Volume I

TRADING OF COOPERATIVES

SOUTH-EAST ASIA

A Survey made by the
INTERNATIONAL COOPERATIVE ALLIANCE
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VOLUME I

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

Performance, Problems and Prospects

Report of the Survey carried out

for the

International Co-operative Alliance

by

W.Eisenberg

Published in Two Volumes

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PREFACE

In presenting this report, I am conscious of its limitations and have outlined them in the introductory section. Bearing in mind the large area, and the stupendous range of Co-operative trading activities and interests to be surveyed, I think it may be claimed that a gigantic task was attempted with limited means.

If the report should strike the reader as gloomy or pessimistic - and I am by no means either certain this is the case, or the most appropriate person to judge its tone - then it must be remembered that I was charged with setting down facts relating to certain PROBLEMS, and not with writing a Co-operative success story, so to speak. In any case, some considerable achievements in foreign trade by Co-operatives in the region are reflected in the following pages.

Whilst the limited sections of the report dealing with economic problems and conditions in general necessitated references to, and quotations from, published sources and other material more or less generally available, the information in respect of the various organisations dealt with is probably original to a greater extent, being based primarily on information and replies furnished in response to specific enquiries. A good deal of general literature relating to various organisations was collected and is now at the Regional Office for further exploitation and for the benefit of anyone who may wish to study particular aspects in greater detail.

The reasons for presenting the information in the way in which it is submitted are referred to in the introductory section; the manner of presentation was considered carefully, taking into account the needs of the reader of this report. It seemed neither possible nor sensible to attempt to add up, as it were, information coming from, and relating to, the activities of such vastly different organisations as Co-operative societies, commodity marketing boards, wholesale markets, and Government Departments dealing with foreign trade and Co-operative affairs respectively.

With a strong belief in the value of case studies, I set down the facts and figures related to me in respect of responding organisations, coupled with any comments those most directly involved may have furnished, and grouped the information country by country. My own comments are generally identified as such.

In summing up his own tour of Australia and New Zealand, the Regional Officer recommended a study of the internal organisation of some larger bodies, and of the adaptation to conditions in South-East Asia.

A study of the less auspicious case histories may help Co-operatives to avoid pitfalls and previously made errors, whilst studying the more successful ventures reflected in the following pages may go some way towards setting Co-operatives on the road to success in foreign trade. If, in the long term, this should prove to be the case, I shall hope that my work may have been of some value.

New Delhi, October 1966 W. Eisenberg

ACKNOWLEDGEMENTS

It is impossible to acknowledge individually my indebtedness to all the contacts, or even to all the agencies and organisations, which provided me with assistance, information, guidance, helpful comments and observations, and arranged for me to visit and question so many of them within limited periods of time.

I will, therefore, confine myself to referring to the main categories of those who enabled me to gain access to whatever valuable material may be found in the following pages.

My first tribute is to those who assessed the situation at the Tokyo Ministers' Conference; they summed up the problems in expert fashion and set me on the right road towards securing and assembling facts and figures which are intended to show more clearly the extent of Co-operative foreign trade, and the hurdles yet to be overcome.

Secondly, I want to thank all those - Co-operative officials and Registrars, Government officers, commodity marketing boards' and wholesale markets' executives, managers of factories, stores and sales establishments, and others - who patiently listened to, or read, my enquiries and questions, and who willingly replied, explained, commented and showed me round various establishments. Having been connected with such research work for many years - and having frequently been at the other end of this type of operation, as it were - I am aware of the burden which I imposed on invariably busy people. It was my good fortune that they were all knowledgeable and patient.

Finally, I am grateful to all at the I.C.A. who guided me, and smoothed the way for me - particularly Mr. W.G. Alexander, Director, in London, and at New Delhi Dr.S.K. Saxena, Regional Officer, all the senior officers there, and Mr. Jai Prakash who shouldered a considerable part of the burden and helped me to amass, digest and present the information included in the report.

W.Eisenberg

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PART I - INTRODUCTION

1. Origins of, and Reasons for, the Survey

After the twenty-first Congress of the International Co-operative Alliance (ICA), in Lausanne in 1960, had formulated the Long Term Technical Assistance Programme, which makes specific reference to the promotion and expansion of foreign trade involving cooperatives in developing countries, there took place in Tokyo in April 1964 a conference to consider "The Role of Cooperation in Social and Economic Development". The participants came predominantly from South and East Asia and comprised, on the one hand, leading national government representatives and officials concerned with cooperative development, and on the other hand prominent representatives of the cooperative organisations themselves. Also in attendance were representatives of the ICA and of its Regional Office in New Delhi, as well as observers from several international organisations with interests in the subject and in the region.

International Cooperative Trade was one subject considered by the conference, and the relevant deliberations are summed up in the appended extract from the conference proceedings (See Appendix No.1).

The Tokyo conference felt that the subject of foreign trade of the cooperative based in South and East Asia merited further study, with a view to possible follow-up action, but it also agreed that insufficient factual material was available about theextent of foreign cooperative trade and about associated aspects; the ICA was therefore entrusted with the task of carrying out the necessary investigations.

The Technical Assistance Sub-Committee of the ICA Executive noted the wishes expressed by the Cooperators assembled at Tokyo and, bearing in mind the funds and facilities available to the ICA, as well as the fact that the Regional Office could not spare a sufficiently well qualified officer to carry out this work, authorised the temporary appointment of such an officer from another cooperative organisation to carry out the necessary investigations and to report back to the Director within one year.

2. Appointment and Qualifications of Selected Officer

The Cooperative Wholesale Society Limited, of England, (CWS) agreed to make available the services of the senior research assistant from its Market Research Department - i.e. the author of this report - for one year, beginning 1st November, 1965.

Apart from being a graduate of the University of London, a member of the Institute of Information Scientists, and an associate member of the Institute of Linguists, I have been employed in the service of the C.W.S. since 1948, and attached to its Market Research Department since 1952. My special fields of responsibility include i.e. to hold a watching brief in respect of foreign trade policy developments of interest to the Society, to maintain and develop contacts and liaison with cooperative organisations in other countries, and with the ICA and its auxiliary committees, as well as to study certain special issues which may arise, e.g. the implications for the CWS, and for the British Cooperative Movement, of possible British membership of the European Economic Community.

In various capacities, I have been in touch with different ICA activities for the last twelve years, my most recent connection - just prior to the present assignment - having been that of acting as assistant to the Chairman of the Cooperative Wholesale Committee; the relevance of that Committee in the present context and report will be referred to later.

3. Purpose of the Survey

A good deal of general material concerning foreign trade by cooperative organisations has previously been prepared and considered on a number of occasions; in drawing up what eventually became the terms of reference intended to guide the appointed investigator, the Regional Officer placed the emphasis on the need for facts and figures showing the extent to which cooperatives based in the region had engaged in foreign trade, or had attempted to become so engaged. These terms of reference, drafted with the Tokyo conference views and its anticipation of a subsequent trade conference in mind, were approved by the ICA Executive; they read as follows :

(a) To conduct a fact-finding survey about the possibilities of increased cooperative trade across national boundaries. This survey also to cover, as a background, an analysis of the government policies in the countries to be covered, including some special trade agreements which govern the flow of trade between one country and another;

(b) to analyse the barriers to the growth of cooperative trade and possible cooperative action for their elimination;

(c) To indicate possibilities and to recommend concrete action for the holding of future cooperative trade discussions under the auspices of the ICA Regional Office and Education Centre for South East Asia;

(d) to advise and help in the compilation of the Cooperative Trade Directory for South East Asia, material for which has already been collected.

The last item refers to the "Cooperative Trade Directory for South East Asia"; the preparation of that document was in fact so well advanced that the Regional Office had not only brought out a first edition, but had acquired a substantial volume of information about trade which proved invaluable in drawing up a detailed plan of work for the survey. My job was therefore not an entirely fresh and unprepared venture but, certainly as far as the Trade Directory was concerned at least, a continuation of work already put in hand by the Regional Office.

Bearing in mind the substantial expenditure involved in an enterprise which afforded the ICA the rare opportunity of making, or of renewing, personal contacts within cooperative organisations throughout the region, it was decided to make the maximum use of the occasion for the benefit, it is hoped, of the various cooperative organisations in different countries, as well as of the ICA - by focussing attention on the following additional aspects: (a) Make known to cooperative organisations any foreign trade opportunities of which we were aware and which might seem to merit closer study on their part; (b) gather descriptive material about the constitution, control and working of various organisations (not necessarily all of a 100% cooperative character) which might prove of interest to cooperative societies looking for new or different forms of organising their foreign trade operations; and (c) assess reactions to the Trade Directory and its usefulness, whilst at the same time checking its accuracy and securing additional material and entries for future editions. Attention was also drawn to the first Asian International Trade Fair to be held in November 1966.

4. Approach to Survey and to Planning of Investigations

The basic planning of the work, and the determination of the area and of the matters of interest to be covered, were carried out almost entirely in the light of the knowledge and experience amassed by the Regional Office staff during the preceding five years, since it was realised that they were well qualified to assess not only the extent of cooperative interests in foreign trade, but also the manner and methods most likely to yield the desired results, having been instrumental in securing views and attitudes of cooperative organisations, and of cooperators, in the region relating to different topics and issues.

In the light of that knowledge of the conditions and state of development of different cooperatives, and in view of the fact that a number of these organisations might not be equipped to deal with rather complex enquiries purely on a correspondence basis, it was decided to employ a technique of combining opportunities to submit written information (replies to specific questions, statements and comments) with, wherever possible, personal follow-up visits to ensure that some information would be obtained in one way or another. It was also thought that, in a number of cases and in respect of certain topics, oral information might well be more readily forthcoming than any written commitment - particularly where adverse comments, complaints, criticism, or any admissions of failure or of weaknesses, etc., were involved. The personal contacts should also have demonstrated the active nature of ICA work, and the real interest and concern of the Alliance regarding the trading problems facing cooperatives in the region.

The approach to the task was guided by a number of considerations; one stems from the view expressed at the Tokyo conference that "it would be possible for national cooperative movements......<u>to carve out for themselves as large a share of the (existing) international trade as is possible</u>"; in other words, the aim would be to look at existing foreign trade patterns and to assess where and how cooperatives - if they desired to do so - could hope to participate in that foreign trade. Where possible, trading opportunities ascertained in the course of the investigations were immediately made known to potentially interested cooperatives.

In pursueing these enquiries, great pains were taken to emphasize that the Alliance was conducting this work at the request of its member organisations and, it is hoped, to their ultimate advantage; it was made clear repeatedly that, in conducting the enquiries, it was not intended to offer any professional advice or to delve unnecessarily deeply into the internal affairs of any organisation. At the same time, open and frank comments and replies were invited, on the understanding that the resulting information and report were designed only for consideration within the international cooperative movement, and that I would seek no publicity for myself or for my assignment.

Indeed, since various cooperative organisations were understandably anxious to utilise the opportunity of a visit by a representative of the ICA in order to secure publicity for the cooperative cause and for their own activities, it became necessary to agree to give several Press and broadcasting interviews. These were, however, always characterised by my being polite rather than informative; it was pointed out that nothing could be divulged to the interviewers prior to my reporting back to the authorities of the ICA who had entrusted this mission to me. I also avoided being drawn into making any pronouncements about the state of local cooperatives on the basis of brief and necessarily somewhat superficial contacts in any given area.

To the cooperative organisations themselves, I tried to make it quite clear that I was merely seeking to establish the facts of the situation, and not to argue the case for or against participation in foreign trade, since it was for each cooperative organisation to determine the scope of its own activities.

Thus the planning of the survey and of the area to be covered had, to some extent, been prepared even before my appointment, and this earlier spadework proved very valuable; details of the necessary documentation were considered jointly with those officers in New Delhi most directly concerned with trade matters, but the manner of carrying out the task entrusted to me, and the resulting report, are of course entirely my own responsibility, with due acknowledgement of the benefits I obtained from the expert advice so unstintingly given by my colleagues at the Regional Office.

The circulated documentation aimed at securing information in relation to all or any of the following topics :

(a) Facts and figures showing the extent and type of internanational trade conducted by cooperative organisations based in South and East Asia during recent years (both exports and imports); the increase or decrease in any such trade, preferably over a number of years, or at least the latest annual volume and/or value figures for the principal commodity groups, with indication of origin and destination respectively, not only according to countries, but also revealing whether the supplier/purchaser was a cooperative, private or state enterprise, and whether the trade was conducted direct by the reporting cooperative or via another trader or agency, either in the importing or exporting country.

(b) National, regional and international trade policies, arrangements and agreements which restrict, impede or prohibit foreign trade operations by cooperatives, or which in effect make such operations the exclusive, or virtually exclusive, perogative of certain traders; details of any such restrictions, and accurate statements showing how they affect the foreign trade of cooperative organisations based in South and East Asia, whether they do so at present, and/or are expected to do so in future.

(c) Realistic assessments of likely developments in the near future, based on latest enquiries and negotiations; relevant comments on foreign trade restrictions affecting these negotiations, and on markets, prices, conditions, etc.

(d) Likely developments regarding the relaxation, abolition or intensification of agreements or practices which prohibit or restrict trading across national boundaries, whether they be international or multilateral agreements, bilateral agreements between a South or East Asian country and another country inside or outside the region, or restrictions imposed by national governments in pursuit of economic, trading or financial policies.

(e) Practical proposals with regard to remedial action which might be taken, at national, regional or international level, to overcome such barriers as impede the development of foreign trade by cooperatives in South and East Asia, and to encourage, promote and foster such trade, with reference to any possible action by the ICA and/or its Regional Office.

5. Definition of Terms, and Presentation of Results

A definition of certain terms used may be of assistance at this point:

"Foreign Trade" ; Though particular interest was taken in any trade between cooperatives of different countries, for the purpose of the survey ANY trade deal was regarded as "foreign trade" provided (i) the transaction crossed a national boundary, and (ii) one party to it was a cooperative organisation based in the region. The other party to the deal could be located anywhere in the world - except in the same country - and could be a cooperative, private firm or state trading agency.

"The Region of South and East Asia" : The survey was designed to elicit information from all countries which have had a working contact or relationship with the Regional Office in the recent past; in view of the fairly long lack of such contacts, this meant that, unfortunately, Burma and Indonesia had to be left out of the planning, and there were also no contacts with either China or Taiwan (Formosa). The time and expenditure limits laid down for the project also had to be taken into account when drawing up the programme of investigation and travelling.

The survey covered those countries in South and East Asia - plus Australia and New Zealand - where the ICA has at least one member organisation. To that list were added Nepal and Thailand, where the

Alliance had previously established contacts and where it is hoped that this inclusion in the survey will assist the furhter promotion of cooperative developments. Finally, Hong Kong was included in view of its importance as a centre of international trade which has recently attracted more attention from some Western Cooperative organisations; at the same time, this afforded the ICA the chance to establish a first contact with cooperative organisations, and with the appropriate government department, in Hong Kong.

The survey thus covered the following countries and territories : Australia, Ceylon, Hong Kong, India, Japan, Korea (South), Malaysia, Nepal, New Zealand, Pakistan (East and West), the Philippines, Singapore and Thailand.

"Cooperative" : Except for Hong Kong, Nepal and Thailand, where, in the absence of an ICA member, the first approach was made to the government departments responsible for cooperative affairs, the initial communication was sent to the national member(s) of the Alliance, and all other contacts in each country were made with the full knowledge and approval of the member organisation(s). As a rule, most of the various cooperatives approached stand in some definite relationship to the ICA member, e.g. as shareholders in a national federation. (The types of organisations outside the cooperative circle which were invited to contribute to the survey are listed under 8 below, where there is also a reference to the limits to which it was thought worth while going to establish the genuineness and degree of the "Cooperative" character of any organisation).

"Restrictions" : This term is used to refer to limitations placed on freedom to trade by local, national or international laws, regulations, etc. which generally apply to all types of traders. In so far as that is the case, they are not always described in great detail, as not implying any descrimination against cooperatives (whereas any consequences or policies arising from such restrictions are examined in more detail where these consequences affect cooperatives adversely).

"Barriers and Impediments" : These terms are employed to refer mainly to handicaps that are not necessarily the direct result of legislation, and which may perhaps be overcome by action mainly, or solely, on the part of the affected cooperatives, e.g. lack of foreign trade experience, uncompetitive prices, shortage of credit facilities, etc.

"China" always refers to the Communist Republic on the mainland; Formosa is usually referred to by its Chinese name as TAIWAN.

As to the manner of presenting the report, it was hoped to make it useful for those immediately concerned with foreign trade, as well as a document for ready reference, by adopting the following arrangements :

(a) The basic information is presented in a country by country sequence (other arrangements were considered, but rejected in favour of this approach). The facts and figures are generally grouped under a heading which shows the name of the organisation supplying the information;

(b) the relevant figures and statistics are incorporated with the factual description relating to the appropriate organisation, to avoid the need for repeated reference to separate appendices in another part of the report;

(c) total national foreign trade figures have been omitted; they would be largely meaningless in a cooperative context, since they invariably include many sizable items of no direct concern to cooperative trade, e.g. aircraft, iron and steel, coal, etc.; and

(d) in the majority of cases, monetary value figures have been converted into £ Sterling at the official rates of exchange.

6. Timetable and Itinerary

I took up my appointment on 1st November [illegible] and [illegible] timetable for my various duties was as follows :

November 1st - 12th at Head Office, London	:	Briefing and study of [illegible] initial visits to some [illegible] represented in London; [illegible] communication to principal [illegible] the region drafted [illegible] in November.
November 16th - January 15th, 1966, New Delhi	:	Discussions at Regional Office; study of material available there; visits to Indian organisations and international bodies represented in New Delhi; documentation drafted for subsequent circulation prior to visits; work on Trade Directory; planning and preparation of tours of visits.
January 16th - February 6th	:	Tour of various states of India, and of Ceylon.
February 7th - February 26th	:	Second edition of Trade Directory published; also circulated list of names and addresses of principal cooperative trading organisations operating outside the region; follow-up action arising from tour of India and Ceylon; preparations for tour of other countries (For this period, attendance at Third Asian Agricultural Conference was scheduled, but the conference was postponed).
February 27th - May 13th	:	Tour of eleven countries. Route : New Delhi - Kathmandu - Bangkok - Kuala Lumpur - Singapore - Perth(Fremantle) - Melbourne - Wellington - Palmerston North - Hamilton - Auckland - Sydney(Newcastle) - Brisbane - Manila(Los Banos) - Tokyo - Seoul - Hong Kong - Dacca (Chittagong) - Lahore - Karachi.
May 14th - June 11th	:	On leave.
June 13th onwards	:	At Regional Office, New Delhi : Follow-up action arising from tours; discussions of tour impressions and conclusions; study and arrangement of material collected; drafting of report, taking into account any additional material received by [illegible] August. Visit to Iran en route to London.
End of October 1966	:	Termination of assignment, with report in hands of the Director.

7. Scope of Survey, and Limiting Factors

The geographical limitations, and the factors which led to the respective inclusion and exclusion of certain countries, have been referred to above. The advance budgeting for the task largely predetermined the amount of time and expenditure to be spent on travelling around the region; this permitted only a strictly limited time for each visit. In a few instances, on-the-spot adjustments made some additional contacts possible, whilst the whole of the planned programme of visits was in fact carried out.

Particularly in view of the limited time available for each visit, and taking into account the vast diversity of commodities which are of interest to some cooperatives or others, it was essential : (a) to give the organisations concerned ample time to respond to written enquiries, and to prepare for the ensuing discussions; (b) to put them fully in the picture by furnishing in advance thorough and self-explanatory documentation; and (c) to stimulate consideration of the issues involved prior to the preparation of replies and to the meetings which were to be held.

Although I wish to pay the highest tribute to the universal courtesy, helpfulness, and readiness to deal with my enquiries, which I encountered everywhere without exception, it needs to be said that a few interviews were conducted under difficult circumstances, e.g. in markets, or against a background of excessive street noise, so that some misunderstandings or misinterpretations contained in the report may be due to this type of hazard, which was much greater than any language barrier, virtually every organisation having ensured the presence of at least one English-speaking participant. On some occasions, the presence of a government officer seems to have curbed the frankness with which cooperators felt free to discuss all aspects.

Another factor limiting the precision with which one can refer to foreign trade by cooperatives is, at least in the case of certain countries, the interposing of state organisations in trade deals with other countries. Although it was attempted to include, and to distinguish between, direct and indirect foreign trade involving cooperatives, it is clearly not possible to claim complete coverage and analysis. In several instances, cooperative traders were not able to state with any degree of confidence the origin of their supplies and/or the final destination of their products; in other cases, incomplete information had the effect of being somewhat misleading.

The time limits set for completing the work also prevented detailed checking back of various sections of the report with those directly affected; though such a procedure might have increased the accuracy of the findings, it proved impossible and this will, it is hoped, be appreciated and not looked upon as either carelessness or any form of discourtesy towards the organisations concerned. On the whole, the reported position relates to the early months of 1966, or to the previous year; where possible, dates have been given.

Two other important reservations should be borne in mind; one is the fact that government officials and civil servants were mostly willing to offer informal interpretations of policies as they may affect the foreign trade of cooperatives, but could obviously not be expected to make any official or authoritative statements of policy, or of government attitudes towards the cooperative organisations. The other significant point is that, in view of the wide diversity of organisations approached and responding, it is clearly not possible - nor indeed would it be meaningful - to attempt to add up or tabulate replies and comments coming from such different sources as e.g. cooperative societies, government departments, commodity marketing boards, etc.

The survey did not set out to paint a picture of the typical or average cooperative society in any given country or area, but rather to elicit useful information especially from those cooperatives which - on the basis of earlier research by the Regional Office - were known or believed to have any knowledge, experience or at least definite interest in foreign trade. At this point, I would crave the indulgence of any organisation which may feel that it, too, should have been included in the survey, but was in fact omitted.

The survey also made no attempt to present comparisons between cooperatives of the various countries in the region, since different types of cooperative activities and varying stages of achievement and of progress do not offer any common denominator which could serve as a basis or yardstick for any such comparisons.

It became evident that factual and statistical information about cooperative foreign trade is, on the whole, not as complete or as readily available as is the case with many private traders and their associations, and with government departments, some of which can compel submission of the required data. In so far as it is at all possible to discern any national pictures within the report, these will be simply collections of items describing the activities of various bodies contacted in the country in question. Even for the cooperative sector, it is not claimed that a complete summing up of ALL facts and figures was necessarily achieved.

8. Types of Organisations Approached

In the cooperative sector, the principal attention had to be confined to those societies directly concerned with foreign trade matters and prospects, largely to the exclusion of such institutions as e.g. cooperative banks, insurance and housing societies, etc. In order to limit the survey work and the resulting report to manageable proportions, it was thought preferable to deal with national or regional (i.e. state or provincial) cooperatives, rather than with individual local societies, but some contacts were made at local level, especially where any noticeable foreign trade achievement had been recorded or attempted. However, a deliberate and careful choice and limitation of contacts and of interviews had to be made.

Obviously, not all the organisations approached were able to respond with equally useful contributions. Since cooperative contacts were generally established through ICA member organisations, it was felt unnecessary, and not altogether relevant, to probe in detail into the extent and degree to which the organisations were genuinely based on accepted cooperative principles (particularly since these very principles were concurrently under review by a distinguished Commission appointed by the ICA). Both with regard to cooperatives and to most other kinds of organisations concerned with trade and referred to below, any readily available information about the manner of conducting their affairs generally showed that these bodies were motivated by a community or identity of interests among their members, shareholders or participants, irrespective of whether e.g. surplus funds were distributed in proportion to shareholdings, or to purchases and to the degree to which the organisation was being utilised by the member, etc. These considerations were not exactly helped by such phenomena as e.g. the situation in Australia, where it is possible for an enterprise to be called "Cooperative", yet have its shares quoted on a stock exchange.

In addition to cooperatives based in South and East Asia, approaches were also made to national and/or state government departments dealing with cooperative affairs and development, and/or with the control and conduct of foreign trade, to some commodity marketing boards, traders' associations, state trading organisations, government councils for the promotion and encouragement of exports, as well as to regional and international organisations, including the United Nations Economic Commission for Asia and the Far East (ECAFE), and Food and Agriculture Organisation (FAO), the International Labour Office (ILO), Indo-Pacific Fisheries Council, Afro-Asian Rural Reconstruction Organisation (AARRO), etc., and to the establishments operated within the region by the British Cooperative Movement (CWS depots in Hong Kong, Sydney and Wellington, and English and Scottish Joint CWS Tea Estates with head offices in Calicut, India, and Colombo, Ceylon, respectively).

Additional valuable contacts resulted from visits paid to the Regional Office by several distinguished experts, and from introductions secured during the tour; the latter comprised contacts with American officers of AID, the United Stated Agency for International Development, who were occasionally able to express a distinct additional viewpoint in respect of certain issues and situations in some countries. To all of these contacts without exception, I am duly thankful for their respective much appreciated contributions.

Since the economic activities of cooperative organisations are governed and influences by general economic conditions and laws, it may be useful to refer very briefly to recent conditions in the region; the following points relate primarily to the countries on the mainland of Asia, but not always necessarily to them alone.

1. The Basic Arguments

Generally speaking, argument continues to rage as to the relative emphasis which the developing countries should place on (and consequently what proportions of their efforts, labour and capital they should allocate to) agricultural improvement on the one hand, and the development of industries, for meeting both domestic and export needs, on the other. The basic difficulties of the developing countries can be readily illustrated by reference to a few examples of recent authoritative pronouncements and reports; these show that another argument is likely to continue for a good many years, namely how far the solution of major problems may be found by the developing countries themselves, and how much - or how much more - needs to be contributed in various ways by the more advanced and industrialised countries of the world. Related to this is the problem of the porportion of their total foreign trade which developing countries can reasonably expect to do with the industrialised Western world.

2. The Basic Problem

Most experts appear agreed that the terms of (international) trade of the developing countries are, on the whole, not improving sufficiently, if at all; indeed, in some instances hard-won improvements secured a few years ago have not been maintained more recently. A report from the

World Bank says the developing countries' programmes of planned economic advance cannot go ahead sufficiently on account of a number of factors, notably the great increase in population, and the trend of falling prices received for their exports. The unit value of tea exported from India and Ceylon, for example, has been gradually decreasing for a number of years. Another recent comment lays a great deal of blame at the door of the developed countries, saying they

"(a) are niggardly with aid;

(b) impose high tariffs and/or quotas and other quantitative restrictions on the import of manufactured goods and processed or semi-processed raw materials from the less developed countries; and

(c) even impose high taxes on the consumption or the import of the underdeveloped countries' traditional exports, such as tea, coffee, bananas, and so on". ("The Economist", London, 28th May 1966).

3. Agricultural Output and Population Growth

Reporting on the 1966 session of ECAFE, the ICA observers state that the conference reflected serious concern about the decrease in agricultural production per head of population, as compared with the pre-war period, and the only very modest improvement in the industrial sector of many national economies in the region. Agricultural output has in fact risen by 2 - 3% per annum in the past decade, but this advance was outstripped by the greater increase in population growth. In view of what is therefore a growing food deficit in some countries of the region, and also bearing in mind that some of the more advanced countries in Asia, e.g. Japan, are likely to remain net food importers, the modernisation of agriculture and the improvement of productivity on the land are bound to be a priority of paramount importance, particularly if competitive exporting within the region and beyond is to grow to sizable proportions and to earn badly needed foreign exchange.

In July 1966, the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD), which represents all major aid-giving countries, decided to put more emphasis on aiding the food production of developing countries, which was said not to be keeping pace with population growth.

One of the ICA observers at the ECAFE session pointed out that cooperatively organised marketing and processing can play a considerable part in helping to fulfil these aims; this confident assertion is soundly based, as one can see from the references in this report to successes achieved in this field by cooperatives in certain countries of the region.

4. Industrialisation and Capital Requirements

The shift in the trade structure of developing countries from agriculture towards manufacturing industries - also discussed at the ECAFE meeting, and designed to meet both domestic and export requirements in due course - is clearly a continuous and longer-term process which is unlikely to bring about any rapid change in the situation, particularly since its progress is largely dependent on a satisfactory solution of the complex problems of capital procurement, and of the direction and priorities of any investments to be made. According to the FAO, more than 80% of the population of Asia still depend on agriculture for their livelihood.

5. Recent Events in the Region

The foregoing observations relate to the more or less permanent - or at least continuing - characteristics of the situation; attention must also be drawn to a few recent events in the region which may have a bearing on cooperative trading activities, and especially on any foreign trade attempts. The region has been shaken by the conflict and disruption of relations between India and Pakistan, and was affected to a lesser degree by the suddenness of the separation of Singapore from the Federation of Malaysia; on the credit side, there was the progressive normalisation of relations between Japan and South Korea, and some indications of a likely improvement in relations between Indonesia and her neighbours.

Looking at recent purely economic events, one can discern some basis for the repeated allegation (made again recently by the Secretary-General of the United Nations Conference on Trade and Development, UNCTAD) that the trend of events is not moving in favour of the developing countries. On the credit side of the region's trade liberalisation ledger, the most recent entries are confined to the creation of a limited free trade pact between Australia and New Zealand, and the waiver by the General Agreement on Tariffs and Trade (GATT) authorising Australia to grant more favourable treatment to certain products from developing countries. (Outside the region, but of interest to it, there were some import duty cuts by Sweden on spices, bananas, dates, coffee and cocoa).

On the debit side, there are the additional import curtailments which New Zealand effected in March, 1966, and the growing, and often suddenly imposed, restrictions on imports into Singapore generally, as well as the barriers arising between that territory and Malaysia, plus the interruption of the normally large trade between Pakistan and India.

World-wide economic developments affecting the region have also added to the gloom of the picture; attention has repeatedly been drawn to the protectionist policies of many Western countries, and those of the European Economic Community (EEC) have come under particularly heavy fire, and been held largely responsible for the slow progress of the "Kennedy Round" negotiations aimed at liberalising world trade through the medium of GATT. The "FAO Commodity Review 1966" says the negotiations are proving "long and arduous".

In the field of international commodity marketing agreements, both cereals and sugar have run into heavy weather, as far as negotiations for new, comprehensive agreements are concerned; at the end of 1965, prospects for early agreement were officially admitted to be rather dim in both these commodity groups.

6. Lagging Growth Rate of Developing Economies

These events have lent strength to the belief that the liberalisation of international trade is proceeding at a slower pace than had been expected, As a result, warnings have multiplied that even the modest growth rate scheduled for the developing economies (5% during the decade ending in 1970) would remain unattainable, unless additional effective measures are taken soon, including an even more serious effort than hitherto to enlarge trade between the developing countries themselves - a suggestion of some interest to the cooperatives of South and East Asis concerned with foreign trade developments. A recent ECAFE document states that intra-regional trade of developing ECAFE countries declined from 40.6% of the total in 1953-54 to 37.6% in 1963-64.

