| Sweden | Federation of Swedish Farmers | O. Karlander |
| Bulgaria | CCU | S. Sulemesov |
| France | ISA Union Coopérative Agricole du S. Ouest Sepromec | J. Le Bihan G. Cauche |
| Hungary | National Council of Agricultural Co-operatives | H. Radnoti |
| USSR | Union of Foreign Co-operative Trade | V. Shehovskow |
| Yugoslavia | Yugoslav Association of Co-operatives for Mutual Collaboration concerning Planning and Business Yugoslavia Commerce | T. Jurisic B. Obrenovic |

5. Farm Equipment and Plant

| | | |
|------------|--|-----------------------|
| France | UNCAA | J. Myotte |
| Bangladesh | Jatiya Samabaya Union | A. Haque |
| Bulgaria | CCU | S. Ignatov |
| France | UNCAC UCASO | M. Catton E. Rouch |
| FRG | DRV | W. Schiffgen |
| Nigeria | National Co-operative Insurance Society of Nigeria Ltd | A. S. Ringim |
| USSR | Centrosoyus | A. Nemtsov |

6. Credit, Finance and Joint Ventures

| | | |
|-------------|--|--|
| Canada | Co-operative Union of Canada Conseil Canadien de la Coopération | B. Thordarson Y. Forest |
| Egypt | Central Agricultural Co-operative Union | M. Bassiouny Dr. K. H. A. Kheir |
| France | Confédération des Organismes du Crédit Maritime Mutuel BECA Union du Crédit Coopératif | P. Bigot E. Guyardeau C. Scheuer J. B. Gins |
| Israel | Hevrat Ha'Ovdim | B. Rabinovitch |
| Kenya | Kenya National Federation of Co-operatives | J. J. Musundi |
| Philippines | Sugar Co-operative Development Institute | R. Gamboa J. Jacob A. Kilayko L. Lizares H. Annwall |
| Sweden | Folksam General Mutual Insurance Society | N. Ganina |
| USSR | Centrosoyus | R. Babic M. Barac V. Dimovski M. Niksic Dr. M. Stojnic |
| Yugoslavia | Bosanska Krajina Banja Luka Zajednica Za Voce i Povrca Agromakedonija Generaleksport Institut Za Spofan Trgovinu | |

APPENDIX 3.

Replies to Questionnaires

A simple questionnaire was distributed to participants of the Conference, asking for the following information:

- Name and organisation
- Whether new business contacts had been made
- What kind of contacts
- Whether they expected immediate practical results from these contacts
- Their recommendations for the 3rd Trade Conference

Out of some 100 participants present from 29 countries, replies were received from 20 participants from 14 countries, giving the following results:

New business contacts: 8 answers were positive in general; 4 gave specific details, and 8 were negative.

Expectations of immediate practical results: 6 answers were positive in general; 6 gave specific details, and 8 were uncertain.

Follow-up to the 2nd Conference should include:

- An information centre
- A seminar for Third World countries to discuss:
 - transport and packaging, especially of fruit and vegetables
 - energy from by-products
 - marine insurance
- Trade fairs

Recommendations for the 3rd Conference: The majority suggested that a list of participants, organisations, products and business lines, should be distributed in advance to the participants of the Conference. Preparations should also be made containing information on trade agreements, etc. Various subjects were proposed for discussion at the next conference, including:

- Joint ventures
- Organisation of marketing of produce
- Proposals for technical assistance with equipment, etc.

For the sake of improving future conferences, it was suggested that more buyers should be present, that small and specialised working groups should be organised and individual contacts promoted.

APPENDIX 4

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Ducroquet, P. (France): 17.
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