To a varying degree, ALL the countries of the region are concerned about their foreign trade and payments balances, and all the national governments possess powers by which they can control the flow of exports and imports, as and when necessary.

The position was summed up recently by the Secretary-General of UNCTAD who pleaded for a new world trade policy, saying the past twenty years had seen trade relations improve between the developed countries, while the developing countries had lagged behind. He pointed out that the growth rate in the developing countries had been going down during the last fifteen years, and that the initiative for a reorientation of world trading policies would have to come largely from the developing countries themselves.

7. Competitiveness of Products from Developing Countries

With reference to the ECAFE region, the official UN "Economic Survey of Asia and the Far East for 1965" says "a sector which has not developed satisfactorily is international trade. From 1958 to 1964, exports (from the region) increased at an annual rate of 5 per cent, as compared with 8 per cent for world exports......The value of imports increased much faster than that of exports, and it is possible that the trade deficit in 1965 may have increased by as much as ONE-THIRD......"

Part of the reasons for this unhappy state of affairs must probably be sought in relation to competitiveness and price levels; the "FAO Commodity Review 1965" confirms vague allegations made elsewhere that prices of products coming from the developing countries are not always sufficiently competitive. It says "these prices......tend to be set at conservative levels, divorced from the world market, to provide funds for development......".

Although the ECAFE survey states that "the least satisfactory sector of the economy (of the region) is agriculture, as regards both the long-term trend and the short-term fluctuations caused by the weather", it does not attempt to disguise the serious problems which impede the much advocated industrialisation of the developing countries of South and East Asia. Particularly when the feasibility of exporting industrial products from these countries is under consideration, it is as well to bear in mind the following quotation from the ECAFE survey: "Many of the industries have been established under high protective tariffs, or with import restrictions to protect them in the domestic markets. Many of the region's industrial products are produced at higher cost and with poorer quality, so that special efforts are necessary to promote their export, including open or disguised subsidies...."

8. The Outlook.

It is not suprising, therefore, that the Secretary - General of UNCTAD not only asserts that the industrialised countries do not seem to understand the "tremendous meaning" of what is happening in the developing world, but also states his ominous belief that a continuation of current trends will lead to "a series of events of the most violent character" in the developing world.

No doubt this will be regarded as a somewhat dramatic warning, but it can perhaps be reinforced and supported by other recent and authoritative views; at the Regional Seminar on Cooperative Farming held by the FAO in May 1966 the Government of India's Minister of Food, Agriculture, Community Development and Cooperation said about agriculture in Asia that it is faced with a variety of problems, such as small, uneconomical holdings, low productivity, the use of primitive, outdated agricultural implements, lack of technological knowledge of improved methods of cultivation etc.

It does not seem to fanciful to suggest that these impediments are also of relevance in the Cooperative context in agriculture; the FAO report on the seminar describes the general situation in these words : "Most of the countries in the region have inherited a structure which is characterized by heavy pressure of population on cultivable land, a very narrow base of secondary industries, concentration of land ownership, rack-renting and insecurity of tenure, excessive sub-division and fragmentation of holdings and continuing decline in the average size of holdings. Irrigation facilities are meagre, and with excessive pressure of population on land, under-employment and unemployment in agriculture are widespread. Subsidiary avenues of employment are few. Marketable surplus with the average cultivator is very small. Illiteracy is widespread. The methods of cultivation are primitive and outdated and there is a great need for the dissemination of technical knowledge and the supply of materials that would aid the farmer in raising productivity. By and large, agriculturists are poor and the living conditions of many are miserable. With insufficient clothing and inferior housing they do not have the resources to withstand the adverse effects that reiodically result from failure of rain, fluctuation in prices, etc. Indebtedness is widespread and, apart from the unsurious private money-lenders, whateveragencies exist for the supply of credit are weak and ineffective".

Again this picture is not terribly unfamiliar to those who have an intimate knowledge of the background to agricultural cooperative efforts at organised self-help, and it does make one understand a little better what prompted the UNCTAD Secretary-General to utter those grave words quoted at the beginning of this section.

With an increase in state participation or interference in foreign trade, a growing number of regional free trade areas and common customs unions being formed, and more reliance being placed on bilateral trade agreements, it does seem clear that multilateral, never mind world-wide, trade liberalisation is not making as much headway as may have been hoped or expected; certainly such proposals as e.g. the tariff cuts "right across the board" suggested in GATT are meeting with fairly determined opposition and are not sure to be accepted. A government official in Australia said his country opposed this proposed 50% cut in tariffs, because it would defeat attempts to protect developing industries at home, whilst offering no compensating advantages in primary produce markets abroad; his own view that GATT was not very useful to countries which faced their main problems in trying to export primary products - a category that includes the majority of countries in South and East Asia. None of these can be overjoyed at the recent trend in commodity dealings exemplified by this extract from the "FAO Commodity Review 1966" : "Among the tropical export crops, the world market prices of both sugar and cocoa in 1965 were on average lower than in any other postwar year and, in real terms, were no higher than in the depression years of the 1920's". With regard to export prices obtained, the same source says the export prices level for primary commodities has fallen since the beginning of 1964, and the price movements which have been to the disadvantage of developing countries in 1964 may have deteriorated further in 1965.

PART III

THE FACTS AND FIGURES OBTAINED FROM THE SURVEY

(A) The Countries of the Region:

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

(B) Information from, or concerning, other organisations (International, Regional, or located outside the Region)

Note: ** See Volume II pages 27-436

PART IV

RECENT TRENDS IN FOREIGN TRADE AND THEIR IMPLICATIONS FOR COOPERATIVES

(A) - THE GENERAL PATTERN

1. Regional Economic Groups and Commodity Agreements

In the evidence from various cooperatives, very little was said about the regional trade bloc which have sprung up in different parts of the world as economic communities, free trade associations, and common markets, except for references to the restrictive and inward-looking policies (particularly in relation to agriculture) of the EEC, whose rice import regulations and levies, for example, have an adverse effect on Thailand's rice trade with W. Europe, or rather with EEC.

This type of economic bloc has not evoked much comment from the organisations approached because they either have no foreign trade experience of sufficiently long standing to compare current conditions in these areas with earlier ones, or they regard these zones as potential export markets which they hope to tackle, regardless of whether import duties and other restrictions apply to one country or to a whole group of them; indeed, for newcomers to this business, a common set of tariffs and regulations for a larger area may simplify matters, rather than complicate them - provided they take into account national characteristics and preferences, etc., in relation to the goods to be supplied.

The future relationship between the EEC and EFTA is also in doubt, and cooperatives which are located in countries now enjoying some preference or privilege in the British market are giving some thought to the possible need to seek alternative outlets - Australia and New Zealand for their agricultural and dairy produce and meat, and India, Pakistan and Hong Kong in respect of textile products (some of which are already restricted as regards entry into the UK and other West European markets). As far as foods are concerned, the alternative market most naturally and eagerly looked to is Japan, a country with a high and improving standard of living, a growing population, and a continuing importer of foodstuffs; to illustrate the size of Japan's imports, I quote (from : "Prosperity Through Export" by Dr. R.K. Singh, Calcutta, India, 1965) a recent instance when the Indian Food Ministry advised Japan of impending shipments of 90,000 tons of raw sugar - to which the Japanese retorted that they were expecting a million tons. The potential expansion of the Japanese market can also be gauged from the annual meat consumption figures per head of population : New Zealand 226 lb.; Australia 219 lb.; UK 142 lb.; Japan 15 lb.

The uncertain position regarding the relationship between the two European trade blocs is partly responsible for the doubts surrounding the future of some international commodity marketing agreements. Negotiations for a new International Wheat Agreement were, at the end of 1965, showing little signs of progress. The "FAO Commodity Review 1966" says "another element of uncertainty is the outcome of the present Kennedy Round negotiations in the GATT for an international agreement on grains". There were said to be internal difficulties within the EEC about the policy to be pursued in negotiating minimum and maximum prices - which are the crucial factor in the agreement, since the interests of exporting and importing countries are diverging on that issue. Although the International Wheat Agreement is concerned with trade rather than production, the situation may have been further complicated by decisions of the United States Government, in May and August 1966, to permit American farmers to increase their wheat acreage, thus reversing earlier policies of restriction.

During the past year, one-third of total world exports of wheat and wheat flour went to the Communist countries, The current wheat agreement has been prolonged till July 1967.

As regards sugar, a commodity of interest to cooperative producers in India, Pakistan and the Philippines, the existing agreement has been temporarily renewed, for a year at a time, on several occasions, and is now operative until the end of 1966. Negotiations for a comprehensive new agreement have been halted more than once, partly due to difficulties concerning the granting of preferences to developing countries. Here again, the United States took an important step recently; not only were suppliers to the US market granted additional quotas to fulfil (to make good a failure of supplies from one South American producer country), but the USA amended their sugar laws at the end of 1965, and the changes have made the American market more attractive still to foreign suppliers. All imports into the US now secure a price equivalent to the American domestic price, less duty, or more than double the current (extremely low) world market price. (References to the cooperative sugar producing/ marketing organisations in the above-mentioned countries appear under the appropriate national headings). Exporting countries agreed in March 1966 on a scheme to raise free market prices in the short term.

As regards other commodities, wool and cocoa have no special significance for cooperatives in the region, whilst in the case of jute an assessment of the position by FAO in February 1965 concluded that the time had not yet come for an international marketing agreement. An international coffee agreement is currently in force; from the producers' point of view, this is of interest in the region mainly to India and the relevant issues are referred to in the section dealing with that country. An interesting point is that Iran, Japan and Thailand are among the countries to which, under the international agreement, unlimited quantities of coffee may be shipped from producer countries, in an attempt to raise per capita consumption there. For coffee, there is in fact a growing excess of world supplies over demand; for tea, no international agreement is in operation, nor is one expected to be introduced in the near future. One commodity group where international agreement was recently formalised among the principal producers is the dried fruits trade; the main object of their 1964 agreement are minimum prices which the producers find acceptable.

The "FAO Commodity Review, 1965" stated that "as far as international commodity agreements are concerned, 1964 was largely a year of marking time" and there is little to suggest that this did not apply equally to 1965. Therefore, prospects for cooperative producers or traders are not easy to assess in respect of commodities governed by agreements in a state of transition. If the ICA and its Regional Office are to take a greater interest in trade matters in future, then a watch on these agreements and negotiations will no doubt form part of the work to be done, particularly since the FAO say that increased export earnings for developing countries are one of the objects of such agreements.

2. Other Countries in, or near, the Region

Though the reasons for limiting the area investigated by the survey have been recorded, it would be amiss to ignore the fact that some of the cooperatives approached indicated the growing importance - partly for their current foreign trade, and partly for their future plans - of some other countries situated in the region or close to it. The following observations do not cover the Middle East and Africa, those areas being referred to later in the report.

(a) Burma and Indonesia

ICA contacts with these two countries having been interrupted for some time, they were not included in the survey, but recent events give rise to the hcoe that a relaxation of restrictions may not be too far distant. Some cooperatives have had dealings with Burma's state-trading organisation, mainly with regard to rice and a few other commodities. The recent resumption of top-level government contacts by the head of the Burmese Government with countries inside and outside the region prompts the expectation that any resulting "thaw" may benefit trading relations before long.

As to Indonesia, its raw material wealth and its numerous requirements of many goods for its vast and growing population suggest a strong case for probing trade opportunities through cooperatives as soon as conditions permit. Singapore, seeking raw materials for its industrialisation, the Philippines, with a vital interest in concerted action with Indonesia in respect of copra (where there are definite cooperative trading interests, in the region and elsewhere), and one or twoother countries in the region are likely to become involved in any resumption or establishment of trading relations with Indonesia when the opportunity arises. (ICA contact with the Indonesian cooperatives was re-established just before the Vienna Congress).

(b) Australian New Guinea, and the South Pacific Islands

The Australian Trust Territory of Papua, New Guinea, already possesses a cooperative organisation, the Federation of Native Associations Ltd.[§], which is not only interested in foreign trade but has been doing a limited amount of it since 1957; indeed, the importing of merchandise is said to be the main function of the Federation, which describes itself

§ - The Federation is understood to be interested in membership of the ICA as "The sole import and export representative of cooperative organisations in Papua and New Guinea". The Federation's total turnover for the year ended 31st March 1965 was in excess of half a million Australian dollars. Mr. W. Kidston, the President of the Cooperative Federation of Australia, thought that some attention should be given to that area, which is within the region, due north of Australia and south-east of the Philippines. During my visit to Sydney, it was suggested I should visit New Guinea, but this was not possible without disturbing all subsequent appointments and travel arrangements; there would seem to be no major reason, however, why the (trade) interests of cooperatives there could not be embraced by any future work in this field by the Regional Office.

As to the various island groups under the jurisdiction of the South Pacific Commission, they are clearly another issue; the islands are spread over a vast area outside the present ICA region, and they are administered by different governments. Mr. R.H. Boyan, the former Cooperative Specialist of the South Pacific Commission, said that a good deal of potential trade to and from the islands may be organised on cooperative lines in the not too distant future, bringing raw materials and plantation crops of possible interest to cooperative packers and processors from the islands, and taking a sizable range of consumer goods to them; any demonstration of internationally organised or sponsored cooperative interest from abroad might help to sway the Commission and/or governments involved to make the expected trade developments follow cooperative lines and principles, rather than choose other trading methods open to them. (Further details regarding Papua, New Guinea, and the South Pacific Islands are at the Regional Office).

(c) China and Taiwan (Formosa)

In respect of both these areas, I was advised of contacts by a number of cooperatives which are trading there. China is clearly coming more into the foreign trade picture of the region, with its state trading agencies exporting growing quantities of consumer goods of potential interest to cooperatives (e.g. canned foods, fish, stationery and plastic goods, thermos flasks, etc.) at keenly competitive prices, and also buying various commodities abroad. Taiwan is also building up a two-way foreign trade, selling e.g. timber, textiles, and i.a. canned mushrooms (this last commodity is said to be the result of a spectacularly successful cooperative venture), all of which products are of possible interest to some cooperatives, and seeking to buy wool, wheat and various minerals. Deals in both directions have recently been concluded with Australia (but not involving cooperatives).

It would seem that any future watching brief by the Regional Office on trade opportunities might keep an eye on these territories, to ensure that anything of interest and substance could be brought to the notice of cooperatives which may wish to trade there.

3. Limitations to Sales of Certain Goods

Certain factors definitely limit the possibilities of exporting some frequently mentioned commodities from the region, quite apart from the fact that, in many fields, private and/or state trading bodies are already well established and cater for the principal foreign markets - without necessarily touching the cooperative markets there.

Examples of products already handled by powerful interests include tea, coffee and coconut products; in these trades, international companies are so strongly entrenched as to make any fresh cooperative competition difficult to establish. The hazards of such attempts need to be carefully studied before embarking on what might prove to be a ruinous exercise for cooperative organisations not equipped to wage economic war against powerful opponents on strange territory. Exceedingly great strength of organisation, supplies and finance, as well as secure outlets for the product in questions, are imperative prerequisites for any such attempts.

Another angle to certain foreign trade plans is provided by an examination of the prospects for some often referred to "typical" export products from parts of the region, such as the various types of edible nuts, spices, tropical fish and fruits, and native tobacco varieties and products, as well as the traditional garments, fabrics and handicrafts of the Western part of the region.

On the whole, these goods seem to have a MASS market only in the region itself, in areas where large numbers of natives of the region live, and in the Persian Gulf area, the Middle East and parts of Africa. To take, for example, the prospects for many kinds of fish caught in the region, it is pertinent to note the observations from the Indo-Pacific Fisheries Council reported in Part III.B. The impression of vast mass markets, for the types of goods listed above, in the West-Europe and North America mainly - is partly due to the frequency with which visitors purchase <u>some</u> of these goods when they come to the region, and partly to the specially organised efforts made e.g. by government export agencies to attack lucrative markets. Generally, exports of this type of commodity are achieved in a <u>limited</u> market among purchasers with above-average incomes, tastes and width of interests. This sophisticated type of buyer is certainly not the <u>average</u> shopper encountered in most cooperative stores. Another quotation from "Prosperity Through Export" (by Dr. R.K. Singh, Calcutta, India, 1965) makes the point about the severely limited range of outlets for some of the products referred to above : "Indian mango jam, spiced jam and sweet chutney are on sale in Paris in a few high quality grocery stores......". On the other hand, there are almost certainly other products available in parts of the region which have a potential market appeal elsewhere, e.g. the type of easily peeled orange grown in some countries of the region (one recalls that, in the UK for example, the sales appeal of bananas has been boosted by referring to the ease with which they can be peeled).

For many of the items mentioned, including traditional fabrics, garments and handicrafts, another factor limits their mass marketing abroad, namely the problem of ensuring (especially in the case of hand-made products) consistent maintenance of approved quality levels; nothing is more likely to make the expansion and development of foreign trade difficult, if not impossible, than failure to adhere to the exact quality, design and other features of previously agreed samples or executed orders. One false step, as it were, can easily undo a lot of hard work put in over long periods and at great cost. I make these points because of my impression that, in respect of some of these typical and traditional items from certain parts of the region, there are prevalent some facile and rather optimistic assumptions about the ease and readiness with which these goods are thought to be marketable EN MASSE in the West.

4. The Bilateral Basis of Foreign Trade, and Growth of State Trading

The aforementioned difficulties in achieving multilateral agreement in respect of some commodity marketing aggrangements, and the equally troublesome hammering out of multilaterally agreed world trade policies through the protracted negotiations which have characterised GATT meetings on occasion, may have enhanced the trend towards reliance on bilateral negotiations and agreements which have multiplied in countries of the region in recent years; as the Tokyo conference pointed out, even trade consultations held under the auspices of a multilateral agency like ECAFE "normally take place on a bilateral basis between interested countries".

It may be a truism that trade is basically a bilateral function involving buyer and seller - even where joint buying or selling efforts are made, they result in a single (joint) order or sale - but the fact needs recording in the particular cooperative context, where faith in committees, conferences and resolutions as workable instruments of business occasionally tends to cloud the issue, and - worse still - to hamper that minimum freedom of action which officials entrusted with buying or selling functions require if they are to do the job effectively; in one national organisation, it was alleged that foreign trade deals were sometimes stifled by time-consuming need to pass details, and to receive instructions, through an enormous layer of overriding authorities, thus frequently missing the opportune moment for clinching a deal. Another organisation with experience of foreign cooperative trade stressed the need for prompt action in international business dealings, since delays in decision-making often meant failure to conclude negotiations successfully

Virtually all the cooperative organisations approached during the survey clamoured for direct contacts with potential buyers and sellers, so that negotiations might be initiated without the intervention of any superfluous intermediaries; as far as contacts with other cooperatives are concenred, an additional reason for these requests was that the frequently employed method of asking commercial sections of embassies, high commissions and legations for names and addresses of potential trade contacts in any country or line of business invariably fails to yield any reference to the existence of cooperative traders, significant though they may be in their own countries. That direct contacts and negotiations between cooperatives can prove successful is shown by a number of examples, e.g. the collaboration now in progress between the agricultural cooperatives of Japan and Thailand, to which reference is made elsewhere (see also Appendix No.2).

One important point in favour of the direct bilateral approach to foreign trade relates to questions of payment and availability (or otherwise) of foreign exchange; where the latter is an impediment to trade, resort is often taken to examining the possibilities of mutual orders being placed, leading in effect to barter trade. If, for example, a cooperative organisation based in a rubber-producing country is seeking to import tyres, it may be feasible to negotiate with a tyre-manufacturing cooperative in another country, where rubber has to be imported.

The trend towards bilateral trade arrangements involving countries of the region and states in other parts of the world has been accelerated not only by the above-mentioned factors, but also by several others, e.g. the substantial degree to which foreign trade of developing countries is subject to some form of government control or supervision, the possibilities of linking trade with assistance projects under a suitable bilateral agreement, and the growth of monopoly state trading institutions - in countries inside and outside the region - being entrusted with the conduct of foreign trade.

In view of the economic benefits to be secured from such arrangements, many have been entered into between parties which have no great ideological affinity or political attachment with one another. In certain countries of the region, where governments exercise some degree of control not only over foreign trade, but also over cooperative activities, the direction which foreign trade by cooperatives may take can be predetermined by the government to some extent. However, in almost all the countries surveyed, the cooperatives were free to try and develop foreign business anywhere in the world. The exceptions were instances of political decisions by the governments concerned, i.e. not to trade with selected other countries; this type of restriction applies to all types of traders and therefore does not discriminate against cooperatives. In some cases, trade with certain parts of the world is the prerogative of a state monopoly.

The growth trend in this type of trade can be illustrated by reference to a few facts and figures ; India, for example, announced a further trade expansion agreement with Hungary in June, 1966, and has been able to step up coffee exports in recent years to the USSR and Poland, and also tea exports to the USSR. The number of bilateral trade agreements to which India is a party has grown in recent years. Fifteen years ago, they numbered 17; by 1962, the total had risen to 26, and by 1965 such agreements had been made with 31 countries. Similarly, by 1960 Japan had made such agreements with 33 countries. (An indication of the vigour with which some state trade agencies tackle this foreign trade expansion was given by the recent news ("Times of India", 3rd July 1966) that in Kenya alone Letters of Credit on the Bank of China had been opened at a rate of 20 per day).

The implications of these trends for cooperatives interested in foreign trade are threefold, namely (i) possible trade through their own countries' state trade organisations (with the latter frequently doing the necessary market research, securing the orders, shouldering a large part of the risks, and specifying the commodity requirements); (ii) trade with such agencies in other countries (this can lead to business on a substantial scale which is generally not beset by any doubts or hazards regarding payment, but monopoly agencies are of course in a strong position to bargain, since they cannot be bypassed by anyone seeking access to the country and market they represent); (iii) where permissible, trade with cooperatives based in state-trading countries : This method, too, can lead to sizable and continuing or repeated business, as has been the case over a number of years between cooperative trade organisations of Japan and the USSR. The business done by ICPA in Ceylon illustrates the possibilities of trading with state-controlled bodies (see report on Ceylon).

5. <u>Growth of Western Cooperative Interest in South-East Asia</u>

Procurement of some supplies of raw materials and food and agricultural products from the region has been organised by, or on behalf of, some Western Cooperatives over quite a long period of time, though the volume of such trade has fluctuated.

With the post-war rehabilitation being followed, in some countries of the region, by the creation or reconstruction of industries which now mass-produce <u>some</u> commodities on a competitive basis for sale on world markets, the larger West European cooperatives have tended to pay more attention to the region, primarily as a source of keenly priced supplies, and to a less marked extent as a potential market for their own products.

In addition to the more traditional Western cooperative purchases of e.g. wool and meat from New Zealand, fruit from Australia, tea from

Ceylon and India, copra from the Philippines, etc., European cooperatives have been at least looking for supplies of certain manufactured goods in South and East Asia; in a number of instances, purchases have been made of such items as textile fabrics, ready-made clothing and knitwear, footwear, canned fish, etc. (see Appendix No.4).

Although a volume of the supplies originating in New Zealand and Australia is channelled through the agencies established there by the CWS of England, tea is procured by the English and Scottish Joint CWS from India and Ceylon, and other supplies are bought by NAF for the Scandinavian wholesale societies, not by any means all these supplies come from cooperative production resources; this is even much less the case with regard to manufactured goods.

To illustrate the significance and potential of cooperative trade between the region and Western Europe, figures relating to the direct foreign trade conducted with the region by the CWS of England in 1964 are quoted below. On the one hand, they exclude the value of supplies originating in the region but purchased outside it (mainly in the UK); on the other hand, they represent the activities of a society which is not only one of the biggest cooperative traders in the world, but also has its own long-established and directly controlled depots in the region. These figures are, therefore, an illustration of what has been achieved in this particular case, and NOT a typical or average example of the volume of trade that can reasonably be expected to be done by cooperatives (or other traders) based in the region with any and every European cooperative organisation. Then follow the foreign trade figures (for the region) of KF of Sweden for 1965, which must also be examined with the same kind of qualification in mind. The difference in foreign trade volume of various European wholesales is made clear in Appendix No. 4, where, for a few commodity groups, the purchases of all wholesale societies in Europe are recorded.

(Figures in '000 £stg.)

1964		CWS Imports	CWS Exports
Australia	(AU)	3,195	28
Ceylon	(CE)	33§	-
Hong Kong	(HK)	419	4
India	(IND)	34§	-
Iran	(IRAN)	-	5
Japan	(JA)	659	negligible
Malaysia	(MAL)	133	2
New Zealand	(NZ)	7,272	35
Pakistan	(PAK)	4	-
Singapore	(SGP)	50	7
Thailand	(TH)	2	-

§ - excluding tea trade.

Some facts and figures relating to foreign purchases made by the different wholesale societies of Europe will also be found in the sections covering Australia, Ceylon, Hong Kong and Korea respectively; except for the last named, these relate to business done by, or through, the agencies of the British cooperatives in those countries.

Information which relates to purchases from two or more countries has been gathered in Appendix No.4. This information was secured mainly from the CWC Secretariat in Copenhagen and gives an indication of the market potential in the West European Cooperative Movements for some major products, e.g. tea, canned fish, fruits and vegetables, and certain non-food items. Also indicated are countries outside the region which at present supply the European cooperative markets. In respect of the canned goods items, fuller details are in the possession of the CWC Secretariat, and of the ICA Regional Office in New Delhi.

Imports of KF, Sweden, from the Region in 1965

(Figures in '000 Swedish Kr.)

KF Imports	AU	HK	IND	JA	KO	MAL	NZ	PAK	PH
For Works or Dept:									
China and pottery	-	-	-	487	-	-	-	-	-
Ladies' clothing	-	3,834	-	9	2,160	-	-	-	-
Men's clothing	-	1,968	-	30	86	-	-	-	-
Toys & sports goods	-	630	-	3,827	-	-	-	131	-
Footwear	-	504	-	-	-	-	-	-	-
Kitchen equipment	-	378	-	1,174	17	-	-	-	17
Plastic articles	-	-	-	-	-	33	-	-	-
Petrol & Oil and Car accessories	-	132	-	-	35	-	-	-	-
Electric Lamps, etc.	-	-	-	27	-	-	-	-	-
Canned foods	-	51	377	175	83	-	-	-	-
Margarine works	-	-	-	-	-	1,379	-	-	53,624
Sanitary articles	-	11	-	-	-	-	-	-	-
Tyres & footwear(rubber)	-	-	-	-	-	7,893	-	-	-
Spices	-	-	612	-	-	-	-	-	642
Building material & tools	-	-	-	728	-	-	-	-	-
Furniture & interior decorating	-	-	200	342	-	-	-	-	-
Canned & Dried fruit	1,955	-	-	498	-	-	-	-	572
Fresh fruit	3,309	-	-	-	-	-	561	-	-
Flour milling	-	-	-	20	-	-	-	-	-
Household equipment	-	-	-	1,004	-	-	-	-	-
Photographic equipment	-	-	-	416	-	-	-	-	-
Other Raw Materials	30	-	-	-	-	-	160	-	-
TOTAL :	5,294	7,508	1,189	8,737	2,381	9,305	721	131	54,855

As regards other countries in or near the Region, KF made some purchases from Burma, Indonesia, North Korea and Taiwan(Formosa).

Exports of KF, Sweden, to the Region in 1965

(Figures in '000 Swedish Kr.)

KF Exports	AU	CE	HK	IND	JA	MAL	NZ	PAK	PH	SGP	TH
From Works or Dept:											
Hydraulic equipment	60	11	121	268	4	98	261	18	404	-	116
Paper, Pulp and packaging	264	183	42	89	-	156	-	384	120	-	34
Footwear and Tyres (Rubber)	-	5	-	-	-	-	-	-	-	-	-
Plastic articles	735	4	85	7	87	-	273	-	-	-	-
Cash Registers	920	-	272	-	797	29	23	7	30	-	-
Synthetic fibres	4,306	-	53	-	-	-	96	77	9	-	-
Fibre Boards	-	-	21	-	-	-	-	-	-	24	156
Electric Lamps, etc.	43	-	2	181	11	-	6	46	-	-	-
Leather	-	-	-	95	-	-	-	-	-	-	15
Weighing equipment	19	-	-	14	30	-	3	-	-	2	-
Piping, Technical equipment, etc.	-	-	-	14	-	-	-	-	-	-	-
China and Pottery	18	-	-	-	19	-	-	18	-	-	16
Fork Lift Trucks, etc.	1	-	-	-	787	-	-	-	18	-	6
Margarine Works	1,589	-	-	-	-	-	298	110	-	-	-
Flour Milling	2	-	-	-	-	-	-	-	-	-	-
TOTAL :	7,957	203	596	668	1,735	283	960	660	581	26	343

As regards other countries in or near the Region, KF exported to the following :

Indonesia, Iran and South Vietnam.

The most significant recent demonstrations of the increase in Western cooperative interest in South and East Asian goods and markets have been (i) the establishment of another cooperative trading outpost in the region, i.e., the office of the CWS Ltd. in Hong Kong, and (ii) the attempts, sponsored by the CWC, to coordinate trade enquiries and any resulting business on behalf of as many European wholesale societies as possible. Several European cooperatives have, in the past, operated separately in their search for trading prospects and opportunities in the region, and occasionally still do so. However, this coordination under the auspices of CWC has already resulted in at least two joint visits to the Far East, in order to assess and exploit the potentialities of textile supplies available there, and similar joint operations are likely to develop in respect of other commodities of common interest. Whilst such joint European buying schemes enhance the bargaining power of those seeking supplies for cooperatives in the West, those who secure the business - be they cooperatives or private traders - stand to gain from sizable orders which, if met satisfactorily, may lead to a repetition or continuation and expansion of business, with all the resulting benefits of continuity and larger scale of operation, whether in farm production, marketing, processing, manufacturing or wholesale trading. (Some of the results obtained so far are summed up in Appendix No.4).

Further favourable developments in these respects may enhance the importance of those depots, offices and agencies which European cooperatives control - or may yet establish - in the region; with this possibility in mind, the attention of cooperatives in the region has been drawn to the existence and functioning of these European cooperative outposts, some of which are also expected to feature in the next edition of the Regional Trade Directory.

It is possible to visualize a growth of these East-West cooperative contacts for trading purposes, each side having need of various commodities which might possibly be supplied by, or at least through, other cooperatives, e.g. seeds, fertilisers, implements, tools, machinery, drugs, books, minor capital equipment items, etc., on the one hand, and canned foods, fruits and juices, fish products, rice, textiles, etc., on the other - to name but a few examples chosen at random.

6. Cooperative Foreign Trade - Failures and Successes

In another part of the report, I have set down, country by country, and organisation by organisation, the facts and figures supplied to me, in order to let that information speak for itself, as it were. To a certain extent, it will no doubt do so without, I trust, provoking comparisons which are necessarily of limited value, being based on unequal conditions in different countries and - more often than not - looking at organisations which are not only "cooperative" to a varying degree, but may have different purposes and not place the same emphasis on the importance of foreign trade in their respective spheres of activity.

To complicate the picture still further, there are some factors of a more general nature which can hardly be measured in any way. In a few countries, I encountered references to improper and unscrupulous tactics being employed by interested parties to damage or sabotage cooperative efforts to develop foreign trade, sometimes by allegedly trying to prevent cooperatives from receiving the government authorisations necessary to engage in foreign trade, and sometimes by what is usually described as "unfair competition". Not surprisingly, it was not possible to secure details, but the sections of the report dealing with individual countries include some references to instances where cooperative participation in foreign trade is being challenged and opposed, e.g. the Philippines.

In a number of countries, attention was drawn to the fact that cooperative organisations, in spite of the best intentions and honest endeavours, were making an insignificant contribution, or none at all, to the country's foreign trade, and it was frequently doubted whether they could, in view of certain problems inherent in their set-up and organisation, ever be expected to make any serious impact on foreign trade. The nature of these problems is discussed under a subsequent heading dealing with barriers and impediments to the expansion of foreign trade by cooperatives.

To balance the picture, it must be said that some sections of the report include references to some remarkable successes of ventures that have proved their worth over a period of time. Whether an example is sought of a joint producers' organisation trading abroad, of an enterprise linking farmers' and consumer-controlled wholesaling interests for import-export purposes, or details of a successful collaboration between cooperatives of different countries in matters of trade and assistance, all these and other types of undertakings will be found in the report. These examples not only testify to the solid achievements of some cooperative organisations, but may also offer a guide and pattern for future action elsewhere. This information, coupled with additional data which the Regional Office either possesses or can secure, could prove of value to cooperators who are looking for a fresh approach to, or form of organisation for, the promotion of foreign trade.

Invariably, these successful organisations indicated their willingness to make their experience and knowledge accessible to cooperatives eager to avail themselves of any such opportunity, whether this be done throug study visits, documents and other material for information purposes, or periods allotted for advice, training or research programmes to be carried out. Based on the contacts already established, the Regional Office could effect any required introductions, or arrange the planned and controlled dissemination of the appropriate information. This would be feasible in respect of such topics as organisational structure, administration, processing techniques, technological developments, methods of carrying on foreign market research and of securing information, manner of appointing agents abroad and of dealing with them, and many other items of interest to prospective foreign traders among the cooperatives of the region.

Whilst it must be conceded that, in a number of countries, cooperatives have a good deal of leeway to make up as trading organisations, and that there is some justification for those who point out that cooperatives make only a modest contribution to national foreign trade up to now, it must also be said that the opportunity to cure economic ills by resorting to cooperative methods has not been seized everywhere to the extent which might be thought feasible. In reporting on a Seminar on Cooperative Farming, held in May, 1966, the FAO refers to eight countries and territories in the region, and says that in four of these no cooperative farming societies have been organised, whilst in the other four "systematic attempts in organising such societies were made only after 1960".

In the field of consumers' cooperation, the ICA Seminar held in July, 1966 on the subject of "Consumer Cooperation in a Competitive Setting" came to the conclusion that "by and large, consumers' cooperatives (in South-East Asia) have not yet grown into a powerful competitive force vis-a-vis the private trade".

This does suggest a somewhat belated awakening to the potential benefits of cooperative activities in some countries, and also that any future increase in ICA attention to trading problems in the region will prove to be timely and welcome.

If past cooperative failures in foreign trade are to be turned into successes, it may prove helpful to draw the appropriate conclusion from one statement which appears in Appendix No.4 in relation to purchases made by European cooperatives in Japan; this asserts that "the quality of (Japanese) products is never determined by the manufacturer, but by the (foreigh) importer".

PART IV

(B) - THE SPECIFIC ISSUES

1. The Cooperative Trade Directory

In recognition of the need to put potential cooperative trading partners in the region in touch with one another, and also to bring the trading activities and interests of these organisations to the notice of ICA members in other parts of the world, the Regional Office published its Trade Directory in March 1964. When appointing me to undertake my mission, the Director instructed me i.a. "to advise and help in the compilation of the Trade Directory", and this work was carried on in conjunction with the trade survey job. On arrival at the Regional Office, I studied the additional material which had been gathered in preparation for another edition of the Directory, and was able to suggest some possible improvements in the presentation and layout of the document, to make it more readily useful as a work of reference.

Taking some of these alterations and extensions into account, the Regional Office published, and circulated to regional member organisations, a second edition early in 1966. This edition was speeded up to ensure that organisations to be visited would have an opportunity to examine the book prior to my arrival, and to put forward any questions, comments and suggestions relating to the contents and usefulness of the publication, the possibilities of wider cooperative distribution, needs for additional copies, other possible recipients of the Directory, etc.

The Trade Directory met with general approval and acceptance. A few minor inaccuracies will be corrected in the next edition, and a commodity index for quick and easy reference is also to be incorporated. Copies of the Directory were often requested not only by cooperative organisations, but also by e.g. government departments concerned with the promotion of exports, commodity marketing boards, etc. The cooperative organisations visited were invited to review, amend or improve their own entries (which appear in the Directory free of charge, and regardless of membersl of the ICA), and new entries were also solicited for the next edition.

Wherever a cooperative organisation was ignorant of the existence of the Directory and was asked about any steps the ICA might take to assist foreign trade developments, the principal suggestion made was invariably a demand for just such a document as the Trade Directory.

Some organisations suggested the expansion of the Directory to include details of cooperative trade organisations in <u>all</u> parts of the world, a project which - in my view - might be a little too ambitious and costly in relation to the use which would be made of it. In any event, this is presumably a matter for Head Office to consider and organise, rather than for the Regional Office.

However, since it was clear that there was a real need for cooperative traders in the region to be able at least to communicate with their opposite numbers outside the region, a list of postal addresses of the principal national cooperative trading societies elsewhere was prepared in February 1966 and circulated to members and to other interested parties in the region. This list consisted of three parts, as follows :

(a) European cooperative wholesale societies.

(b) <u>Foreign</u>-based agencies, purchasing and sales offices and productive enterprises of various European cooperative wholesale societies (listed according to continent of location).

(c) Other cooperative (trading) organisations (in certain countries inside and outside the region).

2. <u>Cooperative Contacts for Trade and Other Purposes</u>

Directly linked with the Trade Directory and trade survey work is the immediate follow-up action which the Regional Office was able to take (plus any subsequent action yet to be taken) as a result of my periodic reporting back from the various countries I visited; this arrangement enabled the Regional Office to keep abreast of progress made, and to initiate trade contacts which had been requested by various organisations during the visits. The great need for direct contacts between potential partners to cooperative trade deals was amply demonstrated, and steps have been taken by the Regional Office to meet some of these needs. Anticipating that more serious attention may have to be given to these matters in future, the Regional Office Library has begun to collect, and to arrange systematically, press and trade literature items relating to foreign trade.

If foreign trade efforts by cooperatives based in the region are to flourish, then the necessary contacts with other countries and their cooperatives cannot be confined purely to the finding of potential buyers and sellers; many other factors are involved in foreign trade development, in respect of which cooperatives in the region could benefit from contacts with fellow cooperators inside and outside the region, e.g. with reference to market conditions and requirements, and everything one needs to know in order to trade with other countries, where regulations, tastes, habits, preferences, etc., are different, as are the distributive structure, and the composition, definition and even description of various materials, goods and services which may be sought or available. To quote but one example, it was pointed out to me (by the Provincial Fishermen's Cooperative Society Ltd., of Chittagong, East Pakistan) that one basic problem in foreign trade in fishery products is the confusion, and additional work, caused by varying descriptions being applied to the same species of fish in different parts of the world. (Consultation with the Indo-Pacific Fisheries Council was suggested to the Society).

It was one of the overriding impressions gained from my visits to, and discussions with, cooperative officials that many of them feel an acute sense of isolation, being not only set apart from private trade and business, but also lamentably lacking in contacts with fellow cooperators elsewhere, or not even knowing of the existence of other cooperatives which may be facing similar problems, or possess knowledge and experience which they are seeking. To appreciate the gravity of this problem, it is necessary to bear in mind the relatively loose links which exist in some national cooperative networks, and the enormous distances and limited means of communication which hamper the development of contacts, not only across the whole region of South and East Asia, but even within some of its member countries. Cooperative organisations in the developing countries also often lack the type of trade and research association contacts which are common in the West and benefit cooperative enterprises there.

3. Contacts and Assistance in the Field of Processing

Since the greater part of the foreign trade of cooperatives in the region - certainly as far as exports are concerned - involves food and agricultural produce, and as it is generally agreed that a more satisfactory and more profitable trade can usually be built up on refined, treated, preserved or otherwise processed products, rather than dealing in raw and unprocessed ones, the need for contacts with a specific bearing on food and agricultural processing developments and techniques, etc., is a crucial one for the cooperatives of South and East Asia; at this year's ECAFE session, the ICA Regional Officer said "....our attention is now increasingly focussed on helping Cooperative Movements to establish processing industries with foreign assistance - a field which is not easy and in which we are only at the initial stages....." This statement highlights the need - in addition to the obvious one of helping to establish appropriate contacts in the region among cooperatives with common interests, e.g. in rice-milling or fruit-canning techniques, as is being done by the ICA Processing Seminar in December 1966 - for improved channels of communication and systems of technical and financial assistance to multiply contacts between cooperatives which are intent upon developing processing facilities in the region and their more advanced counterparts in the West.

The Regional Officer and his senior colleagues are very conscious of these needs and striving to their utmost to meet them; they have impressed me greatly by their profound knowledge regarding availability of assistance, the manner in which such assistance can be sought (and here they seem to be forever facing the tentalising problem of receiving vague requests which are often neither clearly thought out nor in any way defined), and the expertise with which they judge whether a proposition put to them is really feasible and likely to receive a hearing, let alone any tangible aid. Nothing seems more certain to alienate the sympathy and goodwill of cooperative and other agencies able and willing to assist than unspecified and ill-defined proposals, and the Regional Office is doing its best to help those seeking such assistance to avoid this kind of pitfall.

A substantial volume of technical advice, exchange of experts and trainees, and of literature and other aids is already in existence, and the cooperatives of the developed countries are making a substantial contribution in these respects, even if, for the foreseeable future, their contribution cannot be too large. Similarly, the more advanced cooperatives in the region invariably expressed their willingness to assist their fellow cooperators in other countries by making available to them any expertise and knowledge, and/or technical or other experts, within reasonable limits and in response to clear-out requests as to the kind of assistance required.

Those seeking this type of assistance raised these issues in the direct context of foreign trade; they frequently said that such technical know-how and resulting improvements in their operations constituted a necessary prerequisite for their entry into foreign trade, or for the improvement of their competitive position in foreign markets. This suggests that, as far as the Regional Office and its future work are concerned, any expansion of activities in the field of international trade might logically be linked with the work relating to technical and financial assistance.

4. Location and Financing of Processing Plants

As regards cooperative processing of agricultural products, two other key issues have to be faced. One is the question of the location of processing plants. Particularly where the processed products or materials are destined for foreign markets, the ultimate recipient often prefers to take delivery of the unprocessed product and to have the processing done in the country of destination, especially if that country is more experienced and knowledgeable in the application of processing techniques. On the other hand, the cooperatives in developing countries are vitally interested in securing the processing plants - with all that this entails in the way of greater profitability, additional employment, diversification of interests, obtaining government assistance, attracting capital, etc., - for their own country and, if possible, under their own control.

The other vital factor is the financing of any new or expanded processing units, and here the developing cooperatives are mostly dependent on at least some degree of initial assistance, whether it be from their own national cooperative organisation (generally a somewhat remote prospect), their government, the cooperative movement in another part of the world, or from any other international or regional agency.

These two factors are not always unconnected, and the problems involved are of a complex nature; any inter-cooperative solution should perhaps be sought along the lines of trying to link the cooperative organisation in the developing country which has the sources of raw produce or material and seeks to establish processing industries with the cooperative movement in those parts of the world where supplies of the processed or semi-processed product are required, and where a sizable or growing market is accessible to the local cooperatives. There is a strong case for linking up prospective foreign trade with directly relevant technical, or other, assistance, because there is not likely to be any really sound basis for assistance projects - especially where finance is involved - unless a certain minimum of common interests exists between the two cooperative sides in question; on the other hand, where this is the case, or where it can be demonstrated that such a proposition will, in the not too long term, be of definite benefit to both parties (e.g. by ensuring a steady flow of supplies of a processed commodity on an agreed basis), it is possible that some such arrangement may be agreed to, but certain realistic reservations have to be kept in mind.

5. The Problems Facing Cooperatives in Advanced Countries

These reservations apply not only to the question of technical and/or financial assistance from cooperatives in the West to those in the region, but to the whole problem of their potential trading relationship. For one thing, even the most developed and soundly-based cooperative trade organisation, e.g. in Western Europe, nowadays faces the keenest competition from other traders in its own country, and consequently many demands on its capital resources, whether these be for the modernisation of cooperative stores, the creation of modern warehousing facilities, the necessary installation of computer control over a range of complex activities, or the financing of essential advertising campaigns, etc. These demands, and the fear lest capital should be expended on any unsound, doubtful or in any way speculative venture - even in one's own country, never mind in another continent - are not the only impediments to the investment of Western cooperative capital in schemes e.g. for processing plants in developing areas, even assuming that such funds are in fact available.

Since they are entrusted with the care and use of cooperative members' and shareholders' investments, and are directly and periodically accountable for the manner in which they discharge this function, those responsible for deciding, within the national cooperative trading societies, their financial priorities and the direction which any new investments ought to take, are of necessity careful to ensure, as far as possible, some degree of continuing control over any money so invested. Such imponderable factors as e.g. threats of monetary devaluation, and/or of expropriation or nationalisation of foreign assets in some countries tend to make extra caution prevail in the making of such investment decisions.

6. Prospects of Financial Assistance to Benefit Trade

These considerations must be taken into account when trying to assess the assistance which might reasonably be expected to be obtained from cooperative quarters in other parts of the world, and they make all the more important the need for clearly defined propositions to be put forward, be they with regard to trade, or aid, or both aspects combined. Improved trading and assistance contacts between different cooperatives would also help to create a better appreciation of the position and problems of the other party to any envisaged arrangement; it would in consequence become easier to gauge what help can in fact be reasonably and realistically expected for any development plans in various fields. This would in turn help to avoid frustrations, disappointments and delays caused by counting on, or expecting, measures which are in reality unlikely to materialise.

There has been at least one recent instance where a cooperative trading organisation in the region has been seeking the direct participation in its foreign marketing plans of a cooperative wholesaling agency in Europe; so far, it has not proved possible to finalise these plans, one of the unresolved key issues being that of adequate finance for the project. In the case of another national cooperative movement in the West, I was advised informally - though on excellent authority - that any capital likely to be, or become, available for cooperative development is definitely going to be required entirely for domestic purposes. As far as the International Cooperative Bank Co. Ltd. is concerned, I understand that it is still at an early stage of its operations, which nevertheless envisage that, in the longer term, investment capital is to be earmarked for cooperatives in the developing countries - including those of South and East Asia - provided that all such funds are used exclusively in connection with carefully vetted and approved projects; however, for the moment, and for the immediate future ahead, the Bank has no means for the implementation of such a policy, being itself faced with problems arising from the shortage of capital in Western countries, and the resulting high interest rates payable. The ICA Banking Committee has repeatedly considered the question of finance for cooperatives in the developing countries and will undoubtedly continue to review the position periodically, but the general tightness of capital availability, even in the wealthiest cooperative organisations, has to be taken into account when assessing prospects. To quote an expert opinion coming from outside the cooperative circle, I refer to a statement on behalf of the FAO in September 1965, entitled, "International Assistance to Cooperatives in Developing Countries"; this speaks of the desirability of having a Central Cooperative Bank where cooperative credit needs could be assessed and dealt with, but adds that at present "finance is still scarcely feasible between Cooperatives of one country and another", even though "the question of credit assumes a crucial place in the development of cooperatives in (i.a.) Asia". The ICA itself is fully cognizant of these issues; the statement on the Long-Term Technical Assistance Programme reported to the 1960 Congress said "a number of young Movements urgently need commercial relations (i.e. with the Movements in the West) for the export of their own products and the import of essential consumer goods", and later adds "Finally, there is the all-important question of Finance - which is the crux of the whole problem". It is not suggested that no headway has been made since then, but these quotations are as urgently true today as they were six years ago.

Since all potential sources of finance for cooperative development will need to be scrutinized continuously, the Regional Office will no doubt take a keen interest in the new Asian Development Bank; even though it is too soon to speculate about likely developments there, it is certain that many demands will be made on the resources of that bank, and the cooperatives in the region may perhaps hope to be among the eventual beneficiaries, provided their case is put with promptness and precision in the appropriate quarters and at the right moment. If any funds should become available for cooperatives from that source, the financing of processing establishments might well be the kind of development that might commend itself to the authorities of the Bank.

At the ECAFE Committee on Trade meeting in Bangkok early in 1966, Mr. M. Yamashita, Chief of the Joint ECAFE/FAO Agricultural Division, said the FAO hoped the Asian Development Bank would be in a position to facilitate and increase investment for agricultural development in the ECAFE region. Whenever necessary, FAO would be willing to cooperate with the Bank in assessing and identifying agricultural development projects worthy of such investment, and in solving the operational problems that might arise in connection with channelling the Bank's funds to such projects.

On the same occasion, the Executive Secretary of ECAFE said he regarded the Asian Development Bank as a symbol of Asia's first serious effort at economic development through the mobilization of internal resources. He thought the Bank would begin its operations in June 1966 and said the countries of the region should start working out sound economic development projects in order to submit applications for assistance from the Bank.

The General Secretary of the Central Union of Agricultural Cooperatives of Japan has pointed out that it will not only be imperative to keep a watch on the role of the Asian Development Bank in order to seize an opportunity for securing funds and credit facilities for cooperative developments, but to determine how far any such finance made available to the cooperatives of South and East Asia ought to be channelled into food production and agriculture, and what proportion of it should be earmarked for industrial developments by cooperatives. (The Japanese Movement's views on this last point are set out in the report on Japan).

PART V.

RESTRICTIONS, BARRIERS AND IMPEDIMENTS - AND PRIVILEGES

Reference was made, at the Tokyo conference, to restrictions and barriers impeding the development of foreign trade by cooperatives based in the region, and it was acknowledged there and then that this was not entirely a matter of (government) policies and regulations standing in the way of progress, but also due to deficiencies in some of the cooperatives themselves.

In investigating these issues - and I placed a good deal of emphasis on them, explaining them in detail to the organisations approached - I attempted to secure factual information regarding any legislation, policy or administrative ruling which, deliberately or in effect, discriminated against cooperatives as such and/or impeded their efforts to become established in foreign trade, and to obtain well-informed observations regarding weaknesses in the cooperative structure or competitive position. It did not seem appropriate to spend the limited time available on a detailed examination of normal forces of economic competition, or to assess the strength of the private trade competition which cooperatives in free countries necessarily encounter.

Even where foreign trade, or any section of it, is controlled by an agency enjoying a complete or virtual monopoly position, whether granted by the government as a matter of policy or secured by a private group as a result of building up its economic strength, this is not a matter of discriminating against the cooperatives as such, but generally impedes all other traders' endeavours to do business abroad. Cooperatives may, or may not, be amongst those affected by such a situation, depending on their own position and on local circumstances.

1. Laws, Regulations and Rulings Directed against Cooperatives

Though I posed the question specifically to all organisations likely to be knowledgeable and/or affected, I was hardly ever referred to any laws or regulations deliberately designed to exclude cooperatives from foreign trade ON ACCOUNT OF THE COOPERATIVE CHARACTER OF THEIR ORGANISATIONS. Similarly, when I asked about anti-cooperative discrimination encountered in any trade deals attempted with other countries, no instances were quoted where the business had failed to materialise due to openly anti-cooperative policies or attitudes; on the contrary, the point was made more than once that the cooperative character and/or name of an organisation had, if anything, been an asset, particularly in dealing with certain countries. The only case reported of open objections to a cooperative body in a foreign trade deal was one where a cooperative organisation in Spain was said to have been refused the necessary import licence which was, however, granted to a private trader to conduct the business deal with a cooperative society in the region.

Whilst there are few, if any, legal provisions deliberately designed to prevent cooperative participation in foreign trade altogether, there do exist, in a number of countries, restrictions which limit cooperative freedom of action in relation to foreign trade, either directly or indirectly. Among the direct restrictions are such as limit cooperative organisations to either exporting or importing, or to dealing only in commodities produced and/or required by their members. The purpose of such restrictions is often said to be to prevent cooperatives from encroaching upon the legitimate trading interests of private business - though there seems to be nothing to prevent any such encroachment in the opposite direction. Consequently, when trying to secure the necessary government authority for entry into foreign trade, cooperatives have to demonstrate that their plans are related to the needs of their own membership only.

In some countries, it is possible to overcome obstacles of this kind by creating and registering a suitable organisation not as a cooperative society, but rather as a company.

Probably more serious and damaging to cooperative foreign trade than the lack of complete freedom to import and export anything and everything is the type of restriction which limits the scale on which foreign trade - or, for that matter, domestic trade - may be conducted. Artificial limitations on the trade of cooperatives sometimes mean that the business is restricted to uneconomic proportions and is therefore not conducted on a soundly competitive basis. This is a probably consequence of any government decision to put an unduly severe limit on the volume of trade authorised, or - where state involvement in foreign trade goes to such extents - inducing cooperatives to do business at an uneconomic price, or on disadvantageous terms; examples of this type of restraint have been encountered and are referred to in some sections of the report dealing with individual countries.

These observations do not cover all the implications of more general policies and rules which may be interpreted or used to the detriment of cooperatives; those aspects are examined later on, as part of a review of cooperative relations with governments.

2. Privileges Granted to Cooperatives by Governments

Although it was not intended to seek information on that point, some cooperative organisations quite frankly drew attention to certain advantages and privileges granted to them by their governments. Some of these related directly to foreign trade, such as e.g. the granting of a limited export monopoly to a cooperative body by the Government of India, or the type of import duty concession enjoyed by cooperatives in several countries, whilst other preferences are designed to strengthen cooperatives in a general way, which result may also incidentally improve their chances in the field of foreign trade. The latter category includes measures such as the exemption from payment of many, or all, forms of taxation (e.g. in the Philippines), or the granting of (temporary) monopoly retailing rights in certain locations to the Malayan CWS, and various other arrangements with the same purpose in view.

Some of the concessions offered by governments are not always easy to take advantage of; in Australia, income tax concessions (which might make them more competitive) are available to cooperatives, provided 90% of their trade and business is done with, or on behalf of, their own members. In New Zealand, some tax concessions to cooperatives are dependent on surplus being shared out entirely in relation to trade done.

With equal frankness, some cooperative officials admitted that their organisations would be hard pressed to survive without these concessions, and this testimony to relative competitive weakness should also be borne in mind when considering impediments to, and prospects for, the development of foreign cooperative trade, though it is not suggested that this is by any means typical of the position throughout the region. These concessions acknowledge the need to assist cooperatives and are granted by governments not for reasons of charity, or of sympathy with the cooperative cause; there are, in a number of countries, good grounds for governments to welcome the success and prosperity of cooperative trading societies (Some of these grounds and reasons are referred to later in the report).

3. Relations between Cooperatives and Government Departments

In some countries of the region, national governments exercise not only strict control over foreign trade (at least they all possess powers enabling them to interfere drastically, should the need arise), but also supervise or direct cooperative activities. As far as cooperative foreign trade is concerned, there is thus the perhaps as yet unavoidable first problem of having to deal with, and seek the tacit or even express approval of, two distinct government departments which may not always have completely aligned policies. (My notes on one society, for example, record that "importing is hampered by varying interpretations being put on the status of the society by different government departments involved in executing policy".). This factor alone sometimes puts cooperatives at a distinct disadvantage in their foreign trade attempts, particularly where speedy decisions are essential to arrive at a commercial agreement. It is one hurdle which private traders do not have to face, let alone overcome.

In my enquiries among cooperatives interested in foreign trade, and among government departments concerned with foreign or cooperative trade, I repeatedly encountered allegations of cooperative weakness and incompetence on the one hand, and of lack of sympathy, support and funds from government agencies on the other. These two sets of basic allegations are not unconnected; in most countries of the region, many conflicting and competing demands are made on the attention and funds of government departments, and particularly the latter are always likely to be channelled in those directions where their optimum utilisation may be expected - not in the direction of what are regarded as weak and inexpert cooperatives.

In relation to that aspect, and to those yet to be discussed, it therefore seems vital for the development of foreign trade - and for other matters subject to negotiations with governments - that cooperatives should be in a position of some basic <u>visible</u> strength, so that they can justly claim to have a record of soundness and success in those activities in which they have been engaged, rather than try and argue their entitlement to a share in the country's foreign trade as a matter of principle, of economic justice, etc. Cooperative business efficiency will increase the organisation's standing, bargaining power, and the respect and hearing it gets from government departments more rapidly and effectively than any ideological emphasis on the merits of the cooperative system, its virtues and superiority, etc. When government officials refer to the weakness of cooperative organisations in this context, they are mindful not only of the Movement's relative inexperience in the conduct of foreign trade, but also of its less well organised power to present, press and argue its case when applying for necessary licences or permits, not to mention the case for securing cooperative representation on bodies and committees concerned with export marketing of produce, incentive schemes for foreign trade development, or the conduct of international trade negotiations. The strength that is needed to build up, and maintain, an organisation to watch and safeguard the interests of cooperative trading societies is of course derived from the success and prosperity of the trading activities themselves; the more successful a cooperative business enterprise becomes, the better is it in a position to make provision for its own defence and growth. The success of collaboration among agricultural producers in Australia and in New Zealand - different though conditions have been there from those in many countries of the region - which culminated in the creation of strong marketing bodies, with an effective say in the shaping and conduct of foreign trade policies, demonstrates what can be achieved; success in trade, and strength of organisation, were the factors which ensured respect and a hearing for the cooperatively organised farmers from the governments of those countries, rather than any sympathy with the philosophy or ideology of Cooperation.

In many developing countries of the region, there is clearly some common ground for governments and cooperative organisations (not forgetting the important fact that cooperative officials are often government appointees), and this can perhaps be used to some purpose by cooperatives seeking government approval for their initial efforts to trade abroad. First of all, the national economies and governments of developing countries, as well as their cooperatives, will all be in need of both trade and aid for some time to come; in view of the invariably more or less precarious position with regard to foreign exchange balances, they also have a common purpose in developing exports from their countries. Cooperatives can also point out that they often carry out functions and policies which are vital for the national administration, e.g. distribution of rationed or short-supply staple commodities at controlled or guided prices, to ensure that supplies reach all strata of the population, organisation of orderly procurement and marketing of food crops, channelling government credits to agricultural producers, and generally implementing government policies to combat price fluctuations, speculators' activities, and the creation of artificial shortages, plus - last but not least - the cooperative system's mere presence and accessibility to the government acting as a counterweight and countervailing power which enable governments to resist extreme demands and pressures from private business interests on occasions. Even if not all these functions are effectively fulfilled by cooperatives in each country, they constitute an impressive list of reasons why governments frequently do or should have a substantial interest in the strengthening and consolidation of cooperatives.

4. Government Permission to Engage in Foreign Trade

Various aspects of relations between government and cooperative trade organisations affect - and may help to determine - one key issue always facing cooperatives in developing countries of the region when trying to gain a foothold in foreign markets; it is the need to secure government authority to embark on foreign trade deals, and this can be a definite hindrance to cooperatives' efforts, no matter how efficient they may be in securing orders, contacts, supplies, market details, and a host of other essential prerequisites for success in foreign trade.

In view of the regard which Governments necessarily have for foreign currency holdings, reserves and balances, they invariably possess powers to regulate the flow and volume of a country's foreign trade, and in the majority of the countries in the region, definite government authority is required for conducting import or export business, with strictly limited licences usually having to be obtained either periodically or when prescribed limits have been exhausted.

In response to my questions, government officials responsible for foreign trade policy always gave the stock answer than an application from a cooperative trading body would be considered just like any other (indeed, some officials maintained they might even fare better), and I have already recorded the fact that there are, to my knowledge, almost nowhere any laws or regulations in operation which exclude cooperatives as such from foreign trading (except where statutory monopolies prevent all traders from doing so).

However, their concern with the balance of payments problem tends to make government officials pursue a conservative policy of playing safe and "leaving well alone" when authorising foreign trade deals; in other words, pointing to the inexperience of cooperative organisations in the foreign trade field, they tend to leave that trade in the hands of previously established foreign traders who are said to have all the connections, know-how and expertise for conducting the business to the best possible (national) advantage. In effect, this tendency (and this was admitted by more than one official) precludes cooperatives which are not yet engaged in foreign trade from ever acquiring the experience which is alleged to be the prerequisite for their entry into this type of activity. Thus we face a deadlock and vicious circle which is not readily broken.

Private business interests often exercise considerable pressure on government departments in order to retain their own position in export trade - which endeavour suggests that it is a lucrative one - and to prevent any competition from cooperatives. Similarly, private business does not welcome cooperative imports which might compete on the internal market and perhaps bring down prices and profits. As far as the cooperatives are concerned, their own pressure for recognition as suitable foreign traders can be built up by (a) doing all the necessary preparatory and research work so as to be in a position to demonstrate that a deal earning or saving foreign exchange can be clinched and satisfactorily executed, provided government authority is given, (b) showing the organisation's business efficiency, soundness and reliability in those fields where it is operating, such as the home market or any other function assigned to it, (c) demonstrating that their plans are concerned solely with their own members' needs, and (d) probing and trying to prove, where appropriate, that increased competition in foreign trade may benefit the country, possibly by making good shortages, bringing down prices of imports, or widening the range of, or markets for, exportable products, etc. (Previously untapped cooperative markets or sources of competitive supplies in other countries can be of importance here, not only by forging inter-cooperative links, but also by illustrating the enterprise of the cooperative organisation in seeking to open up new paths).

Any cooperative organisation trying to secure government authority for such a first foothold in foreign markets must be able to demonstrate its capacity to handle the job, a high degree of probability that no loss of business or of foreign exchange will result, and the likelihood that the national interest is, at least in the long run, going to benefit from such ventures.

To fulfil these conditions, many cooperative organisations which hope to enter the field of foreign trading will need to examine their set-up and resources carefully before they can be confident of carrying out what is undoubtedly a difficult, hazardous and arduous task. (Some of the possible weaknesses in the cooperative structure which may need eradicating will be discussed later).

Where, however, the authorities are reasonably satisfied that the applying cooperative organisation may be expected to fulfil the minimum requirements (and these include adequate financial strength and credit status) and conduct foreign trade as well as another operator, then the cooperative should be given the opportunity to do so on an economically sufficiently large scale; timidly granted authority for very restricted dealings will not enable the cooperative organisations to become more competitive, to gather worthwhile experience in foreign markets, and least of all to consolidate its position financially for subsequent further progress in other foreign ventures. This is not a plea for recklessly unlimited authority to be given to cooperatives which are new to foreign trading and may have plans or vague notions beyond their own capacity - indeed, nothing could be more dangerous to the best-intentioned novices than such "carte blanche" - but a certain minimum scale of operation is necessary, if a foreign deal is to make sense, never mind a profit.

Provided basic minimum conditions are likely to be met, government departments can therefore reasonably be expected not only to grant the licence to proceed with the particular transaction, but to take a broader and long-term view, taking into account possibly favourable consequences of cooperative competition with private firms in foreign trade, the strengthening of cooperative trading societies by virtue of the experience (and perhaps profits) to be gained, and other beneficial consequences which may follow from such developments.

A related problem is the allocating of foreign trade quotas to applicants on the basis of past performance; this system makes it virtually impossible for a newcomer to secure the necessary authority to conduct foreign trade on such a minimum scale as to ensure an economic return, or to broaden the base of earlier, strictly limited operations.

5. Continuity of Governments' Cooperative Appointments

Whilst on the subject of the contribution which Governments can make towards facilitating the growth of foreign trade of cooperatives, I draw attention to what may appear to be a point of a more general nature, but which has a bearing on the struggle of cooperatives to gain a foothold in foreign markets.

It is generally agreed that the build-up of strong and efficient cooperative organisations, such as are required particularly for the complicated and risky work concerned with foreign trade, is a time-consuming and painstaking task in countries with limited resources of qualified manpower; although this situation means that many demands are made on the limited cadres available, it also follows that the optimum use of their knowledge and expertise must be made, particularly by not lightly dissipating valuable and hard-won experience.

Bearing in mind the tortuous and uphill work involved in putting cooperatives on their feet, especially in the foreign trade field, and accepting the need for occasional personnel changes in government foreign trade departments, it is deplorable that rather too frequent major changes in appointments also take place, in a number of countries in the region, in the Government cooperative departments and in government appointments in supervised cooperative organisations. Very often, these entail changes of direction of policies and of priorities, with senior staff previously allotted to the work concerned with foreign trade being put somewhere else in the scheme of things, as it were. Because of the complexities of foreign trade work, I enter a strong plea for a greater continuity of appointments in this field; in one organisation, I met an official who had prepared valuable information and was evidently knowledgeable of, and interested in, the potential expansion of his organisation's foreign trade. It will be easy to understand my dismay at learning during my visit that this official, with whom contact had just been established and an exchange of views had taken place, was to be transferred to an entirely different post in the organisation - not even in the same town, where he might have been easily contacted by his successor - thus rendering worthless the experience, contacts and specialised knowledge he had acquired in this field. Even worse is the sometimes encountered system under which it is almost certain that an appointee will be transferred to other duties within as short a space of time as perhaps 12 months; this knowledge is obviously not conducive to strenuous efforts being made in any sphere of activities where it may take a good deal longer to establish the necessary machinery, let alone to see worthwhile results - and cooperative foreign trade development comes within that category.

6. Finance and Credit for Foreign Trade by Cooperatives

Tied up with the securing of government authority to engage in foreign trade, and with the need to meet minimum prerequisites to ensure, or at least demonstrate, the capacity of the cooperative applicant to fulfil the basic requirements for trading abroad, is the decisive problem of finance and credit. This is also related to the question of what sort of government actions might facilitate and encourage foreign business ventures by cooperatives; where governments are interested in promoting exports, there seems to be no reason why a sound and promising deal should not be covered by any export credits and/or risk-covering schemes run by a national government just because the party conducting it is a cooperative. With regard to imports, the problem is one of availability of credit and of foreign exchange in most instances. At least one ICA member organisation specifically pointed out that goods permitted to be imported on a letter of credit basis (which is, in some cases, the only basis) are, more often than not, not readily available to interested cooperatives because they lack a recognised standing in foreign trade.

In these respects of financial "reconnaissance", cooperative banks and finance institutions, both in the country in question and abroad, can perhaps play a useful part in assisting cooperative traders who are sallying forth into the uncharted waters of foreign trade, by providing information with regard to e.g. the credit standing of the other party to the proposed transaction, cooperative banking contacts and facilities in the country concerned, etc. On the other hand, the limited size of funds generally available to cooperative banks, plus the many demands usually made on these resources by their own trade organisations, mean that it is unrealistic to expect that a great deal of the money required for cooperative foreign trade developments can be secured from the Movement's own finance institutions - except where other agencies (national government departments, other banks, international development agencies etc.) make funds available through cooperative banks. This is, therefore, a field with ample scope for practical assistance from governments, and a key problem, since without its solution even the hard-won authority to engage in foreign trade cannot be utilised effectively.

7. Foreign Trade Requirements of Business Expertise and Management Skill

As in the case of one or two of the points made earlier, this issue is not related to foreign trade exclusively, but discussions and observations during the survey have prompted the specific raising, in this section of the report, of those problems, deficiencies and weaknesses that appear to be particularly important in relation to the development of cooperative foreign trade; in the light of the subsequent, partly unfavourable assessment, it will also be better appreciated why the report refers to some fundamental points which may be regarded as obvious or even indisputable. In the light of the discussions held, I felt compelled to record some of these matters, so as to demonstrate that they were by no means accepted commonplace knowledge everywhere. The degree of success in cooperative foreign trade in the region varies as widely as does appreciation of the basis prerequisites for developing those activities in future.

It can hardly be emphasized too strongly how vital for the conduct of foreign trade operations such assets as the following are - and the list by no means claims to be comprehensive : Basic business expertise, management and (rapid) decision-making skill, breadth of vision to grasp the many factors which affect trade between different countries, with all that this implies in relation to previously unfamiliar demands, tastes and preferences, materials, patterns of distribution, shopping habits, rules and regulations with regard to importing and exporting, documentation, transport of goods, assessment of prospects in hitherto unfamiliar territory, of the standing of one's foreign contacts and the reliability of the information furnished by them, In another instance, we were able to advise one organisation which had expressed an interest in certain exports that another cooperative society, a few thousand miles away in another country, was keen to import that product. The prospective selling organisation, without describing the type, quality, etc., of its own product, and without enquiring as to the volume of trade envisaged, or to the delivery conditions (in other words without reference to anything that might offer a pointer as to the likelihood of any business ever being done), simply wrote to the interested party (and this was the very first, introductory communication the latter received from that source!) and enquired as to the best price they would be prepared to pay. Obviously the organisation concerned had not adhered to some basic maxims of business, as phrased e.g. by one (Indian) Export Promotion Council : "Exporters are requested to contact the parties concerned direct, with samples, quotation and all other details". And, one might add, in doing so, to use terms, measures and expressions with which the prospective buyer is likely to be familiar.

It is not difficult to imagine that the described approach might fail to produce the desired effect; more tragically still - and this kind of thought and intention have been expressed - it may discourage, or even prevent, any further attempts to trade with fellow-cooperators, probably with both sides assuming that the reason for failure to get any serious negotiations under way was to be sought anywhere else, rather than on their own doorstep. One organisation said they had tried to import a commodity from another country in the region quite a distance away, but had found it cheaper to buy the same import product from a local wholesaler - there seemed to be no thought of, or reference to, such a consideration as the (minimum) size of order necessary to make direct foreign trade an economic proposition : This again demonstrates the seriousness of the lack of extremely competent management in foreign business, and of failures to appreciate any number of differences there may be between domestic and foreign situations and requirements. Undue and repeated delays in despatching samples are another serious issue requiring attention from any manager hoping to make an impact in foreign markets; one organisation advised me that samples were to be despatched within two months or so of the time of our conversation, yet the government department concerned appeared to be under the impression that they had already been despatched; I was able to check back on the situation three months later, only to be told that the samples would not be available for some time yet.

I also quote the testimony of cooperative officials who, between them, have many years of experience in trading in cooperative circles in South and East Asia; one says "I have gained an impression that, apart from political and import licensing barriers, which stand in the way of development of cooperative trade in this area, many cooperative organisations themselves lack the personnel with international trading experience to give the necessary impetus to its development...." The second opinion states "....success results from being very highly skilled in regard to export. It would be extremely difficult for the majority of cooperative organisations..........to develop international marketing, because they lack specialisation, unless they are very large and can have a special department....." Another authority on these matters says, on the basis of long experience, that "ignorance, not only of the techniques of international trade, but of organisational tasks of primary importance on the collecting side of export business, is unfortunately very prevalent in many developing countries." Reporting on his visit to New Zealand, the Regional Officer said the importance of efficient management as a key factor in cooperative development was stressed in conversations with him, and he found it to be of great significance in the (successful) producers' cooperatives which he himself visited.

These comments demonstrate the importance of highly skilled management being made available for the conduct - and particularly for the pioneering - of foreign trade by cooperatives. The training of such management must be a task of the highest priority for any organisation which seriously hopes to secure and consolidate a worthwhile place as a foreign trader. This training can be given partly in the home country through suitable business colleges and management courses, etc., while part of it can sometimes be effected by temporary attachment to an experienced business abroad - possibly a cooperative society in another country which is already engaged in foreign trade and may be willing to give such practical help which may well be not without ultimate benefit to their own organisation. Several national cooperatives in developed countries are in a position to give that kind of practical assistance, and have in fact given it on a number of occasions.

8. Other Impediments to Progress in Foreign Trade

Having tried to sum up - in so far as it is possible to sum up facts about organisations of different sizes and strength, operating under varying conditions, and in different economies, commodities and industries - some of the important direct impediments to the development of foreign trade by cooperatives, I think it important to point out that many barriers are to be found not at the actual stage of exporting and/or importing activities, but at a more fundamental and earlier stage of the cooperative trading, production or marketing set-up. There are also the various forms of harassment by private competitors which are designed to restrict cooperatives in their scale of operations and freedom of action. Therefore, cooperatives need to be extremely competitive and efficient, and nowhere is this more important than in the specially hazardous field of foreign trade, where the factors outside one's own control are more numerous than in the domestic market.

Observations by UN agencies have been quoted to show that, in many cases, agricultural and industrial products from some developing countries in South and East Asia (and from other parts of the developing world) are relatively high-priced when reaching world markets. In his book "Prosperity Through Export", Dr. R.K. Singh says, in relation to India : "The fundamental weakness in our export drive is the high cost structure of many of our industries. This is particularly true of our old industries such as jute goods, cotton textiles and also items of export, such as tea and sugar".

On numbers of occasions, people in a better position to judge and to know than a passing enquirer like myself have declared that cooperatives tend to be less competitive than the average for a whole country or commodity group; if that is the case - and this is admittedly a reference in general terms - then the task facing cooperative organisations when trying to gain a foothold in foreign trade is all the more formidable, and demands the remedying of all weaknesses, wherever they may be found. Even where cooperatives are the equal of private businesses as regards competence and efficiency, they face the handicap of trying to start new ventures in markets or for sources of supplies which invariably have been surveyed and exploited by private or state traders. There may, therefore, be merit in establishing initial contacts with one's fellow cooperators in the country concerned, thus perhaps gaining access to a sector of the market not yet touched by private foreign traders, though admittedly limited in size.

Apart from various factors already considered in this part of the report, there are many others with an ultimate bearing on competitiveness in foreign trade; some, but by no means all of them, are the following : High cost of production; lack of quality control; failure to maintain agreed standards, or to adhere to arrangements made in other respects of the product; lack of adequate transport and storage facilities, and consequent inability to collect, store and ship produce on a competitive basis and/or at the appropriate time; corresponding shortcomings relating to receipt, handling and processing of incoming goods or materials; insufficient cooperative processing facilities for many commodities, thus making cooperatives, and their ability to fulfil contracts, dependent on private firms at some vital stage; limited knowledge of, or even attention to, the development of modern techniques in many fields, such as protective and attractive packaging, bulk handling and collection of many types of products (including liquids), food and produce preservation, control of stocks and of costs, improvement of yields, market intelligence, etc.

Nevertheless, there are many cooperative trading societies which have an outstanding record of know-how and achievement in some of these respects, though admittedly they are not all located in the region. Particularly in the field of proper grading of produce, and maintenance of quality standards, etc., cooperatives need to learn all they can from their more advanced and expert friends in the Movement of other countries.

Many of these weaknesses, including those concerning the quality and calibre of officials and staffs responsible for the conduct of cooperative (foreign) trade, can be traced to the inadequate financial strength of some cooperatives, and to a history of instability and fluctuating fortunes; in a number of instances, another handicap is the necessarily limited scale of operation, as compared with that of competing private buinesses, yet is is illusory to believe that financial and economic weaknesses can be eliminated simply by planning to operate on a larger scale than had been possible hitherto, even if the necessary loans or credit facilities should fortunately be available (usually for a strictly limited period and at a high price). For even the most carefully laid expansion plans, the optimum utilisation of any such loans and the strictest accounting procedures are, of course, vital prerequisites.

Whilst warning against imprudent expansion plans, there is of course no denying the undoubted benefits which can accrue to a cooperative enterprise - indeed to any business enterprise - from soundly based operations on a larger scale, and it is certainly not intended to condone any steps taken by private competitors and/or governments which have the intention, or the effect, of restricting the scale of cooperative trade and production enterprises; artificial clamping down on the scope of cooperative business activities often has both the purpose and the effect of making cooperatives less competitive, or (perhaps more to the point) of preventing them from eventually becoming increasingly competitive. Special packing, printing or labelling for import/export purposes, for example, is clearly not feasible unless business is done on a substantial scale. For exports and imports of consumer goods, this is a development which may not receive the necessary impetus until the more widespread creation of self-service stores which are as yet a rarity in most countires of the region.

Possibly the most important point in relation to problems, weaknesses or handicaps which effectively bar many cooperatives from embarking on foreign trade ventures - no matter how desirable a goal this may appear to be - is the paramount need first to master completely all aspects of those operations which any given society is already conducting, no matter on how modest a scale. The greatest possible consolidation of the basic day-to-day activities of a society is the prime prerequisite for economic soundness, and for the success of any expansion and foreign trade plans; too many failures have been attributable to over-ambitious designs.

This detailed reference to internal cooperative problems is not designed to gloss over the fact that many impediments have to be faced by foreign traders, including cooperatives, over which they have no control, but these are mostly restrictive measures of a general nature, and not anti-cooperative, as it were. They include anti-dumping and countervailing duties to bar low-priced imports, and the type of duty which is imposed primarily to assure national exchequers of a substantial income from the use and consumption of products such as tea, coffee, tobacco goods, wines and spirits, petrol, etc.

Another problem are the cartels which control shipping space allocations. By 1962, developing countries in the ECAFE region owned only 3% of the world's merchant ships, making them heavily dependent on the maritime countries.

Possibly the most severe handicap is the import restrictions policy which applies almost without exception in countries of the region, the difference being merely one of degree of severity, regardless of whether the principal motive is the conservation of foreign exchange, protection of domestic industry or farming, or the enforcement of health and hygiene regulations, etc. Obviously these problems are most serious in those countries which suffer from the greatest shortage of foreign exchange in the region. Such policies of protection operate also in many countries outside the region.

Since the prime aim of any foreign trade development work among cooperatives in South and East Asia is to advise and assist those societies which are genuinely willing and able to engage in such trade, I have not gone into detail about e.g. high internal or local demand (and prices) having an adverse effect on exports, as I do not consider it part of present ICA attention to these matters to persuade cooperatives to engage in foreign trade if they feel reluctant or unable to do so. That is a matter for national policy decisions, and a question for governments to consider when formulating their attitudes towards export incentives.

Where an organisation or trade enjoys the benefit of high prices for its products on the domestic market, that factor is obviously a disincentive to exporting, which might be less profitable and almost certainly more risky. In some instances, the price difference is even great enough for profits from home sales being used to subsidise exports - not from government funds, but from the profits made on the home market. It can be argued that this makes things more difficult for competing exporters from other, less well placed, countries.

Where, as e.g. in the case of the Northern Division Agricultural Producers' Cooperative Union Ltd. of Ceylon, and the suggested exporting of shallots, a government department is urging a cooperative organisation to venture into foreign markets, although it is readily selling the product at home, the decision is one to be made in the cooperative movement concerned; all that the ICA Regional Office or other cooperative organisations can be expected to do is to make available any contacts, experiences and material which may prove useful to the trading cooperative concerned, either in helping it to determine its policy, and/or to assist it in its efforts once the decision to embark on exporting has been taken.

PART VI

CONCLUSIONS AND RECOMMENDATIONS

1. Arguments and Suggestions Encountered

It may help to assess the value and relevance of the recommendations submitted below if I were to declare my attitude towards certain issues and arguments raised - not necessarily in the region alone - in the course of the investigations. My conclusions were arrived at in the light of fresh facts and aspects discovered; very instructive discussions with knowledgeable people in various organisations and countries helped me to formulate what I hope will be practical and useful proposals.

(a) Should foreign trade by cooperatives be conducted by national organisations, or can it equally well be done by regional, provincial or even local cooperatives?

The view having been expressed that local cooperatives were able to conduct foreign trade direct and without a higher-level apex or national organisation (which, it was implied, would merely pocket a percentage commission from the transaction), and though a universally applicable answer cannot be given, enough has been said and quoted to illustrate the need for very specialised knowledge to be brought to bear on the conduct of foreign trade, if it is to have any prospect of success. As the Deputy Chief of the ECAFE/FAO Agriculture Division put it, foreign trade presupposes a good deal of specialisation which small-scale cooperatives cannot afford.

Bearing in mind the shortage of skilled management in many cooperatives, the formidable expertise required for dealing with foreign suppliers and customers, and the frequent need to negotiate with central government departments, it appears preferable to work towards a system under which a special centralised national cooperative agency or foreign trade department can do this work on behalf of interested member cooperatives, always provided that these members would be entitled to access to, and help and advice from, such a central agency. Independent and unconcerted action by e.g. a number of provincial societies in the same field may not only cause wasteful duplication of effort, but may lead to them competing against each other in a foreign market, perhaps even outbidding and undercutting each other's offers. This would make a mockery of Cooperation, especially if the contestants are affiliated and subscribing to the same central organisation in their own country. Similarly, the effectiveness of any approach, and the conduct of any subsequent negotiations, will be adversely affected if it is necessary to deal separately or simultaneously with a number of individual cooperatives which are all interested in the same trade or commodity. Where, for example, many societies are interested in importing spices, no worthwhile deal will result from piecemeal negotiations. (The Tokyo conference thought the question of creating any necessary national organisations might be considered at a future meeting on international trade, and the Third Asian Agricultural Conference is to consider these issues in January, 1967).

(b) "Developing Cooperatives Lack Sympathy from Western Cooperatives".

Having referred to the continued need for certain forms of practical aid from the movements of the West, I will revert to the subject in my recommendations, but the position needs to be clarified, as far as actual trade deals are concerned; the implication behind this allegation appears to be that Western cooperatives conclude, or are inclined to conclude, business deals in the region with private traders when the transactions could just as well go through a cooperative organisation there.

There was no suggestion of any anti-cooperative bias on the part of those Western cooperatives, but there was the occasional inference that business might be done on a cooperative-to-cooperative basis of "sympathy", WITHOUT perhaps the fullest regard for every relevant factor of economics and competition.

Leaving aside gifts and schemes for assistance purposes, it must be stressed that, in any business deal between cooperative organisations, each side's first duty is to the interests of its members, and the same principle applies to trade between cooperatives of developing and developed countries as applies to trade between two societies in either of the two categories - namely that the deal will go to the most competitive bidder, whether a private firm, cooperative society or state-trading agency. It can of course be advocated that a cooperative bidder for the business in question should get preference from the other cooperative organisation if all economic terms and conditions are as favourable as those offered by private competitors - and even then we must make the realistic qualification that a cooperative will not switch existing business to fellow cooperators in the other country if, by doing so, it might imperil long-standing and reliable foreign contacts, markets or sources of supplies, as the case may be.

others in the scheme; and all of them profit from the larger scale of operations. This is the case, for example, with the Scandinavian cooperative furniture production rationalisation scheme, where each national factory produces different items for sale to cooperative societies throughout the area, in accordance with an agreed plan.

(f) "ICA should not concern itself with Trading Matters".

Since substantial funds financing ICA activities have their origins in cooperative trading activities in various countries, and as the Alliance has auxiliary committees which at least discuss trading matters, this may appear to be an academic issue, but it is referred to here, in relation to some of the recommendations which follow.

In pursuing the enquiries for this survey, I repeated persistently that the ICA is not a trading organisation, that it has no intention of becoming one, and also that my project was initiated by a decision of the Tokyo conference (representing the member organisations in the region) and <u>not</u> by any desire on the part of the ICA to meddle in the conduct of cooperative trade, or to offer any advice in that sphere. All the organisations approached were left in no doubt on these points.

All the subsequently offered recommendations are based on the fundamental assumption that any extension of the work of the Regional Office, or indeed of the Alliance as a whole, in the field of trade would be designed only to meet the wishes of member organisations, and would remain limited to work of an advisory character, and <u>under no circumstances assume any form whereby the ICA could become involved in decision-making or responsibility</u> for any trade to be done, or not to be done, by cooperative organisations.

Within these unambiguous limits, there is, I believe, a strong case for the ICA not turning a blind eye on the problems which cooperative trade organisations in many countries of the region are facing; it may be that, in the long run, an extension of trade liaison work by the Regional Office - possibly along the lines of the following recommendations - might become as useful to members as the other valuable activities developed during the last six years.

2. Main Issues Highlighted by Tokyo Conference

Before listing my recommendations, I think it appropriate to comment briefly on the main issues which the Tokyo conference listed as possible topics for a cooperative trade conference - which will be the Third Asian Agricultural Cooperative Conference in New Delhi in January, 1967. I have already paid tribute to the way in which the Tokyo conference focussed attention on the key factors in any development programme for the foreign cooperative trade of the region; having seen the outline programme for the New Delhi conference, I believe that these issues are going to be thoroughly discussed there.

The topics which the Tokyo conference listed for consideration - and my comments on the suggestions implied in some of them - are as follows :

(i) Past and present structure of, and national policies of, export and import trade in the different countries of the region :

Some information on these subjects is contained in my report, and reference is made to some common features which do exist, e.g. governmental powers to control the conduct of foreign trade, the apparatus necessary for exercising such controls, concern with problems of foreign exchange earnings and expenditure, protection of vital domestic trades and industries, arrangements and incentives for the encouragement of exports, etc. Nevertheless, the situation differs greatly from country to country in the region, and an examination of the actual foreign trade policy, and of relevant cooperative experience and action, in a limited number of significant countries is more likely to be profitable to those directly concerned with practical aspects of foreign trade than any attempt to analyse common policy denominators for the whole region which is not a political, economic or even geographical unit.

(ii) Feasibility of extending Cooperative Trade :

The Deputy Chief of the ECAFE/FAO Agriculture Division summed up the prospects by saying that progress in foreign trade by cooperatives was likely to be slow for a number of reasons; quite apart from the admitted inherent weaknesses of (some) cooperatives, they were not only late starters in the race in many instances, but had to face a very high degree of concentration in the foreign trade of Asia, where a small number of firms account for a large proportion of total business. Obviously, these are firms with experience, resources and organisational structure as yet unmatched by most cooperatives in the region.

The feasibility of extending cooperative trade is a subject for study and examination on a case-by-case, commodity-by-commodity, and perhaps country-by-country basis; no generalisations would be possible or meaningful, since the chances of expanding trade will range from nil to very promising.

(iii) The national organisations that would need to be created in some countries to undertake international cooperative trade :

Each national movement lacking such an organisation will, first of all, have to determine the need for, and the exact role of, such a body, bearing in mind the costs likely to be incurred and the benefits to be expected, as well as weighing up whether a sound basis exists, in the form of efficient local and district marketing, procurement, supply and distribution cooperatives, etc., for such a national superstructure to be built upon.

Where the need for, and the role of, such an organisation has been positively identified, and action is contemplated to create a national body of this type, a careful examination of the case histories of similar developments in other countries and/or in other commodity fields ought to precede the actual implementation of the decision; some relevant material may be found in sections of this report. Additional background information is in the possession of, or obtainable through, the Regional Office.

(iv) The staffing of such national organisations and the training of the staff of such organisations :

There is no doubt or dispute about the importance of this factor; indeed, the decisions to be taken under (iii) above must take into account the feasibility of securing the necessary staff of high-level competence, and of training the additional personnel likely to be required for any subsequent expansion of activities. Successfully operating cooperative organisations can make valuable contributions by informing their fellow cooperators how they go about meeting their own needs in these respects, and by indicating whether they are able to give practical training assistance to newcomers to the field of foreign trade, possibly by temporary attachment of prospective staff from other cooperatives to their already functioning foreign trade set-up.

(v) Organisational arrangements for making market intelligence available:

Cooperatives need to consider, on a national and on a commodity basis, the possible exploitation of existing commercial services of this kind, without entering into any imprudent or excessive (financial) commitment to any arrangement which may not fit the particular and precise requirements of the organisation in question. As to information from different sources, including any which covers larger fields than a national market or originates from regional, international or specialised world-wide agencies, plus material from different cooperative organisations, reference to the work of accumulating, interpreting and disseminating it is made under my subsequent recommendations, which also deal with the part the ICA Regional Office might play in such activities.

(vi) Study of Government regulations, etc., which hamper international cooperative trade :

Although there is the common factor of all governments controlling the conduct and flow of foreign trade by some means or other, the situation varies a good deal, according to the severity of the restrictions imposed, and to the standing and achievements of cooperatives in foreign trade. The Tokyo conference recognized that "it would not be easy for the national cooperative organisations to overcome these barriers, as such restrictions are mainly the result of government policy in the context of the economic conditions in the different countries". An international trade conference can only draw attention to such restrictions as are common to the countries concerned and which do discriminate against cooperatives or hamper their efforts; it might be more valuable for the participants and the organisations they represent to consider the applicability elsewhere of any steps taken by successful foreign traders among cooperatives to overcome such handicaps, and of any campaigns conducted to have such impediments removed.

(vii) Whether an organisation on the lines of the Scandinavian Cooperative Wholesale Society could be organised for this region, and if so, the steps that should be taken towards this end:

What has been said earlier about the need for solidly based foundations for a national cooperative superstructure to act as a foreign trade agency is perhaps even more valid in respect of any regional or international plans of this nature. Where appropriate national cooperative departments are functioning, they build up and cement trade contacts with other markets and not only engage in foreign trade deals, but also gather experience and knowledge about the intricacies of this type of operation; only when a sufficient number of such reasonably experienced national bases have been firmly built can one expect to create - and to PAY for - a regional cooperative trade organisation with any prospects of success. A view along these lines was expressed in several quarters, i.a. by the General Secretary of the Central Union of Agricultural Cooperatives in Japan.

The Scandinavian CWS started out as a BUYING agency on behalf of a limited number of national cooperatives in countries which have the advantage of being situated close to one another, of certain affinities of language, and of other similarities of character, tastes and habits, as well as having advanced and prosperous economies. Some of these conditions do not yet prevail in South and East Asia, whilst others clearly can never apply at all. Also, the emphasis in any regional trading cooperative in this region would be on marketing and SELLING members' products abroad, certainly to begin with, since in many countries imports are currently kept down to an absolute minimum. It is a sobering thought that the Scandinavian CWS was active for some 36 years before it set up its export subsidiary.

A regional cooperative trade organisation would face formidable additional handicaps, e.g. the vastness of the region, the difficulties inherent in conducting business and making decisions across enormous distances, and the burden of extra costs due to long-distance communications being required almost continuously. The problem of securing, and remunerating adequately, management and staff of the highest calibre would also be considerable. In view of these practical difficulties, and of limited cooperative resources, the question arises whether such a project is feasible at this point in time. Nothing would become a greater impediment to the growth of foreign trade than a premature or over-ambitious plan which might result in failure, financial loss, and the undermining of hard-won self-confidence and prestige of cooperative organisations.

The Third Asian Agricultural Cooperative Conference is to consider "Possibilities of joint action among various cooperative organisations in Asia on the pattern of UNICOOPJAPAN". Some of the foregoing comments would apply equally to that proposition, although UNICOOPJAPAN has been engaged in both buying and selling for a few years now; however, their operations in Thailand did incur losses to begin with as did those of "ZENHANREN" in Hong Kong, and it was in respect of the foreign trade of the Japanese cooperatives that the head of an international organisation suggested that this had perhaps up to now not been as successful as was generally thought.

3. Recommendations made in light of Survey Findings

Although diffident about submitting recommendations on the basis of my limited acquaintance with the problems of the region, I do so in the hope that they may serve as a starting point for consideration and discussion of the issues involved.

In introducing my recommendations, I am mindful of my impression that personal contacts made in the region during the last 18 months by the Regional Officer and myself have, on the whole, proved the case for the need to give more extensive and systematic attention to foreign trade questions in future; I believe this to be the wish of the majority of organisations approached, and there is little reason to doubt that any extension of this work would gradually bring more interested cooperatives within its ambit and that of the organised world-wide cooperative movement. The first aim of any such expanded trade liaison work - primarily from the Regional Office - should be the really practical one of helping to establish and strengthen direct cooperative trading contacts.

To sum up my negative recommendations first, I believe it would be premature for any of the following measures to be taken at present, or for say the next two years :

(a) Creation of an organisation for the region on the lines of the Scandinavian CWS, or of UNICOOPJAPAN.

(b) Another cooperative trade conference, other than the already scheduled Third Asian Agricultural Cooperative Conference (New Delhi, January 1967), particularly as this is to be preceded by ICA organising an experts' conference on cooperative marketing, which is certain to consider some of those basic weaknesses in the cooperative trading structure that have a bearing on the competitiveness of cooperative products, and on the movement's chances of marketing them abroad.

(Other comments relevant to (a) and (b) above appear in the preceding section in relation to the issues raised by the Tokyo conference).

(c) Just as I see no practical value in planning now for any further multilateral trade discussions under ICA auspices beyond the already scheduled Third Asian Agricultural Cooperative Conference, so do I not believe that any rigid pattern can be prepared for ICA action to overcome barriers to the development of foreign cooperative trade; as far as any impediments based in the cooperative organisations themselves are concerned, ICA Regional Office activities are, in any case, directed towards helping the organisations to improve their competitive position in any number of ways open to them. As to legislative restrictions, these are primarily a matter for action at the national level, and the ICA should not be expected to take any initiatives here; neither intervention in any national situation nor even focussing attention on it should be considered by the ICA unless specifically requested by the member organisation concerned. Such a general policy with regard to national situations would not preclude the ICA from utilising any suitable regional or international forum to draw attention to existing restrictions and barriers - as indeed was done at the Tokyo conference - but the practical value of such actions will be severely limited, especially since the responsibility for anti-cooperative impediments cannot be laid at the door of any regional or international organisations. The Alliance can of course always consider and take appropriate action in relation to policies and measures which are thought to be generally restrictive and harmful.

My recommendations are :

(A) To All Parties Concerned with Cooperative Foreign Trade Development

1. Need to recognize the value of potential cooperative contributions to the development of foreign trade (e.g. elimination of middlemen; contribution to national export efforts; stimulating competition in foreign trade fields, with benefits resulting in respect of price levels, standards of products, and of service, etc.;

possibilities of enlisting cooperative participation in execution of trade commitments entered into by governments, and/or state-trading agencies under the terms of bilateral trade agreements, etc.).

2. Recognition of interrelationship between trade and aid, and implementation of policies based on such recognition : Strengthening cooperatives by promoting growth of their (foreign) trade will enable them to gather useful experience, and to become more self-reliant, thus gradually depending less and less on various forms of aid; however, many forms of assistance and advice will have to continue for some time to come, and should in turn make cooperatives better able to compete in foreign markets, and for foreign supplies. For the next few years, the extent and progress of trade and of aid will continue to have a bearing on each other, and the rate and extent of the one will directly influence the need for the other.

   Arising from this, there is need for examination and recognition of the merits of inter-cooperative trade agreements or arrangements to link trade opportunities with offers, or provision, of suitable forms of assistance. (One such already operating agreement - involving the agricultural cooperatives of Japan and Thailand - is detailed in Appendix No.2).

3. Need to recognise - without using the fact as an excuse or alibi for shortcomings in the cooperative trading organisations - the existence of restrictions and barriers which impede the development of foreign trade by cooperatives, either by limiting such trade to uneconomic proportions, or by other, more fundamental curbs which delay the progress of cooperatives towards becoming

fully competitive, e.g. undue restrictions as to range of goods to be handled, stipulations that only products coming from members may be dealt with, limitation of activities to a particular sector of the cooperative movement (agricultural, or industrial, or consumers'), etc.

In the light of the actual or potential value and benefits of cooperative trading activities to the community, to the national economy, and to the general effort to promote foreign trade - see (A) (1) above, and initial paragraph under (D) below - serious attention to be given to constructive measures which might be taken to eliminate those barriers and restrictions as may be said to prevent cooperative organisations from playing a part in foreign trade development, in the interests of their membership and of the country as a whole.

4. Recognition of need for wider and more effective publicity to be given to foreign trade activities, interests and opportunities involving cooperative organisations of both the developed and the developing countries; work on the regional Trade Directory and for this report highlighted an appalling degree not only of ignorance about these activities and interests, but of non-availability of the relevant information. Customary initial enquiries through commercial sections of embassies, high commissions, etc., - either in one's own country or abroad - almost invariably fail to result in any reference even to the existence of cooperative trade organisations, and so do many trade directories and other apparently appropriate information sources and points of contact.

5. In relation to the development of new cooperative trade ventures in other countries, and bearing in mind the often weak position of cooperatives embarking on such enterprises, as well as the usually well-established stronghold of private trade interests in many markets and commodity fields, direct cooperative-to-cooperative contacts between the countries concerned to be recognized as a valuable first step for initial orientation and introduction purposes, even where prospects for direct trade between the two sides may be doubtful. An added point about such contacts is that of keeping one's fellow cooperators in the other country informed about any plans that might be put into operation in their trading territory.

6. Though not specific cooperative problems, attention needs to be given, in any serious attempts to facilitate foreign trade expansion, to (a) certain restrictive practices in shipping which tend to put shipping space users at the mercy of shipping conferences which fix freight rates unilaterally, frequently with the result of making products from developing countries uncompetitive, and (b) the special incentives which need to be given for the development of new export markets or industries, possibly in the form of levies on home sales and stocks to finance export promotion in new markets, and/or of generous taxation allowances in respect of expenses incurred in such promotional efforts abroad (see e.g. reports on Australia and New Zealand).

7. In their efforts to assist food production, improve agricultural productivity, and to expand their activities in such vital fields as e.g. sugar and rice cultivation and milling, and the development of plantation crops - primarily coffee and tea - cooperative organisations in South and East Asia are invariably and continuously in need of fertilisers, agricultural chemicals and petrochemicals of various kinds; since the International Cooperative Petroleum Association not only has shareholders (cooperatives and state agencies) and trade relations in the region, but is developing its activities in the direction of procuring and producing the aforementioned products, the possibilities of liaison and collaboration with ICPA should be kept in mind and reviewed as a continuous process. According to varying national circumstances and stages of progress towards self-sufficiency in respect of chemicals and fertilisers, ICPA should be regarded and utilised as a potential supplier of these products, and/or as a party to any production planning and development in countries of the region, enlisting the collaboration of local cooperatives wherever possible.

(B) <u>To the Authorities of the ICA</u>

1. A decision to be taken in principle that the ICA, and its Regional Office in particular, will - in response to the wishes of its member organisations in South and East Asia - devote increasing attention to the development of international cooperative trade, on the basis of confining itself to liaison and advisory work, without interference in the trading policies or the conduct of trade negotiations of cooperative organisations, and without accepting any role which could enable the ICA, or any of its officers, to become involved in, or responsible for, decision-making in any trade negotiations or actual deals.

2. In pursuit of (1) above, that a full-time Trade Liaison Officer be appointed, to be based at the Regional Office and responsible to the Regional Officer. The duties of such a Trade Liaison Officer to include some or all of the items listed in Appendix No.3, plus any others suggested or approved by the authorities of the ICA.

3. If it should be felt that a full-time Trade Liaison Officer should not, or cannot, be appointed for the time being, the most appropriate link-up of trade liaison work would be with the technical assistance work now carried on by the Regional Office; one Officer might, in that case, combine these functions, pending a later review of the extent of actual trade liaison work undertaken, and of the scope of the further requests coming in from organisations in the region. Such a review to be carried out either after a period of time determined by the ICA authorities, or at the discretion of the Director and of the Regional Officer in the light of circumstances.

4. Particularly as long as no separate regional committees or sub-committees, parallel or affiliated to the existing wholesale and/or agricultural committees of the ICA, are created, regular liaison with those committees to be established and maintained between the Trade Liaison Officer at the Regional Office and the CWC and Agricultural Committee Secretaries respectively. Similarly, any trade (and technical assistance) matters arising in the region and requiring contact with any of the <u>other</u> auxiliary committees of the ICA also to be chanelled through the Trade Liaison Officer to the Secretary of the appropriate committee. In effect, the Trade Liaison Officer to act as a regional extension contact, especially

for the CWC and the Agricultural Committee, at least pending any more direct inclusion of regional representatives and interests in the activities of those committees; such as arrangement should fit into the existing pattern of ICA organisation, would have the advantage of some degree of flexibility, and could, in due course, even be followed in other regional arrangements.

(C) To National Cooperative Movements in Developing Countries of the Region

1. Greatest possible care in study of, and attention to, background and conditions relating to foreign trade operations and opportunities; all items to be thoroughly investigated, such investigations to embrace i.a. - whether for import or export purposes - relevant regulations, price fluctuations and market situations, differences regarding climates, habits, preferences, trading structures in foreign countries, analysis of cooperative trade position and strength in the country in question, scope for, and limitations of, cooperative trade activities there; where appropriate, contacts with foreign cooperative trading organisations both in their own countries and with any of their permanent or visiting representatives in the region; consideration of realistic limits to marketability and competitiveness of the region's own products in the areas surveyed, and of scope for barter trade, as well as for trade via state-trading agencies in one's own country or with those of other countries.

2. Need for an efficient structure of national foreign trade organisations and for highly skilled management, with specialist knowledge for conduct of business often requiring speedy decisions of importance, and also for frequent dealings with governmental and other agencies concerned with foreign trade licensing and policy, for securing cooperative representation on, and/or making cooperative views known to, such bodies as e.g. marketing boards and commissions, export promotion councils and those determining export incentives, regional organisations like ECAFE, bodies administering international commodity marketing agreements, foreign trade missions and negotiating panels, etc. To ensure continuity of supply of adequate managerial staffs, especially where foreign trade expansion is planned, a definite management development and training programme to be determined and carried out, possibly with the assistance of other cooperatives more advanced in foreign trade experience and organisation.

3. In view of the extra keen competition and additional risks involved in foreign trade, and particularly where a cooperative organisation is only beginning to establish itself as a foreign trader, the maximum businesslike approach and efficiency are called for in dealing with all foreign trade matters, including promptness and precision in all correspondence and negotiations, immediate attention to all matters arising, and the determination of policies, instructions to agents, offers to customers, specifications of requirements, etc., to be in very clear-cut and definite terms.

4. Recognition that many factors which may prevent success in foreign trade are traceable not to the stage where export or import actually takes place, but to more fundamental problems in the trading and business operations of the movement, e.g. uneconomic scale of production or marketing, high costs at any given stage, such as production, storage, handling, transportation, etc., lack of quality control or inspection arrangements, failure to supply goods of uniform quality standards, lack of storage facilities compelling hurried disposal of seasonal and perishable produce at unfavourable times, unfamiliarity with modern techniques and processes, etc.

5. Need to study - especially at early stages of foreign trade enterprises, or even before embarking on them - various forms of organisational structures and arrangements, particularly those which have proved successful elsewhere over a period of time, even though possibly in other commodity fields and/or in other parts of the world, in order to profit from experience gained (particularly by cooperatives) and to determine how far such experiences are relevant to local situation and requirements, and may be utilised to advantage. Adaptation of any such schemes necessitates their thorough prior investigation by all concerned, e.g. the farmers' societies in membership with a national federation. Information other than that in this report could be secured through ICA Regional Office; it is important that it should be effectively communicated to all members and prospective participants in any new organisation, and that a proper forum for consideration and eventual decision

is assured - a question of efficient communication within the whole of the national movement which is to be committed to any such new set-up for the conduct of foreign trade.

(D) To National Governments of the (Developing) Countries of the Region

Bearing in mind the useful role which cooperatives can and do play in national economies, what they are amenable to participation in the implementation of government policies in the national interest, that they do, in the course of their activities, carry out many vital functions, e.g. the distribution of commodities in short supply or tied to a rationing scheme at a controlled or prescribed price to ensure fair and widespread allocations to the mass of the people, and that therefore governments (in developing countries in particular) have an interest in strengthening the economic activities of cooperatives on the one hand, and in the encouragement of exports and of all foreign trade operations which are for the good of the country on the other, the following recommendations are submitted :

1. Government departments concerned with the examination and approval of foreign trade licensing applications to be advised to grant permission to trade abroad to cooperatives where economic considerations do not expressly warrant a refusal on extremely serious grounds, and in granting such applications to authorise sufficiently large quotas to make possible foreign cooperative trade on an adequate economic scale, and that such applications should be examined from a broad, long-term viewpoint, not confined only to the details of the one transaction immediately pending. Where governments exercise some control not only over foreign trade, but over the cooperative movement and its activities,

it is additionally recommended that the necessary policy alignment between the foreign trade department and the cooperative department be ensured by appropriate guidance or instructions.

2. To give prominent consideration to cooperatives in connection with the execution of commitments entered into by governments or their trading agencies under the terms of trade agreements and/or with state-trading countries, bearing in mind that some of the latter regard cooperative activities with a certain degree of benevolence, and also that cooperatives, acting as an instrument for implementing the government's foreign trade policy and/or commitments, can perhaps be fairly readily guided by the government to assure the satisfactory conclusion of the trade deals in question. One feasible and already tested suggestion is for cooperatives to handle and distribute PL 480 supplies from USA.
(In July 1966, an Indian Government Committee recommended that the State Trading Corporation should give preference to cooperatives in export matters).

3. To consider, not merely in the interest of strengthening co-operatives, and to enable them to conduct trade abroad, but in the wider national interest, making funds available to trading cooperatives through cooperative banks and credit institutions, both for the finance required for such trade ventures and for the closely related purpose of developing processing industries under cooperative control for the better utilisation of agricultural and food crops destined for foreign markets.

4. To take into account the position, potential contribution and development, and the views, of cooperatives engaged in foreign trade, or likely to become so engaged, when formulating foreign trade policies and commitments, negotiating trade or commodity marketing agreements, etc., and to consider the advisability of appointing cooperative representatives to the appropriate committees and negotiating bodies, etc.

5. To encourage and facilitate the sometimes lengthy and arduous work of getting cooperatives actively engaged in foreign trade by ensuring a greater degree of continuity of the appropriate appointments in government cooperative departments and, where applicable, of government-sponsored appointments in national cooperative organisations themselves, particularly with regard to senior staffs of cooperative foreign trade sections. A policy of greater continuity of appointments would help to provide a climate of opinion which might induce greater concern with, and involvement in, such long-term projects as the growth promotion of foreign cooperative trade.

(E) To National Cooperatives in the Advanced Countries

1. In view of the growth potential of trade with the region, and in order to acquaint cooperatives there with the fields of possible trade which are of real interest to Western cooperatives (thus eliminating misconceptions about assumed opportunities for almost unlimited trade), cooperatives in the region to be more fully informed about Western cooperative trade interests there, and to be given an opportunity to participate in any proposed trade negotiations and deals. This could be done by direct

communication to cooperatives in the countries in question, through the secretaries of the auxiliary committees of the ICA, or via the Regional Office (and its Trade Liaison Officer, if appointed). These objects could be partly achieved by Western cooperatives including the Regional Office and major trading cooperatives in the region on their mailing lists for regularly issued trade reports and bulletins, and by a wider dissemination in the region of bulletins and other publications from the ICA Agricultural and Wholesale Committees which reflect the trading interests and preoccupations of cooperatives in the West.

2. To make available to cooperatives in the region advice and assistance relating to foreign trade promotion, in response to specific direct requests and to any channelled to Western movements by the ICA or its Regional Office/Trade Liaison Officer. Such matters may include information regarding market requirements and/or sources of supplies, foreign trade regulations, tariffs, general trading conditions, appropriate contacts, training of potential foreign trade managers by temporary attachment to existing cooperative foreign trade departments in Western movements, advice on handling, marketing and processing of produce, channels of distribution, financial requirements for foreign trade, and availability of finance for these purposes, assistance regarding sales promotion and advertising techniques etc. (One organisation paid tribute to the value of advertising material received from a Western cooperative which was said to be invaluable for their internal marketing in a country thousands of miles from the origins of the material). One practical form of assistance could be the provision by Western cooperatives of display facilities for products from the region.

3. Not merely for the benefit of interested cooperatives in South and East Asia, but for their own purposes, Western cooperatives with a real interest in foreign trade to consider making these interests, activities and trade opportunities more widely and more effectively known abroad, e.g. by inclusion of suitable references in official lists of traders, merchants and manufacturers maintained by the commercial sections of foreign diplomatic missions, and of their own national missions in other countries, by similar insertions in appropriate directories and reference documents, as well as by an increased systematic dissemination of readily available trade literature (brochures, leaflets, reports, diaries, etc.).

4. Bearing in mind the relative inexperience of some of the cooperatives in the region desirous of entering or expanding foreign trade activities, to pursue towards such organisations and their approaches and enquiries a policy of consideration and appreciation of the need to guide and advise them, in order to make these developing cooperatives successful and self-reliant in the field of foreign trade, thus enabling them to become fully fledged foreign traders, and equal partners in future in the international cooperative trading network around the world.

5. A Final Note

Cooperative organisations in the region which express an interest in foreign trade range from those successfully engaged in it for many years to others which have, at present, neither the necessary organisation and strength, nor a very clear idea of what would be involved in their entry into foreign trading. At the lower end of the scale, so to speak, there are societies which manage to function only with the aid of government concessions, or which would at least require such concessions whilst finding their feet in foreign markets.

Bearing in mind that many cooperative organisations which want to enter into foreign trade are not only inexperienced and in some respects relatively weak, but also latecomers in a field where powerful private and state trading interests are already well established, it would be imprudent to expect any spectacular initial progress by these cooperatives, particularly where they trade on a strictly limited scale.

//Considerable though the restrictions and impediments created by official policies are - and I would not wish to minimise the difficulties involved in becoming established and accepted as a bona fide foreign trader in the eyes, and with the authorisation, of national governments - I am under the impression that ON BALANCE these problems are perhaps less formidable than those posed by the shortcomings of some of the cooperative organisations themselves. Business efficiency is likely to be the most effective weapon in the struggle to overcome both legislative restrictions and economic barriers.//

Recent contacts in the region by the Regional Officer and by myself have, I believe, brought out the need for the expansion of trade liaison work by the Regional Office; almost inevitably, these demonstrations of ICA awareness of, and interest in, foreign trade problems have aroused the hopes and expectations of cooperative trading societies that the Alliance will play a more active and positive part in this field in future. This is also indicated by the tone of many of the letters which have come into the Regional Office.

These contacts have, I believe, uncovered the latent desire in many organisations to try and establish live trade links with their fellow cooperators in other countries, and they have also added to the existing goodwill towards the ICA and its activities.

If the expectations of members are not to be disappointed, if this goodwill towards the ICA is to be cemented and consolidated, if the impetus created by this initial spadework is not to be dissipated, and - most important of all - if the needs of cooperative trading organisations in the region are to be met, then an EARLY decision in favour of the implementation of the type of work programme outlined in the foregoing recommendations seems to be called for.

APPENDIX No.1

INTERNATIONAL COOPERATIVE TRADE

Extract from Report of the Cooperative Ministers' Conference. Tokyo. April 1964

Some Barriers to the Growth of International Cooperative Trade and Possible Cooperative Action for their Elimination

i. The structural weakness of the national cooperative movements makes it difficult for them to participate in international cooperative trade. This may necessitate in some cases the establishment of national organisations to undertake this specific task and in some others the reorganisation of existing agencies such as national marketing federations, etc.

In any event such organisations would require specially trained staff at different levels in sufficient numbers. Some of this staff may possibly be attracted, through adequate remuneration, from existing organisations. However, a management training programme for the purpose is definitely indicated in the different movements in the region.

National cooperative organisations would also need strengthening in the availability of knowledge on different aspects of cooperative trade amongst the membership of the movement which would have to come from an intensive education programme.

ii. Further barriers which militate against international cooperative trade are discriminatory regulations mainly emanating from the Government, such as controls, foreign exchange, taxation, quotas, duties, etc. It would not be easy for the national cooperative organisations to overcome these barriers, as such restrictions are mainly the result of Government Policy in the context of the economic conditions in the different countries. It would, however, be possible for the national cooperative movements within the context of existing trade practices to carve out for themselves as large a share of the international trade as is possible. This would necessitate a careful study by the various national apex organisations of the trade patterns of the countries involved. Furthermore, the Governments should take appropriate measures to encourage movement of trade through cooperative channels.

iii. The absence of proper grading, quality control, standardisation, etc., especially in the case of primary produce and semi-processed items for export, also acts as a barrier in the growth of international cooperative trade. To overcome this, the national apex organisation would have to carry out intensive extension work on the control of production by the member organisations and also take measures for ensuring the quality, grading, etc.

iv. Lack of marketing information from advanced countries is sometimes a problem acting in restraint of trade development and the ICA Regional Office will endeavour to discover sources of suitable information in answer to individual enquiries until such time as this problem is considered by a suitable trade conference.

v. In some cases, inexperience in a developing country may be removed if cooperatives with such experience in advanced countries can devise means for passing it on to the developing movements. This need is especially felt in the field of processing.

vi. In selection of trade partners, other things being equal, priority should be given to the Cooperative Organisations on both sides.

A Cooperative Trade Conference for South-East Asia

It is considered that cooperative trading beyond national boundaries is sufficiently important to warrant a special meeting to study all the connected problems. It was, however, felt that considerable preliminary work on the gathering of data would be necessary if such a conference or meeting were to be meaningful. There was an insufficiency of data available to the various national movements on the trade practices of the different countries of the region, consumer demands from advanced countries in other regions, etc. This information would be very necessary for such a conference. It was considered that this work should be undertaken by the International Cooperative Alliance Regional Office as a preliminary to such a Conference.

Representation at a trade conference might be drawn from the following sources:

(a) ICA member organisations in South-East Asia interested in international trade;

(b) Representatives of the respective Governments both in the cooperative sphere and in the sphere of trade;

(c) Representatives from international bodies which are interested in the promotion of international trade, particularly the ECAFE; and

(d) Representatives of ICA member organisations in the more advanced countries outside South-East Asia which have an interest in the trade of this region.

Some topics for the agenda for this Conference might be:

1. Past and present structure of, and national policies of, export and import trade in the different countries in the region,
2. Feasibility of extending cooperative trade,
3. The national organisations that would need to be created in some countries to undertake international cooperative trade,
4. The staffing of such national organisations and the training of the staff of such organisations,
5. Organisational arrangements for making market intelligence available,
6. Study of Government regulations, etc., which hamper international cooperative trade, and
7. Whether an organisation on the lines of the Scandinavian Cooperative Wholesale Society could be organised for this region, and if so, the steps that should be taken towards this end.

International Trade Discussion

National cooperative organisations should keep the Governments informed of their requirements in respect of international trading, so that Government representatives may be adequately briefed for any international meetings, such as the annual intra-regional trade consultations held under the auspices of the UN ECAFE which are confined only to the member countries of ECAFE from within the region. These consultations normally take place on a bilateral basis between interested countries and are of a confidential nature.

APPENDIX No.2

AGREEMENTS LINKING FOREIGN TRADE WITH ASSISTANCE WORK

(A) MEMORANDUM OF

JOINT COMMITTEE MEETING ON PROMOTION OF COOPERATIVE TRADE

BETWEEN THAILAND AND JAPAN

Held in Bangkok, March 16, 22, and 23, 1965

Draft proposals on the promotion of cooperative trade between Japan and Thailand are presented to the Meeting by both Thai and Japanese delegations and discussed in detail. Conclusions are made as follows:

1. Training of Cooperative Instructors

A. From September through December 1965, two cooperative officials or employees from Thailand will undergo training on cooperation, under the sponsorship of the Colombo Plan, at the Institute for the Development of Agricultural Cooperation in Asia (IDACA), of which the Central Union of Agricultural Cooperatives in Japan runs the management.

B. It is agreed upon that, in 1966, under a special agreement, a certain number of cooperative personnel from Thailand will be trained as cooperative instructors at IDACA under the following conditions:

1. Trainees must have adequate experience in cooperative works,
2. In principle, trainees should be qualified in accordance with the rules and regulations of the Colombo Plan,
3. After the training, trainees are bound to continue their work in the cooperative movement in Thailand,
4. The duration of the training course will be two or three months, beginning in or about April,
5. Living and other necessary expenses of the trainees, while in Japan, will be borne by ZENKOREN[1] of Japan,

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(1) National Purchasing Federation of Agricultural Cooperatives of Japan.

6. The international travelling expenses will be borne by the Thai agencies concerned.

The Japanese delegation proposes for consideration of the Thai delegation that the number of trainees should not be less than five.

II. Assistance on Farm and Cooperative Management

It is agreed upon that a Japanese expert on farm and cooperative management will be made available for Thai cooperatives through the Colombo Plan. Terms and conditions are to be determined in Japan. Two years' service is preferred.

III. The Establishment of Model Cooperatives

Two model cooperatives will be established in Thailand: One in Nongphai, Petchaboon, the other in Srisamrong, Sukhothai. As a matter of fact, a production credit cooperative has recently been organised in Nongphai and the organisation of a new farm product marketing cooperative is now under way in Srisamrong. Both will serve as a model for the expansion of activities on a multipurpose basis.

IV. Plan for Increasing Maize Collection

A. The Bangkok Farm Product Marketing Cooperative Ltd., (COPRODUCT) sets a target for the collection of maize for the year 1965/66 of 30,000 Metric Tons be delivered to ZENKOREN, through UNICOOPJAPAN.(2) The Japanese delegation concurs to the said target.

B. A purchasing fund of Baht(3) 10 million will be borrowed by the beginning of July 1965 from the (Thailand Government) Department of

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(2) Foreign Trade Organisation of Japanese Agricultural Cooperatives.

(3) 58 BAHT = £stg. 1.

Credit and Marketing Cooperatives by COPRODUCT in order that the latter will be able to defray, as soon as possible, the cost of maize purchased, or advances allowed.

C. It is understood that the purchasing fund of Baht 10 million is not quite sufficient for the fulfillment of the target, so that UNCOOPJAPAN should render certain facilities, such as the opening of letters of credit in favour of COPRODUCT, when requested, and the making of more frequent shipments of maize from COPRODUCT.

D. The Thai delegation agrees to increase the number of personnel at the buying depots in order that the collection effort will be strengthened. As to the transport by trains, COPRODUCT has already been given better facility.

E. There exists currently one buying depot of COPRODUCT in Lopburi, which is a main maize collecting centre. It is stated that the establishment of more branches in other main maize belts for the coming season will be as follows:

1. Establishment of a new farm product marketing cooperative in Srisamrong area, Sukhothai Province.

2. Extension of activities of the Production Credit Cooperative in Nongphaid area to include maize marketing function.

3. Establishment of a buying depot of COPRODUCT in Petchaboon.

V. Price Policy

A. It is agreed upon that whenever a Maize Mission of Japan, in which ZENKOREN is represented, visits Thailand, the Thai delegation will do its best in bringing about the cordial contact between the said Mission and the competent Thai authority empowered with the fixation of the minimum export price of maize.

In this manner, it is hoped, ZENKOREN will concurrently be consulted in the fixation of such minimum price, if any.

B. COPRODUCT, ZENKOREN and UNICOOPJAPAN agree to set in advance a reasonable F.O.B. price of maize, from time to time, on the basis of mutual help and mutual benefit.

VI. The Use of Paknam Warehouse.

In order to minimize the storage cost, both parties agree to urge the use of Paknam warehouse as much as possible.

VII. Agricultural Requisites.

In order to make available to Thai farmers such agricultural requisites as farm machinery, insecticides, fertilizers, and daily necessities at reasonable prices, UNICOOPJAPAN is willing to supply the Cooperative Wholesale Society of Thailand (CWST) with these commodities. CWST will consider the expansion of its activities in collaboration with UNICOOPJAPAN.

VIII. National Federation of Marketing Cooperatives.

In 1965 and 1966 more local farm product marketing cooperatives will be organised in the maize areas. By 1967, it is expected to set up a national federation of marketing cooperatives in order to serve more fully local cooperatives and to strengthen further close cooperation with UNICOOPJAPAN and ZENKOREN.

IX. Second Session of the Joint Committee Meeting

It is consensus in the Meeting to hold the Second Session of the Joint Committee Meeting in Tokyo, Japan, in 1966.

(B) MEMORANDUM RE FURTHER THAILAND-JAPAN COOPERATIVE AGREEMENT MADE ON MARCH 15th, 1966 IN TOKYO

For further promotion of cooperative trade between Thailand and Japan, the proposed topics from both parties were discussed in details with the consequence of the following concluding remarks which were herewith affirmed.

1. Plan for maize collection for the year 1966/67

(1) The target of maize collection for the year 1966/67 is set at 50,000 Metric Tons. It is agreed upon that best efforts of the concerned people shall be made for attainment of this target.

(2) As necessary funds for maize collection are needed, efforts will be made so that COPRODUCT and other local cooperatives can obtain about 12 million Baht of credit from the (Thailand) Ministry of National Development. Efforts will also be made for the existing credit cooperatives to obtain loan funds for the promotion of maize production and marketing from the Bank for Agriculture and Agricultural Cooperatives which is to be soon organised.

(3) More collaboration of ZENKOREN and UNICOOPJAPAN will be made in more frequent shipments of maize from COPRODUCT and earlier opening of Letter of Credit to COPRODUCT.

(4) For the purpose of promotion of cooperative collection of maize, farm products marketing cooperatives shall be established, one in Pitsanuloke and another in Lopburi, during the year 1966. Possible marketing of maize will also be sought for through paddy marketing cooperatives in Amphur Muang and Amphur Song, Changwad Prae. For this, a new buying depot of COPRODUCT will be established in Denchai.

II. Price Policy and Related Subjects

(1) Among UNICOOPJAPAN, ZENKOREN and COPRODUCT, the cooperative

spirit must be always emphasized in determing actual price of maize.

(2) As to the current export prices of maize, they should be set in compliance with the export price determined by D.F.T.[§] and T.M.I.C.[§§]

(3) It was confirmed necessary that some measures be taken to reward collaborating member farmers and cooperatives for encouragement of cooperative collection of maize. COPRODUCT will consider the measures and put them into practice, whereby ZENKOREN and UNICOOPJAPAN shall be in collaboration with COPRODUCT.

III. Sending a Cooperative Expert

Under the Colombo Plan, a Japanese expert on cooperative management is to be sent to Thailand as soon as possible.

IV. Promotion of Cooperative Trade of Farm Requisites and Consumer Goods

(1) ZENKOREN and UNICOOPJAPAN are quite positive in exploring cooperative export of necessary commodities to Thai farmers, both farm requisites and consumer goods, with COPRODUCT and C.W.S.T.

(2) It was admitted as a guide line in cooperative development that the future local farm cooperatives in Thailand shall not be confined to single purpose activities, but be extended to include credit, marketing, farm supplies and consumer goods as well. The expected National Federation of Marketing Cooperatives should at the initial stages have multifunction of supply and marketing.

(3) Pending the establishment of the National Federation of Marketing Cooperatives, COPRODUCT should be prepared positively for doing import and distribution of such commodities as required by Thai farmers. ZENKOREN

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§ Department of Foreign Trade, Government of Thailand.

§§ Confederation of Importers of Thailand Maize, a Japanese Organisation of maize importers, represented in Bangkok.

and UNICOOPJAPAN will actively collaborate with COPRODUCT through shipments of samples for exhibition and demonstration, and thus expect development of cooperative trade in this field.

(4) In the meantime, practical methods concerned will be consulted in details between COPRODUCT and UNICOOPJAPAN.

(5) In addition to maize, UNICOOPJAPAN will positively import other kinds of farm products collected by COPRODUCT as far as feasible.

V. Establishment of National Federation of Marketing Cooperatives

Regarding the expected establishment of a national federation within the year 1967, Japanese delegation expressed the view that collaboration will be prepared along the line desired by Thai competent authorities.

VI. Betterment of Production and Marketing Structure.

For the betterment of production and marketing structure of cooperative movement in Thailand, it is a consensus that long-term planning should be made in consultation with related Thailand Ministries for promotion of Thai cooperative movement. It is manifested that ZENKOREN and UNICOOPJAPAN are prepared to collaborate under consultation with the Government of Japan.

Thai delegation expressed their total consent, with emphasis upon necessity, to the construction of the Silo facility in Bangkok which is now planned by ZENKOREN and UNICOOPJAPAN. It is expected that this silo facility will make a great contribution to expansion of maize and other farm products collection by COPRODUCT.

VII. Training of Cooperative Leaders.

(1) It is strongly felt the necessity of continuation in sending Thai cooperative officials to be trained on management of agricultural cooperatives in Japan under the sponshorship of Colombo Plan, as done in previous years.

(2) On the side of Japanese cooperators, training of five Thai trainees is now being preapred. The similar training programme will be continued for the years to come.

(3) On the Thai side, extensive training programme shall be carried out in such a manner that those who were trained in cooperation in Japan will play a central role in the multiplication of cooperative knowledge and experiences.

VIII. Composition of the Joint Committee.

For further development of relationship in cooperative movement between Thailand and Japan, the Committee should be constituted in wider scope. For this, in addition to ZENKOREN, UNICOOPJAPAN and the Central Union§, representatives need to be sought from the National Marketing Federation, the Central Cooperative Bank and the Government of Japan. Similarly on the side of Thailand, necessary consultation will be made, through the Minister of National Development, in an attempt to obtain representatives from the Ministry of Economic Affairs and National Economic Development Board in addition to those from the Ministry of National Development.

IX. The Third Session of the Joint Committee

It was agreed upon that the third Session of the Joint Committee should be held in Bangkok, Thailand, some time in 1967.

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§ of Agricultural Cooperatives

APPENDIX No.3

SUGGESTED DUTIES OF REGIONAL TRADE LIAISON OFFICER

Trade Contacts and Information.

Responsibility for Trade Directory, including the securing and recording of new and more up-to-date information, for reference purposes and for revised later editions; wider and more systematic, regular and occasional distribution of the Trade Directory (i.e. new editions to possibly growing number of interested parties, and latest available edition at any time for utilisation in connection with specific enquiries). Examination of prospects for making Directory more widely known, and for making it more useful; one suggestion repeatedly made was for widening the area to be covered by the document. With any spreading of Regional Office activities, coverage might be extended to embrace e.g. Iran, Afghanistan, Papua/New Guinea, South Pacific Islands, Burma, Indonesia, etc.

Addition to, or incorporation in, Trade Directory of details re trading activities of Cooperatives in other parts of the world - often requested type of information, but not readily available in one volume; latest I.L.O. Directory is now nearly ten years old and new A.A.R.R.O. Directory will not give world-wide coverage. This extension work could start with list of names and addresses only, progressing towards more elaborate lists of commodities handled, or of interest, plus indication of Cooperative shares of national trade and/or production, etc., in respect of European and other Cooperatives.

Securing and disseminating trade literature from Cooperatives for the benefit of other Cooperatives, indicating the trade and commodity groups of importance, also appropriate news items re new developments, techniques, enterprises and orders, opportunities for trade which may arise (drawing attention to such developments as GATT granting waiver to Australia to admit certain products from developing countries on more favourable terms, the new rice transplanter developed in England, or Sweden's import duty cuts for such products as spices, bananas, coffee). Systematic collection, selection and circulation of such news, possibly by a regular or occasional news-sheet or bulletin, drawing upon information from Cooperative trade sources (a good deal of material being published in the region and elsewhere, much of it in English), trade press, newspapers and other media which the Trade Liaison Officer would arrange to keep in touch with, including I.C.A. and C.W.C. bulletins, journals which report trade enquiries, etc. (Several Cooperatives in the region, e.g. in Australia, Japan, the Philippines, expressed approval of re-circulation via Regional Office of any information published by themselves.) Information available in, or through, the Regional Office Library also to be used for circulation, including trade statistics.

Trade Policies, Agreements, Negotiations.

The Trade Liaison Officer to keep a watching brief on, and to prepare appropriate documentation, collect the views of affected Cooperatives, etc., in relation to : Foreign trade negotiations on a bilateral or multilateral basis, ECAFE discussions, formulation of new world trade policy proposals for UNCTAD (through preparatory conference of 77 developing nations), unfolding activities of new Asian Development Bank (availability of funds for Cooperative foreign trade and processing developments), trade missions travelling to other countries, meetings and decisions of such bodies as G.A.T.T. and Councils administering commodity marketing schemes, etc. Where appropriate, the Officer to draw attention of trading Cooperatives to events in advance, to enable societies to determine their attitudes, formulate their demands, and make known their views - activities where the help of the

Trade Liaison Officer might be requested by the organisations concerned. This work to include keeping a watch on developments with a view to examining the need and opportunities for Cooperative representation on appropriate missions, councils, marketing boards, delegations to conferences, participation in regional and international trade fairs, etc. As part of the continuing work, the Officer to review prospects re action the I.C.A. might be able to take to draw attention to impediments to foreign cooperative trade, and to advise on such steps by preparation of suitable documentation, contact with Cooperative organisations directly affected, and formulating appropriate recommendations for action.

Dealing with Specific Trade Enquiries.

If a decision is taken - and communicated to members - to expand trade liaison work at the Regional Office, an increasing flow of enquiries, such as are already reaching the office to some extent, may be anticipated. This trend might become even more marked if trade liaison work were to be linked with the technical assistance work now being done; such issues as e.g. the establishment of processing facilities frequently have both assistance and trading aspects and implications.

The Trade Liaison Officer to deal with any such specific enquiries within his competence and on the basis outlined in the recommendations, i.e. not to involve the I.C.A. in responsibility for decisions about commercial transactions in any way, but to render advice, help in establishing contacts, make information or information sources available, etc. This type of enquiry and request for assistance may range from furnishing a single fact, e.g. the address of an organisation, to much more complex matters, such as the preparation of exhaustive data concerning an important commodity, or guidance relating to the formulation of attitudes to be taken by a national Cooperative, by a representative of Regional Office, or indeed by the I.C.A. as an international organisation, in relation to foreign trade policy issues which may arise from time to time in different countries and/or commodity fields.

Liaison Work in Trading Field.

The Trade Liaison Officer to act as a link not only between Cooperatives in the region, but also to maintain contact with Cooperative traders elsewhere, and keep in touch with news and developments affecting trade opportunities involving other countries and markets outside the region. He would be expected to be in touch with the wholesale and agricultural auxiliary committees of the I.C.A. (via their respective secretaries), to channel appropriate information and enquiries to them, and to keep himself informed about the programmes and activities of the auxiliary committees and of trading cooperatives in the West, e.g. in relation to bulk-buying plans affecting the region, or new developments in industries of interest to Cooperatives in the region. Cooperative statistics relating to trade, production, exports, imports, etc., could also be exchanged through these channels.

The officer might also be responsible for examining the feasibility of proposals put forward to promote cooperative foreign trade, e.g. the provision of display facilities for products from the region on the premises of cooperative societies in other parts of the world, and other suggestions which are bound to be put forward.

Also part of this liaison work would be the contacts with regional and international bodies interested in the region's foreign trade, such as ECAFE, the FAO, Commodity Marketing Boards and Councils, as well as national export promotion bodies and similar organisations.

Other Duties

Occasionally, the Trade Liaison Officer could be making a contribution to some of the Seminars and Experts' Conferences held under the auspices of the Regional Office, or be in attendance there for the furtherance or follow-up of trade level contacts; he may also be called upon to represent the I.C.A. at trade conferences of interest to member organisations, such as Asian Agricultural Cooperative Conferences, annual ECAFE sessions, etc.

All developments regarding trade agreements or arrangements between different countries and/or their Cooperatives should engage the attention of the officer who may be expected to make available to interested Cooperatives any relevant past experiences and/or documentation, or to help in drawing up the appropriate programmes, targets, items for consideration and discussion, as well as draft texts of any formal agreements. If requested to do so by the party or parties concerned, the Officer to be enabled to attend inter-Cooperative Trade discussions.

Finally, the Officer should help the growth of soundly based foreign trade of Cooperatives in the region by making every endeavour to bring to the notice of the appropriate societies all the accessible information relating to successfully operating organisations involved in foreign trade - their structure, form of control, manner of procurement of supplies, techniques of salesmanship and advertising and packaging, methods of foreign market research, profitable lessons to be learned from their past experience, and other relevant matters.

This kind of work programme for the Trade Liaison Officer - which could be reshaped and reviewed in the light of experience and of actual demands made by Cooperative organisations in the region - should enable the Regional Office to play its part in the achievement of the aim defined by the Tokyo Conference of Cooperative Ministers, namely to secure for Cooperatives in each country of the region as large a share of national foreign trade as is possible.

APPENDIX No.4.

European Cooperative Purchases from the Region

As it was not feasible to have detailed consultations with all the European wholesale societies, summaries of information about their recent major purchases in other countries - including South and East Asia - were obtained from the Secretariat of the Cooperative Wholesale Committee.

References to some of these purchases will be found in the sections of the report dealing with Korea, Ceylon, Hong Kong, and Australia; business done through C.W.S. Depots, and E. and S. Joint C.W.S. Tea Estates is covered by these figures.

Attached hereto are summaries of purchases abroad by the European wholesales of tea, canned fish, and canned fruit and vegetables, as well as some information about a few non-food articles, e.g. ladies' wear, toys, etc. In respect of the canned goods items, details relating to each society's purchases are in the possession of the C.W.C. Secretariat in Copenhagen, and of the I.C.A. Regional Office in New Delhi.

Quite deliberately, the figures are shown in respect of purchases from all foreign sources, not just from the region, in order to indicate other countries which are competing for the custom of European wholesale Cooperatives.

Figures relating to canned goods cover the year ended 30th June 1965, while those for tea purchases are in respect of the calender year 1964, except in the case of the English and Scottish Joint C.W.S. Ltd. (Year to 30 September 1965).

FOREIGN TRADE OF EUROPEAN COOPERATIVES

Summary from the Secretariat of the Cooperative Wholesale Committee, Copenhagen, July 5, 1966:

(a) Canned Fruits and Vegetables: Members of CWC import a not insignificant part of their requirements from the Far East, particularly peaches from Australia, tangerines from Japan, and mushrooms from Taiwan. For the first time, the CWS Depot in Sydney has now come into the CWC trade with Australia (more than 90,000 cartons), and a further substantial increase in this trade may be expected. It is not clear from the available material whether the suppliers may be Cooperative organisations. We were advised, and have forwarded this information to members, that ZENHANREN§ of Tokyo wish to contact European Wholesale Societies about supplying tangerines.

(b) Canned Fish: Japan supplies part of the requirements of tuna, salmon and mackeral fillets. Again, it is not known whether the suppliers include Cooperatives. Joint purchasing has not been decided upon, partly because of the limited offers and the small-scale suppliers: the CWS has offered the services of its depot at Vancouver (Canada) to other members of CWC for purchasing canned Salmon.

(c) Tea: Compared to those of the U.K., the tea requirements of the other European countries are small. They are met partly direct from India and Ceylon, but to a large part via the Tea Exchange in London. The English and Scottish Joint CWS in London and Ceylon have done business with other CWC members, particularly following the CWC experts' meeting on tea held in January 1966; we are hopeful that this trade will increase further.

(d) Durable Consumer Goods (non-food items): Joint efforts have led to limited successes so far, but these can no doubt be expanded further. There are partly difficulties as regards licences, as in the case of South Korean supplies to Germany. Both as regards countries of supply (up to now Hong Kong, Japan and South Korea) and the range of goods to be purchased jointly (up to now predominantly toys and ladies' knitwear), rapid changes may follow if any competitive offers should be made, particularly since certain European Wholesale Societies also buy other goods in the Far-East.

KF have investigated the furnishing fabrics market there, and both KF and FDB have purchased badminton rackets in Pakistan.

Note: Value figures for categories (a) and (b) above are quoted in US dollars.

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§ National Marketing Federation of Agricultural Cooperatives

Survey of CWC-members' Imports (1964/65) of Canned Fruit and Vegetables. (Quantities in cartons/value in 1,000[redacted]

	Peaches		Apricots		Fruit Cocktail		Pineapples		Mandarines+		Asparagus		Mushrooms	
	qty.	value	qty.	value	qty.	value	qty.	value	qty.	value	qty.	value	qty.	value
BUYER:														
CN	12,215	59	7,941	32	6,700	37	11,549	49	2,420	21				
CWS	466,145	2,216	50,191	213	49,750	280	174,228	648	115,860	862				
FDB	52,915	305	3,000	11			42,630	123	1,900	25	4,250	11	25	
GEG	274,960	1,063	61,125	201	4,550	21	220,161	885	52,645	411	83,689	409	42,732	313
GOC	12,609	61					15,488	58						
KF	73,800	450	14,150	86	58,800	360	44,650	280	11,300	85	22,686	129	22,815	99
NKL	39,302		3,489		9,751		10,121		357		1,506			
OTK	13,000	43	1,700	6	11,650	45	7,600	29			900	5	540	7
SCWS	54,404	255	1,550	6	23,143	128	34,990	133	17,550	130				
SGC	5,850	24	1,875	8	7,210	27	8,450	34			1,775	12	4,565	35
SGCC			7,500	47			55,080	369			9,233	96		
SOK	19,850	77	100	1	7,700	35	18,162	50	300	3	1,050	7	990	14
VSK	55,850	208	3,050	12	24,655	113	137,822	533			18,000	167	46,780	305
Totals§:	1,080,900	4,761	155,671	623	203,909	1,046	780,931	3,191	202,332	1,537	143,089	836	118,447	773

§ Due to NLK Norway supplying quantity figures only, the Value totals are incomplete

+ Mandarines = Tangerines

Exporting Countries in order of Importance

Buyer:	Peaches	Apricots	Fruit Cocktail	Pineapples	Mandarines	Asparagus	Mushrooms
CN HOLLAND	USA Greece	Spain Greece	USA	Japan Formosa (USA)			
CWS ENGLAND	Australia USA Sth.Africa	Australia 50% Sth.Africa 50%	USA Australia	Malaysia Australia Formosa USA Sth.Africa	Japan		
FDB DENMARK	USA Argentina	Spain		USA Formosa Kenya	Japan	USA	Sweden
GEG WEST GERMANY	USA Greece Argentina Bulgaria	Greece Bulgaria Spain Czechoslovakia Sth.Africa	USA	USA Philippines Formosa Sth.Africa Malaysia Mexico	Japan Formosa Spain	USA Formosa Australia Japan Spain	Formosa France
GOC AUSTRIA	USA			USA			
KF SWEDEN	USA Australia	USA Australia	Australia USA	USA	Japan	USA	Formosa Japan

Buyer:	Peaches	Apricots	Fruit Cocktail	Pineapples	Mandarines	Asparagus	Mushrooms
OTK FINLAND	USA Spain Bulgaria	USA Spain Greece	USA	USA Kenya China Mexico Malaysia		USA	France
SCWS SCOTLAND	Australia Sth.Africa Philippines	Sth.Africa Australia	Australia USA Sth.Africa	Sth.Africa Malaysia Australia USA	Japan		
SGC BELGIUM	Sth.Africa USA	Sth.Africa Spain	USA Sth.Africa	Formosa USA Ivory Coast		USA	Holland Formosa
SGCC FRANCE		Morocco		Martinique Ivory Coast USA		USA	
SOK FINLAND	USA Sth.Africa Spain Italy	Spain	USA Spain Italy	Malaysia USA Sth.Africa Philippines	Japan	USA Spain	France Sweden Spain
VSK SWITZER- LAND	USA Australia Sth.Africa	Spain USA	USA	USA Formosa		USA Formosa	France Formosa

Survey of CWC-members' Imports (1964/65) of Canned Fish (Quantities in Cartons/Value in 1,000$)

BUYER :		Sardines in Oil		Tuna		Salmon		Fillet of Mackerel		Fillet of Herrings	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
CN	HOLLAND	1,696	11	4,400	30	400	6	3,250	17		
CWS	ENGLAND	23,800	133	19,450	120	318,957	5,680	2,395	17	2,144	16
FDB	DENMARK	3,000	33			1,500	21				
GEG	W.GERMANY	80,934	824	84,229	560	170	3	10,279	94		
GOC	AUSTRIA	24,491	196	21,400	158			930	5	18,939	63
KF	SWEDEN	4,774	50	8,122	56	3,359	42	5,275	66	3,500	21
NKL	NORWAY			600	5						
OTK	FINLAND	3,100	28	1,250	15	2,153	26	2,214	12		
SCWS	SCOTLAND					44,000	741				
SGC	BELGIUM	3,438	40	7,900	71	5,475	66	3,351	43		
SGCC	FRANCE	35,000	413	4,118	57	8,000	102			12,000	39
SOK	FINLAND	4,600	33	6,625	55	7,088	87	2,750	19	1,800	19
VSK	SWITZERLAND	18,744	221	57,890	536	1,500	20	3,490	28	1,095	4
TOTALS :		203,577	1,982	215,984	1,663	392,602	6,794	33,934	301	39,478	162

Buyer:	Sardines in Oil	Tuna	Salmon	Fillet of Mackerel	Fillet of Herrings
CN HOLLAND	Portugal Morocco	Peru Yugoslavia	Japan	Japan	
CWS ENGLAND	Portugal	Peru Japan	Canada Japan USA USSR	Norway	Norway
FDB DENMARK	Portugal		USA		
GEG WEST GERMANY	Portugal Morocco	Japan Yugoslavia Senegal Malaysia Peru	Japan	Japan Portugal	
GOC AUSTRIA	West Germany (for Portugese sardines) Morocco Portugal Yugoslavia Denmark	Yugoslavia Japan		Denmark West Germany	West Germany
KF SWEDEN	Portugal	Peru	Japan	Denmark	Norway Denmark
NKL NORWAY		Japan			

Exporting Countries in Order of Importance (continued)

Buyer:	Sardines in Oil	Tuna	Salmon	Fillet of Mackerel	Fillet of Herrings
OTK FINLAND	Portugal Yugoslavia	Yugoslavia Portugal	USSR Canada	Morocco	
SGC BELGIUM	Portugal	Yugoslavia Peru Japan	Japan Alaska Canada	Portugal Morocco Norway	
SCWS SCOTLAND			Canada USA		
SGCC FRANCE	Morocco Portugal	Yugoslavia	Japan		West Germany Norway
SOK FINLAND	Denmark Portugal Morocco	Peru Yugoslavia	USSR Sweden Japan	Morocco Norway	Sweden Norway West Germany
VSK SWITZERLAND	Portugal Morocco	Peru Japan Spain France Portugal Italy Yugoslavia	Canada Japan	Portugal Yugoslavia Spain Italy	West Germany

COOPERATIVE WHOLESALE COMMITTEE

TEA INFORMATION

Organisation	Turnover, 1964 lbs.	Turnover, 1964 £Stg.	Sources of Tea Imports and Percentage Shares		No. of Blends	Sales of the three Biggest standard Blends, in lbs.		Tea Bag Sales in lbs.
CN Holland	453,000	80,000	India Ceylon Indonesia Others	24 20 50 6	7	a) b) c)	195,800 61,600 26,200	30,100
E.&S. Joint CWS (October 1964 - September 1965) U.K.	62,636,045	16,648,484	India Ceylon Indonesia U.K. Others	11.0 7.5 3.9 72.6 5.0	14 standard blends, excl. specials.	"No.99" "Eastern Rose" "Oriental Tips"	32,348,000 4,530,000 4,175,000	61,500
FDB Denmark	388,622	103,225	India Ceylon Indonesia U.K. Others	36.2 20.8 14.1 15.0 13.9	5	a) b) c)	154,530 76,700 54,700	48,957
GEG West Germany	535,128	367,484 (incl.tax) 269,307 (excl.tax)	India Ceylon Indonesia U.K. Others	66 8 19 2 5	9			72,081

COOPERATIVE WHOLESALE COMMITTEE TEA INFORMATION (continued)

Organisation	Turnover, 1964 lbs.	Turnover, 1964 £Stg.	Sources of Tea Imports and Percentage Shares		No. of Blends	Sales of the three biggest standard Blends, in lbs.		Tea Bag Sales in lbs.
GOC Austria	101,430	56,612	Western Germany	100	5	total	77,175	hereof 22,050
KF Sweden	491,000	206,410			6	a) b) c)	115,000 36,000 31,000	248,000
NKL Norway	88,700	71,687	Ceylon U.K.	21.2 78.8	5			51,000 hereof 29,700 own brands 21,300 Lipton
OTK Finland	112,042	106,000	U.K.	100	6	a) b) c)	15,128 13,500 13,000	59,300
SGCC France	41,500	12,600	U.K.(Ceylon) France	85 15	1			6,500
SOK Finland SOK figures exclude instant tea worth £5,000	150,000	60,000	U.K. Others (Mostly Holland and Germany)	30 70	6	total	130,000	hereof 34,000

COOPERATIVE WHOLESALE COMMITTEE

TEA INFORMATION

Organisation	Present Suppliers		Notes and Special points
CN Holland	Harrisons and Crosfield Ltd. Colombo-Calcutta-Nairobi. George Payne and Co. (Ceylon) Ltd., London VanRees, Burcksen and Bosman NV, Rotterdam J. and I. Batten, London HVA, Amsterdam	Heeckla NV, Rotterdam Lange, Hamburg E. & S. Joint CWS, London Gebr. Wollenhaupt, Hamburg Halssen and Lyon - Hamburg Catenko NV - Rotterdam (which name is now Ansiatic NV - Rotterdam)	
E. & S. Joint CWS (U.K.)	See Enclosure		
FDB Denmark	Twining, Crosfield, London E. & S. Joint CWS, Colombo Jafferjee, Colombo Matheson & Co., Colombo Halssen & Lyon, Hamburg Dethlefsen & Balk, Hamburg	Van Rees, Calcutta Bhansali & Co., Cochin Cooperative Tea Gardens, Colombo China National Tea Corp. A few small sellers of specialities	We are specially interested in discussing joint packing of tea bags in cartons of 25 - without envelopes.
GEG West Germany	India: Balmer Lawrie Betts Hartley Brindavan Properties Halssen & Lyon Others: Van Rees, Rotterdam	Ceylon: E. & S. Joint CWS Halssen & Lyon U.K.: E. & S. Joint CWS George Payne Twining Crosfield	Taxes on tea in Germany total IM 4.54 per kilo. Since 1.1.1964 import duties have been abandoned, temporarily until 31.12.1966 Then an EEC-duty of 10.8 per cent can be expected. On import of pre-packed tea an extra ad valorem duty of 5 per cent is charged.

COOPERATIVE WHOLESALE COMMITTEE

TEA INFORMATION (Continued)

Organisation	Present Suppliers	Notes and special points
GOC Austria	Gimpel Heinrich, Hamburg Halssen & Lyon, Hamburg	Will it be possible by joint Purchasing to get tea blends of the same sorts and qualities as we have bought in Hamburg up till now?
KF Sweden	Lipton T. Crosfield E. & S. CWS Overseas Trading	
NKL Norway	E. & S. Joint CWS Twining Crosfield & Co. Lipton Ltd.	
OTK Finland	Twining Crosfield E. & S. Joint CWS Liptons Hornimans	
SGCC France	CWS - Manchester Browne Rosenheim - London	
SOK Finland	Lipton (Overseas) Ltd., London Twining Crosfield & Co. Ltd., London Theodorus Niemeyer Ltd., Holland Halssen & Lyon, Germany	
VSK Switzerland	Purchases take place at sales in Colombo, Cochin and Calcutta; Further purchases via the largest tea importers on the continent.	

ENGLISH AND SCOTTISH JOINT COOPERATIVE WHOLESALE SOCIETY: TEA TRADE

Tea Trade Turnover (Year to September 1965) Value £	Weight lbs.	Sources of Tea Imports (Percentages)	%	Present Suppliers	Details of Sales	Notes and special points
16,648,484	62,636,045	India	11.0	Via Tea Brokers (Balmer Lawrie and Finlay, Calcutta and Cochin)	14 Standard Blends excluding specials	(1) E & S has surplus blending and (1/4 lb.) packing plant in four factories.
		Ceylon	7.5	Own Depot, Colombo	THREE BIGGEST STANDARD BLENDS: lbs.	(2) Whilst U.K. demand for Tea Bags is growing, we have reserve of packing plant to handle extra trade.
		Indonesia	3.9	Via Schuurman's (Rotterdam)	a) No.99 32,348,000 b) Eastern Rose 4,530,000 c) Oriental Tips 4,175,000	
		U.K.	72.6	Practically every London Broker		(3) Some members of CWC have placed tea orders direct with the E. & S. Depot in Colombo, as well as with the U.K. Department.
		Others (Including Africa, China S.America, etc.)	5.0	U.K. & Continental Brokers, and the China National Tea Corporation	TEA BAG SALES 11,716,000 (1d. bags) or 61,500 lbs.	(4) Services of our agent in Calcutta and Cochin could be arranged.

Figures for India and Ceylon are Direct Imports. The remainder are bought from various sources.

Generally, the E&S is prepared to help CWC members either here or overseas in any way it can.

COOPERATIVE WHOLESALE COMMITTEE

Joint European Buying Efforts

IMPORTS FROM THE FAR EAST, 1966

Orders of toys and household articles placed by 30th April 1966: Values in Swiss Francs.

1. Toys

(mechanical, plush, wooden, badminton sets, spring-balls)

a.	Japan	FDB	Denmark	28,000	
		GEG	W. Germany	390,000	
		GOC	Austria	31,000	
		NKL	Norway	19,000	
		SOK	Finland	8,000	
		VSK	Switzerland	337,000	
b.	Hong Kong	GEG	W. Germany	70,000	
		GOC	Austria	24,000	TOTAL:
		VSK	Switzerland	140,000	1,047,000

2. Household Articles

(porcelain, knives and scissors, wooden articles, cutlery, ash trays, optical instruments, straw baskets, air travel bags, air mattresses, camping lamps, etc.)

a.	Japan	GEG	W. Germany	175,000	
		VSK	Switzerland	609,000	
b.	Hong Kong	GOC	Austria	34,000	TOTAL:
		VSK	Switzerland	147,000	965,000

For the first time, the organisations FDB, NKL and SOK participated in the joint toy orders, for the time being with modest order volumes of Swiss Fr. 60,000, while GEG, GOC, and VSK had already placed joint orders in 1965. In spite of their at present not very considerable order quantiti the collaboration on the part of the Scandinavian organisations is satisfactory. Probably larger quantities will follow next year, although some organisations are up against licence difficulties.

As will be seen from the above breakdown, the joint import of household articles from the Far East has been effected exclusively by GEG and VSK, except for an order from Hong Kong by GOC.

It has been arranged that the OTK organisation will receive copies of all documents relating to purchases and offers which are destined for VSK, who are willing to let other organisations have these documents on request.

In the field of household articles, too, joint action is of great importance. In the Far East, the order quantity is the only influential factory by which price advantages can be achieved.

The household articles correspond, on the whole, to a high European standard of quality. Particularly the Japanese manufacturers are able to satisfy requirements of quality. The quality of Japanese products is never determined by the manufacturer, but by the importer. Although higher prices have to be accepted for good commodities, these are still considerably lower than the prices offered by European manufacturers.

The elimination of territorial agents has resulted in an average advantage of 20%.

By the combined toy order, additional reductions of 2-4 per cent could be obtained.

The buying trip 1967 will have to include a visit to Taiwan with regard to household articles and toys, because that country has a number of young industries which are inspired and financed from Hong Kong, and which work at even lower costs than the Crown Colony.

Joint imports from the Far East can still expand tremendously. This is proved by the fact that in the course of one year our buying volume is being doubled. This is also indicated by the repeatedly found groups of 5-10 buyers despatched by department store combines, who are buying smaller quantities.

M I N U T E S

Of the special Meeting of the Experts' Group for Ladies' Outerwear held on April 6th 1966 in London

Represented at the meeting:

CWS	-	England;
SCWS	-	Scotland;
GEG	-	Germany;
VSK	-	Switzerland;
KF	-	Sweden.

1. Experience till now.

The participants of the meeting unanimously agreed that the joint purchases accomplished by the buying delegation in Hong Kong and South Korea (late in February) were very successful and shall continue. Compared with prices obtained by individual organisations, notable savings were achieved through joint purchases.

The participants discussed the problem of licences for individual organisations and countries, the market situation in various countries, commodity groups appropriate for joint purchasing (classic goods, fancy goods), validity of orders to be placed, etc. The participants agreed that it is important constantly to look for new buying markets, e.g. Portugal, India, Formosa. As mentioned under para 2, joint purchases will, for the first time, be accomplished also for ladies' fancy knitwear and thorough investigations will be made at the next meeting of the total group for "knitwear and hosiery" with a view to common action for children's knitwear, too.

2. Future working programme.

The meeting agreed to send a delegation to the Far East, in July 1966, for joint buying of ladies' outerwear in wool and acrylic. The delegation is to buy on behalf of CWS, SCWS, GEG, VSK and KF.

The delegation consists of representatives from CWS, GEG, KF and VSK.

A special meeting will take place in Germany (14th-15th July 1966) between the above organisations, where final details will be settled. To this meeting the central organisations will bring their own samples of fancy models in ladies' knitted outerwear.

The question of children's knitted outerwear was raised and the Experts' Group decided to leave this to the next meeting of the whole group at Copenhagen, end of October, 1966. To this meeting each central organisation shall bring samples of children's knitted outerwear, together with estimates of bying quantitities.

Agreement was reached that the following quantities and qualities should be bought by the Experts' Group's delegation (all figures below for the year 1967):

Ladies' classic garments, 12 gge, acrylic:

	Pieces:
GEG	200,000
VSK	300,000
KF	650,000
Folliwing with interest: CWS, SCWS	
	1,150,000

Ladies' classic garments, 12 gge, wool:

CWS) SCWS)	240,000
GEG	50,000
	290,000

Ladies' classic garments, 7-9 gge, wool:

CWS) SCWS)	48,000
GEG	40,000
KF	20,000
	108,000

Ladies' classic garments, 7-9 gge, acrylic:

VSK	20,000
KF	30,000
	50,000

GEG have not yet decided whether their orders for 7-9 gge will be placed in wool or acrylic or if part is to be taken in wool and part in acrylic, and in which proportions.

Ladies' classic garments, 3-5 gge, acrylic:

VSK	5,000
KF	75,000
Following with interest: CWS, SCWS, GEG	80,000

Fancy models in ladies' knitted outerwear, 3-5 gge, 7 gge, 12 gge acrylic:

VSK	50,000
KF	450,000
Following with interest: GEG, CWS, SCWS. Final decision to be made at pre-selection meeting in Germany.	
	500,000

The grand total of all six categories listed above comes to	2,178,000

A possible visit to China will be decided on after CWS have received information from CWS office in Hong Kong.

The following countries will be visited by the delegation: Hong Kong July 17-21 and July 31; Formosa July 21-22, Korea July 23-30.

Due to import restrictions, CWS and SCWS have, for the moment, no imports of acrylics from Formosa and Korea. The delegation from CWS will therefore not proceed to Formosa and Korea. In case a positive reply is received from the Hong Kong office of CWS regarding China, the delegates from CWS will visit China while the other delegates are in Formosa and Korea.

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To safeguard the interests of the central organisations taking part in the joint buying, the committee decided that all particulars, such as prices, quantities, terms of payment, etc., related to orders placed by the delegation, are strictly confidential. Consequently no central organisation can inform or pass on any order placed by the delegation to buying agents or other outside connections.

FURNISHING FABRICS, HOUSEHOLD TEXTILES, CANE FURNITURE

Investigation of Far East Supplies by KF, Sweden

In March-April 1966, an official of KF, Sweden, with responsibility for the purchasing of household textiles, etc., visited the Far East to ascertain sources of supplies of fibres, yarn, fabrics, finished or semi-finished articles, and cane furniture.

The summary report on this mission reveals only one direct Cooperative contact there, i.e. with the CWS Office in Hong Kong. Samples and quotations were invited, in respect of a number of items of potential interest to KF, from the countries referred to below.

The assessment of the prospects in the four countries and territories visited was as follows:

India: No prospects at present for any early serious consideration being given to any offers of the articles sought by the KF department in question.

Thailand: Thai silk produced in four principal qualities, may be of interest to KF. The product can be sold in Sweden, as one of the manufacturers approached is already represented in that country by a large private trader.

Hong Kong: Contacts were established regarding certain cotton fabrics, including towelling, and for cane furniture. No suitable openings were ascertained regarding synthetic textiles and PVC materials.

Japan: Contacts were established for the following categories of domestic textiles, etc. Cotton and rayon fabrics for pillow cases, sheets, etc.; towelling; blankets; polyester yarn and voile; polyacryl-nitril and PVC materials.

(Summary of Information from KF, July1966)

Appendix No. 5

MAIN TRADING TRENDS AND OPPORTUNITIES

On the following pages, an attempt is made to sum up briefly the main trading trends and opportunities of interest to cooperatives in the region. Based on information gathered during the survey, on the I.C.A. Cooperative Trade Directory, and - in relation to principal agricultural products - on the "FAO Commodity Review 1966", some main, broadly defined categories of goods are listed alphabetically.

In the minority of cases, where cooperatives in the region are more interested in buying than selling, attention is focussed on potential sources of supply. In most instances, it is a question of finding markets for products from the region, and for these the major markets are mentioned. Under most headings, reference is made to direct cooperative activities and interests concerning the commodity group under review. Since this is merely a brief summary of the world-wide position, only the most important markets are referred to, and no claim is made to have covered either all the countries which could constitute potential markets, or all the commodities which are of interest to cooperatives in the region. References in this appendix to countries or cooperatives of the region can be traced back to the appropriate national sections of the report.

AGRICULTURAL MACHINERY, IMPLEMENTS AND TOOLS: Cooperatives in the region report actual and potential imports from cooperative sources in Japan, Pakistan, and Eastern Europe (including U.S.S.R.), and also from other sources in the U.S.A., Western Europe (including U.K.) and India, Cooperatives which are, or may become, buyers of such import items can be found in Australia, Burma, Ceylon, Hong Kong, India, Japan, Malaysia, Nepal, Pakistan, the Philippines and Thailand. Some of their requirements are listed in the Trade Directory, others in various sections of the report. Their needs comprise a wide range of items, from small tools to irrigation equipment, balers, tractors, pumps, etc. India is to purchase another 5,000 tractors from the U.S.S.R. A new free trade pact is designed inter alia to facilitate the entry of Australian farm machinery into New Zealand; this trade has been developing for some time, e.g. in spraying equipment.

APPLES AND PEARS: Principal producer countries in or near the region are Australia, New Zealand, Japan, China and Korea. The most substantial importers in or near the region are Taiwan, Malaysia, Singapore and Hong Kong. There is a large production of, and market for, apples and pears in North America and Western Europe, but the marketing chances there depend very much on the suitability of the particular type of fruit. Among Cooperatives in the region, those of Australia and New Zealand participate in their countries' export trade to many destinations, including U.S.A., Canada, U.K., various European countries, Africa, and the Middle and Near East. N.A.C.F. of Korea have attempted to export apples to Taiwan (see report on Korea), whilst the Cooperatives of Japan are engaged in exporting these fruits and trying to popularise CANNED Japanese pears, e.g. in Hong Kong (see report on Hong Kong), as well as canned apples. Canned pears are exported from Australia. New Zealand exports canned apples and pears mainly to the U.S.A. and Canada. Outside the region, and apart from the Western markets referred to above, other substantial importers include U.S.S.R., Brazil, Venezuela, Algeria, Syria, Iraq and Jordan. The biggest portion of all apple and pear imports is taken up by Western Europe. One problem facing exporters is the shortage of suitable shipping space, especially to some destinations, such as Hong Kong and Singapore.

BANANAS: Main importing areas are:

U.S.A. (generally top quality fruit);
Western Germany (largely South American supplies; imports very high per head of population);
France (greater part from Martinique and Guadeloupe);
U.K. (more than 90% from West Indies);
Japan (mostly from Taiwan; total Japanese imports: U.S. Dollars 80 million per annum);
Italy (abolition of state monopoly led to big trade increase; half the supplies come from Somalia);
Canada (tariff on non-commonwealth fruit 11 Dollars per ton, yet virtually all supplies from outside the Commonwealth).

Other substantial importers include Argentina and the Benelux countries. International trade, i.e. mainly supplies from developing countries to North America, Western Europe and Japan, grew spectacularly in 1965, with lower import prices and box packaging stimulating trade. Box packaging improved the condition of the fruit on arrival at destinations and also permitted better distribution arrangements. According to F.A.O., further import increases are expected in 1966, though not necessarily at the same RATE of expansion, and possibly at still lower prices. Imports into U.S.S.R. and Eastern Europe are still relatively small. In 1965, imports rose by more than 10% in Austria, Norway and Sweden, by 10% in the Benelux countries, and by 6% in Denmark. As far as exports from Asian sources are concerned, Taiwan predominates; its exports are far bigger than those of all other Asian producer countries together. In any case, total Asian banana exports are equal to only 10% of those coming from Central and Latin America. Countries in or near the region which export bananas include Australia, India, Malaysia, the Philippines and China. Limited imports into New Zealand are controlled by an organisation of fruit merchants there. A number of exporting countries are trying to ascertain the right type of banana for sale to Japan. Indian Cooperatives have done some banana exporting (see report on India). Very recently, negotiations were due to begin for the export of Indian bananas to Japan.

CITRUS FRUITS: World trade in citrus fruit is concentrated primarily in areas other than Asia; in or near the region, major producers include China, India, Japan and Australia. They have a sizable export trade, with the emphasis to a varying extent on CANNED fruit exports, and with substantial Cooperative participation in the three countries of the region. For the Japanese industry and Cooperatives in particular, canned tangerines are one of the main export items (The Scandinavian C.W.S. states that insufficient quantities are available to it). Production in New Zealand is for the domestic market only. From Nepal, there are small exports to India In other parts of the world, the principal import areas are Western Europe, including the U.K., Canada, the U.S.S.R. and Eastern Europe. In the E.E.C., tariff adjustments are increasing discrimination in favour of members and associates, so that fruit from Italy, Greece and Algeria receives preference. Citrus fruit imports in the region, as reported by Cooperatives, include lemons coming to Japan, and very limited citrus imports into New Zealand and India, whilst the whole range is brought into Hong Kong and Singapore. Also worth mentioning are ZENHANREN's exports of fresh oranges to Canada as special Christmas trade (see report on Japan). Pakistan Cooperatives are interested in exporting citrus fruits, possibly to Hong Kong and the Middle East. Another important citrus fruit exporter is Israel which exports to some 30 countries, mainly in Europe, but also shipping some fruit to the U.S.A., Canada and the Far East. Cold storage is being used (in Israel) to an increasing extent to prolong the exporting season, especially for grapefruits.

COCOA: The Ceylon Agricultural Producers' Cooperative Societies Union Ltd. indicated their interest in exporting cocoa, and the Philippine Producers' Cooperative Marketing Association Inc. ("Philprocom") are engaged in cocoa trading. Principal importing areas are: U.S.A., Western Germany, the Netherlands, U.S.S.R., U.K., other countries in Western Europe, China. The main importing country in the region appears to be Japan. UNICOOPJAPAN list cocoa beans as an import commodity of interest to them; imported cocoa powder (ready for consumption) is sold in consumers' Cooperative stores in Japan, and in those of certain other countries, such as Australia and New Zealand. In Western Europe, cocoa is a commodity handled by many consumers'

Cooperatives, and wholesaling organisations such as N.A.F. (Scandinavia), English and Scottish Joint C.W.S. Ltd. (U.K.), G.E.G. (Western Germany) and others purchase cocoa for resale to consumers' societies and for chocolate manufacturing plants operated by the Movement in several countries. There are cocoa export developments of potential cooperative interest in Papua, New Guinea, and Fiji.

COCONUT PRODUCTS, COPRA, PALM OIL, ETC: Producer countries in or near the region are Ceylon, India, Indonesia, Malaysia, New Guinea, Singapore and the Philippines. New Guinea, Ceylon, India, Malaysia and the Philippines have Cooperative organisations interested in selling these commodities, and in Malaysia a Cooperative palm oil development scheme is under way (see report on Malaysian Cooperative Insurance Society). Cooperative societies in Pakistan are listed in the Trade Directory as potential buyers of coconut oil and other coconut products. Several Cooperative wholesale organisations in Western Europe have interests in soap and/or margarine manufacture, e.g. in Scandinavia, the U.K., West Germany, the Netherlands, Switzerland, Austria and Finland. Many of the purchases made by, or on behalf of, these Western Cooperatives are effected through brokers, mostly in London. N.A.F. buy, on behalf of Scandinavian Cooperatives, Philippine copra through dealers in London, palm and palmkernel oil from Malaysia in Singapore and partly through European firms, and desiccated coconut from Ceylon. Main markets for coconut products are the U.S.A. and Western Europe. A Cooperative in Ceylon is producing rubberised coir as a cushioning material. New Zealand cooperatives have been concerned with imports of desiccated coconut. Producers of coconut products face competition from other parts of the world, e.g. the South Pacific area, Africa and South America. Details of principal uses of coconut products, producer and exporting countries, as well as of the main buying and consuming areas, are given twice a year in the F.A.O. publication "Coconut Situation" which reports on the latest position at mid-March and mid-September respectively. A review of 1965 says prices showed exceptionally wide fluctuations, imports into the U.S.A. and Japan rose, whilst the major European markets - West Germany and the U.K. - recorded decreases, as did India and Australia. Malaysia increased copra shipments to India, but for the second year running had no exports to Western Europe. Indonesia is rapidly becoming re-established as a major supplier to the Netherlands, accounting for 23% of copra bought by that country in 1965. The Philippines are now the world's largest producer and supplier; changes in the pattern of supply and exports may follow any normalisation of trade between Indonesia and Malaysia and Singapore. Coir products (mats and matting) are exported from some countries in the region, mainly to the U.S.A., Western Europe, U.K. and Australia. Copra oilcake has been exported by Indian cooperatives, e.g. to Western Europe.

COFFEE: The bulk of world coffee production comes from Latin America and Africa. Principal importing areas are: U.S.A., E.E.C., other countries of Western Europe, and Eastern Europe. In the region, coffee importing territories include Iran, Australia, Hong Kong, Japan, Malaysia, New Zealand, Nepal, Singapore and Thailand; there are also some imports into Korea, Pakistan and the Philippines, but none are permitted into Ceylon, whilst India, the one substantial producer in the region, produces 2%

of the world coffee output and does 1/2% of total global exporting; Indonesia and to a lesser extent the Philippines, also export coffee, whilst there is some re-exporting from Malaysia where cooperatives are engaged in coffee processing. Indonesia was, before the confrontation, the chief supplier to Singapore. In recent years, India exported to the following countries in the region: Australia, Hong Kong, Malaysia, New Zealand, Pakistan and Singapore. Consumers' Cooperatives in various countries of the region handle imported coffee, e.g. in Australia, Japan and New Zealand. In Nepal, the office of the Registrar of Cooperative Societies referred to possible Cooperative interest in the import of coffee. India has Cooperative coffee growers with an interest in developing exports: the Mysore Coffee Processing Cooperative Society Ltd. has approached the Registrar in Kathmandu with a view to exporting coffee to Nepal. In the Philippines, a Cooperative sells raw coffee beans on the domestic market, and the heads of the Agricultural Credit Administration thought the development of Cooperative exports was a possibility. There is a coffee growers' Cooperative in Papua, New Guinea. Substantial coffee buyers among West European Cooperatives include Nordisk Andelsforbund for Scandinavia, G.E.G. for Western Germany, S.G.C.C. for France, and the English and Scottish Joint C.W.S. Ltd. for the U.K. Another coffee importing country is Israel.

CONSUMER GOODS OTHER THAN FOODSTUFFS, i.e. TOILETRIES, HARDWARE, HOUSEHOLD GOODS, ETC: Exports of various categories are available from the majority of countries in the region; examples of goods which are, or can be, exported by cooperatives include inter alia radio sets, cameras, toys and porcelain from Japanese cooperatives; sports goods, glassware, carpets and rugs from India; cutlery, nursery goods, toys, sports goods from Pakistan; matches from India and Nepal; various commodities from Hong Kong, through C.W.S. depot there. On the importing side, a distinction needs to be made between, on the one hand, cooperatives' actual imports and purchases of imported goods in recent years, and on the other hand, the interests of cooperatives in the possibility of importing or acquiring such goods in countries where rigorous restrictions may not in fact permit such imports. The Indian consumers' cooperative N.C.C.F. has secured licences for certain imports. Examples of actual trade done include: Cosmetics, soap, shoe polish and toothpaste imported by, or for, SAJHA Nepal; kitchenware and household goods for the Philippine consumers' cooperatives; Japanese torch batteries sold by consumers' cooperatives in Hong Kong; crockery for some Pakistan cooperatives; foreign consumer goods bought by cooperatives in Iran; soap, razor blades and oil heaters imported by Japanese cooperatives; matches, tableware, hardware and fancy goods items for Australian cooperatives; watches for a Singapore cooperative. The category of potential but possibly academic interest in imports by cooperatives comprises e.g. Burmese cooperative interest in watches, clocks, torches, batteries, toothbrushes, etc., and Indian cooperative interests in similar lines, and also in cutlery, china, jewellery. Restrictions similarly impede consumer goods imports to cooperatives in Ceylon, New Zealand and Pakistan.

COTTON: In spite of an anticipated increase in world cotton consumption, production is currently expected to keep ahead of usage, and the F.A.O. expected total world stocks to reach an all-time record in August 1966. Production in the U.S.A. is to be curtailed during the period to 1969, as stocks are at record levels. Of the countries in or near the region, China, India, Iran, Japan and Pakistan are important cotton producers. Of these, at least China, India and Japan are also worthwhile importers, others being Australia, Hong Kong, Korea, Taiwan and Thailand. Elsewhere, sizable imports enter Western Europe, Canada, Latin America, U.S.S.R. and Eastern Europe, but Cooperatives are understood not to be playing any major role in the cotton importing business there. In the region, the principal Cooperatives active or interested in foreign trade in cotton are located in Pakistan and India. Due to the progress of synthetic fibres, the F.A.O. estimates that cotton consumption is likely to decrease in Western Europe, Japan and U.S.A. An expansion of cotton usage is anticipated in China and in developing countries. India buys some cotton from the U.S.A. Indian cooperatives want to build up some cotton exports to Japan. Iran exports raw cotton.

COTTON MANUFACTURES: Cotton goods for export are produced in or near the region in Burma, China, Hong Kong, India, Japan, Korea, Pakistan and Taiwan. In addition to competition from the older cotton goods manufacturing countries in the West, there are now export-minded cotton goods industries in Central and Latin America, the U.A.R. and Syria. Principal markets for exports, apart from those in the region, comprise the U.S.A., U.K. and Western Europe, the Near East, U.S.S.R. and Eastern Europe. There is growing competition from synthetic fibre materials to be overcome, and also the G.A.T.T. agreement on cotton textiles which imposes limits on exports to some Western markets; recently, the U.K. announced reduced quotas for imports until 1970, when the G.A.T.T. agreement is due for re-negotiation. Cotton yarn exporting is being developed from Israel. In recent years, the greatest progress among the exporters of the region was made by Hong Kong in the U.K. (fabrics) and U.S.A. (garments), whilst exports from India and Pakistan in 1965 were below the level of 1960. Exports from Korea and Taiwan are directed chiefly to the Far and Near East, but have also been successful in Western markets, especially the U.K. Exports from China are also growing, being sold at keen prices in many developing countries. Goods from the U.A.R. find their main markets in Eastern and Western Europe, and U.S.A. In 1964, the C.W.S. imported cotton yarn and manufactures into the U.K. from a variety of sources, including Hong Kong, India and Singapore. Imports into Ceylon are restricted to extremely low-price fabrics bought by C.W.E. (see report on Ceylon) for distribution under a rationing scheme operated by C.W.E. shops and Cooperative stores. When the I.C.A. Trade Directory was compiled, the central Cooperative organisation in Burma was interested in the export and import of certain cotton manufactures. Cooperatives in Pakistan are interested in foreign trade in yarn, and in exporting finished cotton goods and fabrics. They have imported yarn from China and Japan, and also exported cotton yarn. Iran has been curtailing its imports of cotton goods. The U.S.A. are still substantial importers of low-quality cotton cloths from Asia. Under the terms of a recently negotiated credit, Indonesia is to buy cotton yarn and textiles from India.

DAIRY PRODUCTS: Most countries of the region are potential or actual importers of dairy products, rather than exporters. The major exporters are Australia and New Zealand. In India, the Kaira District Cooperative Milk Producers' Union ("AMUL" Dairy) has indicated its interest in exporting dairy products, though availability for exports depends on internal conditions and production commitments. The "AMUL" Dairy has imported milk powder from Australia and New Zealand, while some of its own products have been sold to Nepal, including the SAJHA organisation there. Imports into the countries of the region are made difficult by foreign exchange shortages. In Japan, imports are restricted by Government control to protect domestic dairy farmers against foreign competition, with the result that consumer prices of dairy products are said to be high. In some countries of the region, local and foreign interests (the latter from countries like Australia, New Zealand and the Netherlands) have combined to create establishments for the reconstitution of imported milk powder, inter alia in Ceylon (technical assistance from New Zealand), Hong Kong, the Philippines, Malaysia, Singapore and Thailand. Where imports take place, supplies come mainly from Australia, New Zealand, the Netherlands, Denmark and the U.K. An example of inter-Cooperative trade is the New Zealand Produce Association in London (see report on that organisation) which channels dairy products from Cooperative farmers in New Zealand to consumers' Cooperatives in the U.K. The latter also purchase inter alia from Scandinavia and Holland. Known dairy produce import interests in the region include: Milk Powder to India, Japan and Nepal; baby foods to Nepal; condensed and evaporated milk, butter and cheese to Malaysia, the Philippines, Singapore and Thailand; cheese to Japan; casein to Japan and Thailand; condensed milk, milk foods and milk powder to Pakistan. In Iran, a Cooperative organisation reports purchases of butter and cheese originating from Bulgaria. Dairy produce supplies from Australian Cooperative organisations, and from New Zealand, to India were not commercial sales, but on an "aid" basis, or for Indian defence contracts.

DOMESTIC AND INDUSTRIAL APPLIANCES AND MACHINES (bicycles, sewing machines radio sets, office machinery, etc.): Cooperatives in virtually all countries of the region referred to actual or potential imports of various appliances and machines. Supplies largely come from Western countries or from Japan (Cooperatives there can procure and supply a wide range of items, as shown in report on Japan). Some supplies - notably bicycles - are available from India and Pakistan, the latter country having a Cooperative cycle factory which exports. Some appliances supplies are available from Hong Kong and Singapore. Examples of Cooperative interest in importing some of these goods in the region are: Philippine Federation of Consumers' Cooperatives imports for sale to consumers and for use by industrial cooperative societies; in Korea, there is a possible trade in supplying machinery and components to the Small and Medium Industries Cooperatives Federation for brushmaking, footwear manufacture, etc; electrical equipment is listed in the Trade Directory as a potential import by an Australian cooperative, and a cooperative in Iran reports buying imported electrical appliances, whilst the Japan Cooperative Trading Co. Ltd. have supplied industrial sewing machines and other machinery to China. (Fuller details in national sections of report). Limited quantities of bicycles have been brought into New Zealand for sale by consumers' cooperatives there. Under their new free trade agreement, New Zealand is due to admit Australian machinery under conditions of decreasing tariffs.

DRIED FRUITS: In or near the region, the major producers are Australia and Iran; India and Pakistan produce on a more limited scale, and are in fact both exporters and importers. There is some Cooperative involvement in all four countries, in so far as Iran is a supplier to N.A.F., Australia has Cooperative producers' organisations and foreign Cooperative customers, such as C.W.S. and N.A.F., and Cooperatives are participating or interested in the dried fruit trade in the other two countries. Other major dried fruit producers include Greece, Iraq, Spain, South Africa, Turkey and the U.S.A. Important markets for dried fruit include the U.K., Scandinavia, the E.E.C. countries, U.S.S.R., East Germany, and other countries in both Western and Eastern Europe, as well as Canada. In the region, importing countries include Japan (Cooperative interest in imports), New Zealand (some Cooperative import from Australia), Malaysia, Ceylon, Singapore and Hong Kong. The major producer countries have combined in international agreements for raisins and sultanas. Raisin marketing in the U.S.A. is carried out under a Federal marketing agreement which permits volume control. The international producers' agreements between Australia, Greece and Turkey - with the U.S.A. closely associated - concern themselves with the maintenance of minimum prices. From Iran, cooperative exports to the U.S.S.R. are being undertaken. Dried fruits from New Zealand are to be more freely admitted into Australia under the new free trade pact between these two countries. The National Cooperative Consumers' Federation of India was recently granted licences to import dried fruits and dates from Iran and Iraq. In Turkey, the 1965 crop of raisins reached a record level, and exports showed a substantial increase (total sales abroad 88,000 tons).

EGGS: Japan, Korea, China and Taiwan are exporters of eggs, and a Cooperative society in Kerala (South India) is included in the Trade Directory as a potential exporter. "ZENHANREN" of Japan and N.A.C.F. of Korea are interested in egg exports. The former have sold supplies in Western Germany (the world's largest importer, followed by Italy), Scandinavia, the Middle East and Hong Kong (the Crown Colony being the biggest importer outside Europe; it buys 90% of its eggs from China, and that competition had a serious effect on "ZENHANREN" trade in Hong Kong - see report on Hong Kong). N.A.C.F. is the sole Korean supplier of eggs to U.S. and U.N. personnel there, and has attempted to sell eggs to Taiwan (see report on Korea). - International trade in eggs is limited and shows a downward in recent years. North America, the largest producing region, is virtually self-sufficient; in the U.S.A., egg consumption per head of population has been declining continuously for the last 15 years, and import demand in Western Europe as a whole is also decreasing, with Western Germany buying less, since domestic self-sufficiency has risen there from 60% to 90% in the last six years. Italy's increase in imports was met largely from Eastern Europe, where output has gone up steadily in the last few years. The group of producer countries comprising Japan, South Africa, Australia and New Zealand increased its production (as a group) by more than 150% in the last ten years; Japan (the largest producer among the four) alone trebled its output during that time. - All developing countries of the world together account for only 15% of the international trade in eggs, and the F.A.O. does not anticipate any major change in that figure, since the trend generally is for increased demand to be met by expanding domestic production. There is a high degree of protection for home producers in Western Europe, the area likely to remain the major outlet for foreign egg supplies. Production there is understood to be increasing again in 1966. New major outlets are unlikely to open up in the near future. World trade in eggs decreased between 1964 and 1965 by 10%, and was down by 40% from the average for 1957-1961. There is believed to be a market for eggs in the Middle East.

FERTILIZERS, PESTICIDES, INSECTICIDES, FUNGICIDES & AGRICULTURAL CHEMICALS: There are substantial requirements of either raw materials or finished products almost everywhere in the region; supplies come from the U.S.A., Canada, West European countries, including the U.K., the U.S.S.R., West Africa, Israel, Japan and India. The region as importing area, with some examples of cooperative interests selected at random, comprises virtually all the countries surveyed, e.g. Thailand (fertiliser imports to various cooperatives), the Philippines (C.C.E. import fertilisers cheaper than domestic products), India (great need for certain products, e.g. by plantation crop cooperatives, such as coffee growers), etc. References to import requirements appear in almost every national section of the report and the Trade Directory, either finished products or raw materials, or both, being required for use by cooperatives. Although most countries of the region plan to become self-sufficient by creating domestic production, attainment of that goal appears to be some way off in various countries, and imports still have to be secured. The main problem seems to be that of cooperatives acquiring an adequate share of the imports. In Korea, fertilizer imports are made by the government, but the entire distribution is handled by the cooperative N.A.C.F. The Japanese agricultural cooperatives are importers of raw materials for fertiliser manufacture under their own control, with some export possibilities for the finished fertilisers. In Iran, rural cooperatives have developed the production and distribution of insecticides, and also handle the distribution of fertilisers. In India, a cooperative mission from the U.S.A. is to study the feasibility of developing cooperative fertiliser manufacturing which would (presumably) require the importing of some chemicals, at least in the early stages. Some of the petrochemicals for such developments may become obtainable through the I.C.P.A. and perhaps the Pakistan Cooperative Petroleum Association.

FISH AND MARINE PRODUCTS: Of the total world fish catch, one-third is marketed fresh, 30% are reduced to meal, oil, etc., 25% are cured or frozen, and 10% canned. Leading fish export countries are Japan, Canada and Norway. Almost all countries of the region, including Iran, export some fish products, and in Australia, Ceylon, India, Japan, Korea and Pakistan Cooperative fishery organisations are either engaged in this trade or interested in developing exports. - In 1964, no fewer than 66 countries - nearly all in the developing regions of the world - supplied shrimps to the U.S.A., and in 1965 that number increased, mainly due to new African ventures. The U.S.A. buys 40% of the fishery exports of the developing countries, and Japan (with fish imports increased five times in the 1961-64 period, and now the world's sixth largest importer) gets the bulk of its imports from South-East Asia. China is assuming growing importance as a marine foods exporter. Other important fish-buying countries (U.K., W. Germany, Italy) buy a small portion of their requirements from the developing nations, and draw the bigger part of their supplies from the West, Scandinavia, Japan and the U.S.S.R. Foreign trade in TROPICAL fish comprises mainly the supply of tuna, prawns and crayfish to the U.S.A., Japan, and Europe. Cooperative organisations in Western Europe import fish, particularly canned, from many sources, Japan being the main supplier from the region: Details of these purchases appear in Appendix No. 4. In addition to the items listed there, N.A.F. also buy, for Scandinavian requirements, canned shrimps from India and crabmeat from Japan. From the information supplied by Cooperatives in the region, it was found that the following are some of the main fishery products imports: Australia: Canned crab, salmon, sardines, herrings; frozen fillets; smoked fish. Ceylon: Dried fish. Hong Kong: Free port for all types of fish, etc., to be landed there. Japan: Herrings, crayfish, prawns, lobsters, octopus, shrimps and edible seaweed. Malaysia: Canned fish, including sardines. Mauritius: Dried fish. New Zealand: Canned fish, including sardines, salmon and oysters. Philippines: Canned fish, including tuna, sardines and salmon. Ryukyu Islands: Frozen fish. Singapore: Dried and frozen fish; prawns, Burma: Prawns and shrimps. Perhaps worthy of special mention is the Fremantle Fishermen's Cooperative in Western Australia which, until six years ago, sold abroad entirely through exporters but is now conducting only direct foreign sales in Europe and North America.

FISH MEAL: Principal producer countries, in order of importance: Peru, Japan, Norway, U.S.A., South Africa, U.K., Western Germany. Other leading suppliers of raw material for (exports) of fish meal include Angola, Chile and Morocco. In the region, fish meal is produced in Ceylon, India, Pakistan and Korea. China is also a producer. - Cooperative organisations in Australia, the Philippines and Japan are definitely interested in importing meal, provided supplies of sufficiently high protein content can be secured; this is the main problem, and the reason why previously acquired supplies from other countries in the region proved unsatisfactory. Cooperative organisations in the region which were thought to be potential suppliers have been advised, but no firm deals are known to have been made by August 1966. FAO reports that fish meal is to be used in certain products intended for human consumption, e.g. wafers for undernourished children, on the basis of a discovery made in India. The Japanese Cooperatives have imported fish meal from Peru, South Africa and China, while South African supplies have also reached Australian cooperatives.

FISHERY BY-PRODUCTS: (See comments by Indo-Pacific Fisheries Council). Main problems are lack of regular channels for foreign trade, and the generally limited quantities of the products in question, making systematic foreign trade difficult to develop, and necessitating special trade promotion efforts and contacts. Fishery Cooperatives in Ceylon, India and Pakistan are active and/or interested in exporting all or some of the following: Sea slugs, sea shells isinglass, fish maws, shark fins, shark meat, shark oil. Hong Kong, Singapore, Mauritius and Malaysia are among the potential markets, with also a possibility of sales of isinglass to the U.K. and other beer-brewing countries. (There is a cooperative beer brewery in Sweden.) Sea shells (mainly for decorative work) are perhaps marketable in India and Pakistan. Import requirements made known by Cooperatives include frog meat for Japan, and fishheads, for bait for Australia. Details of trade done appear in appropriate national sections of the report. Trade in edible seaweed involves mainly China, Taiwan, Korea and Japan.

FISHERY EQUIPMENT: Cooperative fishery organisations in several countries of the region referred to the need to import fisheries equipment, ranging from yarn and nets to engines, fuel oil, echo sounders, net-making and fish-canning plant, as well as wood for boat-building, etc. Cooperatives interested in these items exist in Australia, Ceylon, India, Korea, Hong Kong, Pakistan, and Japan, the latter country being the region's main supplier and exporter of fishery equipment; Japanese cooperatives have supplied e.g. nets to Canada, Iceland, Australia and the U.S.S.R. Other organisations of fishermen requiring such items operate in Singapore and Malaysia. Canada has shipped nylon yarn to Pakistan for use by fishery Cooperatives there, the Philippines supply hemp for rope-making and Hong Kong may develop an export trade in fishing boats, whilst the principal foreign trade in fuel oil for fishing boats are the supplies form the U.S.S.R. to Japan. Other prominent suppliers of fishery equipment include Scandinavia, the U.S.A., Western Germany, France, Italy, and the U.K. The Cooperative organisations of Norway and Western Germany especially are prominently involved in fishing and fish-canning ventures. The I.C.P.A. could also supply fuel oil, and so can the Pakistan C.P.A. The principal problem regarding the import of fishery requisites into most countries of the region is that of foreign exchange being made available for the purpose. In view of the economic importance of the fishing industry to most of these countries, cooperatives have suggested that equipment for fishing and for fish-canning and net-making ought to be made available as part of the aid received from various sources and agencies.

FRUITS AND VEGETABLES, NUTS, HONEY, EDIBLE OILS, JUICES, PRESERVES, ETC: Virtually all countries of the region are exporters of some of these products, and in most cases there are cooperatives directly involved in such trade, which has to compete with products from neighbouring territories like China, Taiwan, Indonesia, North Korea, the Maldive Islands, Iran, etc. Cooperatives are engaged, or interested, in exporting a wide range of commodities, including pulses, fresh, canned and dried vegetables and fruits, various kinds of nuts, vegetable oils, fruit juices, preserves, honey and even flowers. India processes African cashewnuts for re-exporting. On the importing side, there are the following market opportunities, with again some cooperative interest, or actual import performance, in the following instances: Australia - Dates, olive oil and occasionally peanuts; New Zealand - nuts, some fruits, cooking oils; Ceylon - onions, chillies, pulses, some fruits, imported via C.W.E.; India - certain nuts, dates; Pakistan - vegetable oils, dates, nuts; Malaysia - chillies, potatoes, onions, honey; Japan - nuts, beans, jams, honey, peas, certain fruits;

Philippines - canned peaches, almonds; Burma - nuts; Western Europe, including Scandinavia and U.K. - fresh and canned fruits and tomatoes, honey, onions, canned vegetables, fruit pulses. Other general import performances or opportunities include: Canned and fresh fruits and honey to Hong Kong; canned fruits to Vietnam, New Guinea, West Indies, and most of the Mediterranean area and islands, as well as East Africa; fresh and canned fruits to Canada; dried mushrooms to U.S.A.; pulses to Mauritius and Middle East; pulses and fruits to Persian Gulf area; canned fruits and vegetables, and nuts, to Singapore; dates to Pakistan; pineapples, cashewnuts and honey to India; potatoes and dried mushrooms to New Zealand. From Iran, cooperative exports to the U.S.S.R. (onions and hazelnuts) are being developed. Dates may become a cooperative export from Pakistan.

GRAINS: (See also separate note on Maize). Over the last four years, world surplus stocks have been reduced substantially, and demand and production are much more balanced than some years ago. Three factors brought about this major change: The U.S.A. reduced stocks by keeping output in the last four years below the level of current requirements. Secondly, the Communist countries depend to an increasing extent on imports, as shown by exceptionally large imports into the U.S.S.R. and long-term contracts entered into by China to purchase grains. Thirdly, there is a serious deficit between supplies and requirements in several developing countries, for example in India, where grain production rose by an average 1.1% between 1959 and 1964, whilst the growth of population exceeded 2%. - Most of the countries of the region are actual or potential importers of many types of grain; exporters in the region include Australia, New Zealand and Thailand, plus Cambodia and - under normal conditions - Indonesia, Korea and China are engaged in foreign trade in both directions, though China is now a much bigger importer than exporter. As far as Cooperative transactions are concerned, the following may be mentioned: The Japanese Cooperatives are the biggest buyers and traders among the importing cooperatives of the region; their maize purchases from Thailand, Korea, China, and other sources are referred to under the heading "Maize". and in various national sections of the report. ZENHANREN have a large internal trade in wheat and barley, whilst ZENKOREN are interested in imports of oats, which the Grain Pool of Western Australia wants to sell to Japan. In the Philippines, C.C.E. handle American supplies of sorghum grain, which N.A.C.F. have also been importing into Korea from the U.S.A. Thai sorghum is shipped to Japan (UNICOOP). In Nepal, reference was made to possible future Cooperative exports of some foodgrains. In the West, Cooperatives with flour milling interests are substantial buyers of wheat, but many of these supplies come from sources outside the region to the Cooperative mills in Scandinavia, U.K., Western Germany, France, Finland, the Netherlands, Switzerland, etc. The F.A.O. says the gap between population growth and grain production may continue to widen in the developing countries in the next decade, and they are unlikely to be able to increase grain imports on commercial terms. Main exporting countries: Australia, Canada, Argentina, France, U.S.A., South Africa.

HANDLOOM AND HANDICRAFT PRODUCTS, UTENSILS, CANE FURNITURE, ETC: Actual or potential Cooperative participation in exporting these products has been referred to in Ceylon, Hong Kong, India, Korea, Malaysia, Nepal, Pakistan and the Philippines. There are thought to be markets for some of these products in North America, Western and Northern Europe, Japan, Taiwan, Singapore, the Middle East, Africa, Aden, and possibly Australia, but the difficulties and competition to be faced must not be underrated. On 1st September, 1966, the "Times of India" contained a report which stated that e.g. embroidered fabrics from India could be marketed in W. Germany free of quota restrictions, though subject to 22% import duty, but had to compete against similar goods from Austria and Switzerland, two of Germany's neighbours. Thus the Indian goods face a tremendous handicap as regards freight and insurance costs and transport hazards, and their cost of manufacture needs to be extremely competitive to have any prospects of success under such conditions. In addition to the more systematic, Government-supported attempts to sell these products from the LARGER countries in the region (and their Cooperative organisations), the possibility of exporting Nepalese brass and copper utensils (to India) is said to be under consideration; N.A.C.F. have sold Korean handicrafts in Japan and attempted to do so in the U.S.A. and Western Germany. Australia has secured from G.A.T.T. the right to give preferential tariff treatment to such goods from developing countries; that market may now merit closer examination. There are also limited possibilities of interesting European Cooperatives in some of these products, e.g. the current examination by K.F. of potential trade in cane furniture from Hong Kong. East European countries have also purchased handicraft products from the region.

JUTE AND JUTE GOODS: There are Cooperatives in the region with a definite interest in purchasing jute products in Australia, Malaysia, New Zealand and the Philippines; details have been given to other Cooperatives which are thought to be potential sellers, and some enquiries have been pursued by the parties concerned. - Jute faces increasing competition from synthetic fibres and from alternatives to its end products, e.g. the substitution of disposable paper bags for jute sacks. Principal jute producer countries are Pakistan, India and Thailand; there is also some production in Nepal, the output being largely sold to India, and a Cooperative society in Eastern Nepal conducts some of this trade. India is a fairly substantial importer, as well as producer, especially in bad crop years. The main jute-buying area is Western Europe which absorbs half the world's imports. The bulk of jute manufacturing and processing is concentrated in the jute growing countries, in Western Europe, Japan the U.S.A., Brazil, Burma and Africa. The following quotation from the "FAO Commodity Review 1966" shows the trend in jute manufactures: "A reorientation in the structure of export markets has taken place in India in recent years. While the traditional sacking markets have in varying degrees contracted as a result of competition from Pakistan, this loss has been more than offset by exceptionally heavy sales of both hessian and sacking to Eastern Europe, mainly the U.S.S.R., and by finding a new outlet in the form of jute backing for carpets in the North American market. It should be noted, however, that in the United States jute carpet backing is being faced by increasing competition from synthetics". As regards trade in jute goods among Cooperatives of the region, the above-mentioned potential buyers make it clear that substantial business might be transacted in hessian (cloth), jute sacks for rice, corn, etc., and in jute wool packs, provided sizes, quality grades and specified standards are observed by suppliers in accordance with requirements. In some cases, e.g. Western Australia, sizable imports already come in from Pakistan and India, the two countries with the principal cooperative exporting potential for jute goods. C.C.E. has also imported jute bags to the Philippines and recently invited an Indian cooperative to submit a tender for such bags. A report in the Indian press in September 1966 states that the Vietnam war has caused a shortage of jute goods, including gunny bags, in the U.S.A. India having provided the necessary credits, Indonesia is to purchase jute goods from that country.

LEATHER, HIDES, SKINS, LEATHER GOODS AND FOOTWEAR: Foreign trade deals and opportunities revealed by the information supplied by cooperatives include the following: Exports of leather and leather goods from cooperatives in India and Japan; footwear from cooperatives in India and Pakistan, and from Hong Kong; hides and skins from Australia, and from cooperatives in Pakistan and India. Other specified actual or potential trade developments include the import of leather supplies from the U.S.A. and Sweden to some cooperatives in the region, e.g. American leather to industrial Cooperatives in the Philippines; footwear components to the Small and Medium Industries Cooperatives Federation in Korea; Australian (and other) hides and skins to C.W.S., England; Indian Cooperative footwear to the U.S.S.R.; Hong Kong footwear to Western Europe, including Scandinavia and the U.K.; hides and skins to UNICOOPJAPAN; leather from K.F., Sweden, to India and Thailand. Hide and skin imports into India have been (temporarily) liberalised since devaluation in June 1966* Reports in Indian newspapers in September 1966 say there continues to be a market in the U.S.A. for hides and skins, leather goods and footwear such as can be supplied from South and East Asia. The countries of Eastern Europe also buy leather footwear from the region. Hides and skins are also exported from Iran. *During the year to 31st March 1967, raw hides and skins can be imported into India under open general licence.

LIVESTOCK: Livestock trade involving Cooperatives in the region includes the following deals or possibilities: N.A.C.F. imports livestock from the U.S.A. and Canada, and attempts to sell to Japan, where Cooperatives are interested in importing. The C.W.S. of Thailand once exported some livestock to Hong Kong. Two sugar marketing Cooperative federations in the Philippines are interested in importing livestock (and semen). The possibility of organising Cooperative imports of sheep from Australia to Singapore has been mentioned. The Farmers' Cooperative Wholesale Federation imports Australian sheep and British cattle into New Zealand. Livestock exporting countries, in addition to those referred to above, include New Zealand, China (supplying e.g. pigs to Hong Kong), and the Philippines as a prospective exporter in due course. Livestock trade is inhibited to some extent by regulations to prevent the spread of diseases. Livestock Cooperatives were visited in Hong Kong and the Philippines (also the Poultry Farmers' Cooperative Society in Brisbane). The Farmers' Cooperative Wholesale Federation is concerned with exports of New Zealand livestock to the U.S.A., Japan and Latin America. Livestock exports from New Zealand to Australia are now banned, but New Zealand is now exporting sheep to China. Australian cooperatives are engaged in exporting livestock, including pigs, to such destinations as Burma, Singapore, Malaysia, Philippines and Thailand, and are trying to develop trade with inter alia India and Bhutan.

MAIZE: In the region, the principal importers are the Japanese cooperatives which have secured supplies from cooperative sources in Thailand, Argentina and Korea, from the state trading agencies of China, and from other suppliers in U.S.A., South Africa, Cambodia, Roumania. N.A.C.F. imported maize from the U.S.A. into Korea in 1964. In Nepal, the possibility of maize exports by a cooperative district union was referred to. Other possible sources of supply include Burma, Indonesia and Australia. Among Western cooperatives, the CWS imported more than £ stg. 2 million worth of maize and corn into the U.K. in 1964, the bulk of the supply coming from the U.S.A., and some part of it from Argentina, Roumania and West Germany. In 1966, N.A.C.F. Korea is scheduled to make some exports to a cooperative in Northern Japan; if satisfactory, it is hoped to develop a larger and continuing trade from these beginnings. ZENKOREN handles 32% of total maize imports into Japan. For details of supply agreements entered into by the Japanese and Thailand cooperatives, see Appendix No. 2.

MEAT, MEAT PRODUCTS, POULTRY AND CASINGS: Principal suppliers from the region are Australia and New Zealand, both with Cooperative enterprises which have a sizable trade with Cooperatives in the U.K. An Australian meat trade cooperative is also supply Japan, where the agricultural and consumers' movements are engaged or interested in imports of meat, meat products and casings. The New Zealand meat production works of the English C.W.S. trade with the U.K., U.S.A., France, Canada and Japan. Cooperative exports from Australia have included canned meats to e.g. Singapore, and the New Zealand Cooperative Pig Marketing Association supplies meat products to the U.K. and U.S.A. The continuous search for new markets and sources of supplies is illustrated by the news that the U.K. is for the first time buying beef from South-West Africa. ZENHANREN of Japan has a large internal trade in poultry, but no exports so far. The Poultry Farmers' Cooperative Society of Brisbane, Australia, has exported poultry meat to New Guinea, and is interested in sales elsewhere, e.g. Japan. Mention has been made of the possibility of importing Australian meat by Singapore Cooperatives. The consumers' movement in the Philippines imports canned meat from Argentina and Denmark, whilst N.A.C.F. of Korea attempt to export rabbit meat to Japan. Meat products from China come into Hong Kong. It is also understood that meat products from the U.S.A. and the Netherlands are sold in the region. The most important item entering world meat trade is beef, trade in which has expanded rapidly in recent years. During the last 10 years, Australia and New Zealand have largely switched their beef exports from less profitable carcass meat (sides or quarters) to boneless beef and special cuts. These more highly processed products yield better prices, while other meat exporting countries in Latin America and Africa still continue to export largely carcass meat. Thus the former two countries benefit from increases in the unit value of their exports, whilst the latter have to increase their volume of sales to raise their earnings. The new free trade pact between the two countries provides that Australia is to facilitate the entry of some New Zealand meat. In Malaysia, there are plans for Cooperative involvement in poultry marketing.

MOLASSES: The principal party interested in purchasing is the Japanese cooperative movement. Negotiations for supplies from sugar Cooperatives in India were concluded in September 1966, and enquiries had also been made by UNICOOPJAPAN in June 1966 at one of the Philippine Cooperative organisations for sugar marketing. Other potential sources - including some Cooperatives - Include Australia, Malaysia, Pakistan and Thailand, and also Burma, China, Indonesia and Cuba. The Japanese cooperatives have made purchases from some of these countries. Some molasses from the Pakistan cooperative sugar mill find their way abroad, inter alia to U.S.A. and Germany. The Indian cooperative sugar factories are looking for additional markets for molasses, possibley in the Near and Middle East, and/or (Eastern) Europe. Molasses are also produced under the control of farmers' cooperatives in Iran.

MOTOR VEHICLES AND COMPONENTS: Apart from such more general requirements of Cooperatives as tractors for agriculture, and trucks for goods transport, the following are some of the actual or potential trade opportunities involving the region and Cooperatives there: Exports: Tyres, tractors, trucks and motor cycles from UNICOOPJAPAN (Tyres have been supplied to U.S.S.R.); Indian-made buses, vehicle spares and motor workshop equipment to Nepal; Rubberised coir for vehicle upholstery from Ceylon Cooperative Industries' Union; tyres from Singapore; tyres from U.S.S.R. (supplied to the Cooperative Federation of Ceylon); tyres and vehicle accessories from K.F., Sweden (Some supplies to Ceylon and Iran). Imports: "Centrosoyus" have imported tyres into U.S.S.R. from UNICOOPJAPAN; Cooperative Federation of Ceylon have imported tyres from U.S.S.R.; SAJHA Nepal import buses, vehicle spares and motor workshop equipment from India; according to information furnished (for the I.C.A. Trade Directory), Cooperatives in Australia, Burma and India are interested in the import of tractors, and some in Pakistan in the import of trucks, and of motor cycle manufacturing machinery (for the manufacture of motor cycles by a Pakistan Cooperative). New Zealand cooperatives have bought motor cars from Japan. Cooperative organisations in Pakistan report importing tyres and tubes from the U.K. and Japan. India is due to resume importing tractors from the U.S.S.R. and from some other countries. Exports of tyres and tubes are being developed from Israel, while Iran imports tubes, tyres, cars, trucks and accessories.

PAPER AND PAPER PRODUCTS, PULP, BOARD, BAGS AND STATIONERY GOODS: Principal paper importing areas are Europe, Asia and North America. Cooperative importing interests and trade in the region include these examples: Parchment and paper (for wrapping produce) to Australia; onion bags and paper and paper products for school and office purposes, to the Philippines; bags for desiccated coconut to Ceylon; some stationery requirements to Burma; general paper needs to Indian cooperatives, and paper for printing and publications to JAJHA in Nepal. From the Swedish KF organisation, paper products have come into Hong Kong, Malaysia, Pakistan, Thailand, Australia Ceylon, India and the Philippines. Other paper exports to cooperatives in the region have come from the U.S.A., Germany, Japan, the U.K., New Zealand and China. UNICOOPJAPAN list paper and paper products as exportable commodities. The trade in materials for fruit wrapping appears to be of some importance; "Overseas Farmers" purchase Australian and New Zealand requirements to some extent from the U.K. and Scandinavia, but manufacturing developed in New Zealand is now also supplying fruit wrapping paper to Australia; paper supplies needed in Nepal may come from China. Stationery trade items are imported by a cooperative in Pakistan, the "AMUL" Cooperative Dairy has brought parchment paper from W.Germany into India, and there is some cooperative paper-making in Malaysia. India has also bought paper from the U.S.A., but supplies from that source are now believed to be more limited. India in turn is due to sell certain paper supplies to Indonesia under the terms of a recent agreement between the two countries.

PETROLEUM PRODUCTS, LUBRICATING OILS AND GREASES, FUEL OILS: The International Cooperative Petroleum Association (see report on that organisation) has a number of shareholders in the region and has sold some supplies to Government monopoly agencies in India and Ceylon. A Cooperative source of supplies located in the region is the Pakistan Cooperative Petroleum Association, Karachi, while supplies from extra-regional sources have come mainly from the U.S.S.R. In Iran, foreign trade in oil and oil products is controlled by the State. UNICOOPJAPAN list petroleum products among their potential imports. In Nepal, Cooperative district unions are importers of kerosene, whilst the SAJHA organisation import diesel oil from India for their buses and lorries. Perhaps the biggest potential business is the supply of fuel oil to Cooperative fishery societies which operate in Australia, Ceylon, Hong Kong, India, Japan, Korea, and Pakistan. There is also a similarly substantial trade potential for supplying diesel oil, other fuels and lubricants to meet the needs of mechanised farming activities, e.g. through the cooperative farm service centres due to be developed in West Pakistan, and other similar ventures elsewhere in the region.

PROCESSING AND MILLING EQUIPMENT AND MACHINERY: (See also FISHERIES EQUIPMENT). During the survey and via the Trade Directory, a number of Cooperatives in the region have made known their needs for various items in these categories. It seems that supplies have to come mainly from Western countries, from Japan (and the cooperatives there) and to some extent also from India; the following import requirements have been specifically mentioned by cooperatives: Burma (rice milling machinery); Ceylon (fruit and vegetable processing and canning); India (juice extracting machinery, leather tanning machines); Malaysia (rice milling); Nepal (rice milling, and fruit processing and canning); Pakistan (rice milling, fruit juice processing, and canning); Philippines (rice threshing and Thailand (rice milling). Sugar milling equipment required by cooperative factories in India is now made entirely within that country.

RICE: World rice output is increasing by 2-3% annually, but that increase is largely cancelled out by population growth. In 1965-66, the upward trend in production was halted by crop failures in India, which country accounts for 40% of the total rice output of the developing countries. The tight supply position has helped rice-exporting countries to earn more foreign exchange since 1962. Based on 1964 figures, the principal rice exporting countries (in order of export values) were: Thailand, U.S.A. Burma, China, U.A.R., Cambodia, Pakistan and Taiwan. Other exporters in the region include Australia, Korea and Nepal. In the past three years, developing countries which export rice have increased the value of their total rice exports by 25% and the volume of their sales is one-third above the 1953-55 level. Rice shipments from the U.S.A. have been increasing, notably to India, Vietnam and Japan. - Rice importing countries include Japan, India, Ceylon, Pakistan (both exporter and importer), New Zealand, the Philippines, Malaysia, Hong Kong, Singapore, Indonesia and Vietnam. Rice importers elsewhere include the Arab countries, the Near East, Cuba, West Africa, the U.K., and many European states. - N.A.F. is a substantial importer of rice for Scandinavia's consumer Cooperatives and buys Thailand rice from mills in Europe. In 1964, the C.W.S. imported Australian rice into the U.K. In the E.E.C. countries, high levies are imposed on rice imports from non-member countries and consequently demands are likely to be met increasingly from internal production in France and Italy, to the detriment of rice-exporting countries in Asia. (References to Cooperatives involved in rice trading appear in several national sections of the report, e.g. Australia, Japan, Korea, Philippines). Rice has been exported by a cooperative organisation in Iran to the U.S.S.R. New Zealand cooperatives have imported rice from Australia. There is some cooperative rice processing in Malaysia. In Japan, the acreage under rice cultivation and the rice harvest have been decreasing over the last three years; the 1965 crop was the smallest since 1959 and may necessitate larger imports, which had already topped 1 million tons in 1965-66. Imports into Japan come mainly from Taiwan, U.S.A., Korea, Spain, Thailand and Burma. Though Korea is normally a rice exporter, N.A.C.F. imported rice from Taiwan in 1963 as the agent of the Government of Korea.

RUBBER: Producer countries include Malaysia, Indonesia, Ceylon, Burma, India, Thailand and Vietnam. In Malaysia, Cooperatives produce rubber in latex form; the Senior Assistant Commissioner, Cooperative Development Division, thought direct Cooperative exports might be developed. K.F. of Sweden buy rubber from Malaysia and Indonesia for their tyre and rubber footwear factory; N.A.F., who buy via London and Singapore, think the trade may decline in view of competition from synthetic materials. UNICOOPJAPAN list crude rubber as one of their import commodities. - Principal rubber import areas, in order of importance, are: Western Europe, U.S.A., U.S.S.R., China, Eastern Europe. Some of the prominent producers of synthetic rubber, such as Japan, Canada and South Africa, report a declining consumption of natural rubber. The largest increases in consumption of natural rubber are taking place in the Communist countrie

SEEDS (Agricultural and horticultural): Many Cooperatives have referred to an interest in foreign trade in various types of seeds. Countries in the region which are concerned with both exports and imports, with some examples of Cooperative interest, are: Australia (imports of grass and clover seeds, exports of small seeds like canary, panicum and millet);

India (imports of chicory seeds and seed potatoes, exports of castor and mustard seeds); Nepal (import of various seeds, export of mustard seed and linseed); Japan (import of linseed, cotton and kapok seeds, export of seed potatoes, vegetable and rice seeds). Other seed exporters (apart from Western countries like the U.S.A., U.K., Western Germany, the Netherlands, France and Denmark, which are all suppliers to the region) include Burma (seed potatoes), New Zealand (pasture and pea seeds), and Pakistan (mustard seeds). Other seed importing areas include Ceylon (vegetable seeds), Hong Kong (flower and vegetable seeds), Korea (vegetable seeds), Philippines (onion seeds, seed potatoes, etc.) and North Korea (rice seeds). The C.W.S. imports seeds into the U.K., e.g. from New Zealand. In many of these countries, Cooperative organisations are either involved in the seeds trade or interested in participating in it. Australian Cooperative seed exports go to a variety of destinations, e.g. the Mediterranean area (including the C.W.S. of Israel), Pakistan and Borneo. Some Pakistan cooperatives are interested in importing seeds. In Iran, C.O.R.C. is involved in the distribution of a wide range of seeds to farmers' cooperatives.

SILK AND SILK GOODS: Silk producing countries in or near the region include China, Japan, Thailand, Korea (South and North), and India. Known Cooperative activities and interests include the following examples: (1) An official of K.F., Sweden, reports that Thai silk goods are on sale in Sweden and that K.F. will examine the possibilities of buying Thai silks for Swedish Co-operatives. (2) The Philippine Federation of Consumers' Cooperatives has purchased raw silk from Japan. (3) UNICOOPJAPAN has bought silk from North Korea. (4) N.A.C.F. is the sole Government-authorised collecting agent of raw silk in Korea (South), but has to transfer the collected silk to private spinners who, through their exporters' association, then engage in profitable exports of finished silk goods, mainly to Japan. N.A.C.F. wish to participate in this export trade, which amounted to 8 million U.S. Dollars in 1965, and is likely to reach 12 million Dollars in 1966. (5) Pakistan Cooperatives report imports of silk yarn and an interest in exporting silk fabrics and garments. (6) Indian silk fabrics are exported to Europe, U.S.A., Africa, Australia and the Middle East. (7) Silk yarn and raw silk from Japan are imported for handloom cooperatives into India, but the Government of India maintain certain restrictions on the export of hand-spun silk yarn.

SPICES, CONDIMENTS AND SALT: In or near the region, the following export trade activities or opportunities involving cooperatives have been reported: Ceylon cooperative interest in export of cinnamon, cloves, nutmeg and pepper, Indian and Pakistan cooperative export interests in cardamoms, pepper, salt and turmeric; Thailand cooperative exports of salt. Other general exports from the area come from Indonesia (pepper), Japan, Malaysia, including Sarawak (pepper), and Singapore, and the Philippines. Salt from Australia (and from the U.K.) was exported to New Zealand, but the trade is declining in view of local production developments there.

Other trade items reported include the following: Scandinavian cooperatives purchased spices from India, Singapore, the Philippines, and Indonesia; Pakistan cooperatives are potential buyers of cardamoms, cinnamon, cloves, pepper and other spices; pepper and other spices are sought by UNICOOPJAPAN: imported salt and corianders are sold by Malayan C.W.S.; salt and spices are imported by cooperatives into Nepal; consumers cooperatives sell imported salt and condiments in Hong Kong; possible cooperative imports of cloves into India, and of various spices into Singapore. Other general markets importing spices - some of them buying inter alia from cooperatives in the region - include U.S.S.R., Eastern Europe, Persian Gulf, U.S.A., Italy, Israel, and to a lesser extent other countries in Western Europe. Competition comes also from Africa, e.g. Tanzania which sent its Minister of Commerce and Cooperatives to the U.K. in June 1966 in connection with attempts to sell cloves to British Cooperatives. Generally speaking, the market for most spices is more limited in Western countries than in the region and throughout Asia and Africa. Salt and pepper are the most widely bought and used items, but some rather optimistic assessments are occasionally made about the opportunities to market other, less familiar spices in Western countries in general. In some areas, there is a certain resistance to various spices, the consumption of which is regarded as a potential health hazard. Salt imports into Japan are regulated by the Government there. G.E.G., Germany, have bought some Indian spices in the past.

SUGAR: Prices of raw sugar on the free world market in 1965 were the lowest since 1941, and far below average production costs in ANY country. Sugar producing countries in or near the region include; Australia, China, India, Japan, Pakistan, Philippines, Ryukyu Islands, Taiwan, Thailand, Vietnam. Of these, India, Pakistan and the Philippines have Cooperatives engaged in sugar production and/or marketing. Indian sugar Cooperatives contribute substantially to raw sugar exports and are interested in developing exports direct to foreign cooperatives. All Philippine sugar exports go to the U.S.A. - Countries in the region which depend to a varying extent on sugar imports include Ceylon, Hong Kong, Iran, Japan, Korea, Malaysia, Nepal and Singapore. Among the Cooperatives in those areas, the Japanese are interested in importing raw sugar. Outside the region, the main importing areas are Western Europe, including U.K. - North America and U.S.S.R. The U.S. sugar legislation provides definite quotas for the supplying countries to fulfil, a large proportion of imports coming from Central and Latin America and the Caribbean. Among the countries of the region which have a quota are Australia, India and the Philippines, and also Taiwan. In the absence of supplies from Cuba, the Philippines have the largest quota among all foreign suppliers to the U.S.A. and have sometimes difficulties in meeting the requirements. The Philippines are also the only country permitted to sell a volume of refined sugar to the U.S.A. African countries still largely dependent on imports (with a low consumption per head of population) include Ghana, Ivory Coast, Malawai, and Nigeria. Imports of sugar into Iran are controlled by the Government. Sugar is also produced in Fiji and exported from there. Another sugar-importing country is Israel. Imports into Japan are expected to total some $1\frac{1}{2}$ million tons in 1966, with supplies coming mainly from Cuba, Taiwan, Okinawa, South Africa and Australia.

TEA: Principal producing areas. India, Ceylon, China, Japan, U.S.S.R. Pakistan, (East) Africa, Latin America, Indonesia, Taiwan and Malaysia. Main import areas: U.K., Africa, U.S.A., Oceania, U.S.S.R., E.E.C. Other tea importers outside the region include Western Europe, Canada, the Middle East (notably Iraq), Israel, Latin America, Eastern Europe. In or near the region, tea is imported into Australia, Burma, China, Hong Kong, Japan, Malaysia, New Zealand, Nepal, Pakistan, the Philippines, Singapore, and Iran. Cooperatives in India and Ceylon are concerned with, or interested in, exporting tea, whilst some Pakistan Cooperatives are listed in the I.C.A. Trade Directory as potential importers. In Iran, a Cooperative society has imported tea from the U.K. Cooperatives in many countries of the region handle imported tea, notably in Australia, New Zealand, the Philippines and Japan. In Nepal, the office of the Cooperative Societies' Registrar referred to the possibility of importing tea through Cooperatives. The market for tea in India is growing rapidly, says the F.A.O. "Commodity Review 1966". Of the Cooperatives in Western Europe, the English and Scottish Joint C.W.S. Ltd., with its own tea estates in India, Ceylon and Tanzania, is by far the biggest tea trader. N.A.F. also purchase tea which comes from the region, most of their business being done in London. Details of European Cooperative purchases appear in Appendix No. 4. In Iran and Japan, there exist regulations which provide for the blending of imported tea with locally grown varieties.

TEXTILES, CLOTHING, KNITWEAR (see also HANDLOOM AND HANDICRAFT PRODUCTS): Cooperatives with an interest in exporting exist in India, Japan and Pakistan, and other exporting countries include China, Korea, Taiwan, and Singapore, as well as Hong Kong, where the C.W.S. of England are engaged in two-way trade, i.e. some exports from the U.K. to the region, and vice versa. Textiles from the region are exported to, or required in, the U.S.A., the U.S.S.R. (where Japanese cooperatives have supplied fabrics, shirts and knitwear), China (which has also bought from Japanese cooperatives), the U.K. and Western Europe, including Scandinavia (details of some European Cooperative purchases are in Appendix No. 4), Japan, the Philippines, Thailand, Malaysia (limited cooperative requirements), Ceylon (cheap fabrics imported via C.W.E. for sale also through Cooperative shops), Australia (some drapery and clothing items for consumers' cooperatives), Nepal (cotton and woollen textiles for SAJHA organisation), New Zealand (mutton cloth, also some drapery and clothing items), Burma (some cooperative fabrics requirements), and Iran (cooperatives buying imported textiles locally). Some textiles from the region also have a market in the Middle and Near East and Africa. A cooperative federation in Pakistan reports an interest in the import of cloth, yarn and fabrics, whilst other Pakistan cooperatives want to develop exports of fabrics and of clothing. There are also exports from the region to Eastern Europe (woollen fabrics, clothing, knitwear). Main markets for the traditional types of garments, e.g. sarees, are likely to be in the region, and in adjoining areas, including Persian Gulf, Middle and Near East and Africa. Under the terms of a recently negotiated credit, Indonesia is to buy some textiles form India.

TOBACCO AND TOBACCO PRODUCTS: The difficulties presently encountered by Rhodesia offer to other countries which produce Virginia tobacco some special opportunities. Tobacco-growing countries in the region include India, Japan, the Philippines, Pakistan and Ceylon. Some tobacco is also grown in Malaysia, Nepal, Thailand, Indonesia, China, Australia and New Zealand. In India, Ceylon, Pakistan and the Philippines, there are Cooperative organisations with definite interests in the export of various types of tobacco. Some areas of the region also import tobacco and/or tobacco products; these include Hong Kong, Japan, Malaysia, Singapore, Thailand, Australia and New Zealand. The trade in special native tobacco and tobacco products between India and Ceylon appears to have come to a halt, as a result of which the existence of a cooperative in Ceylon is in danger. These special types of native tobacco (for smoking or chewing) which are cultivated mainly in Ceylon, India and Pakistan appear to have a market potential only in the region, in the Persian Gulf area, the Middle East and parts of Africa. Cigar leaf tobacco from the Philippines and Indonesia is sold largely to the U.S.A. and Western Germany (for Bremen auctions). - In most parts of the world, Virginia tobacco is more readily and widely accepted, but it cannot be assumed that e.g. Philippine or Indian varieties could automatically and necessarily become an immediately accepted substitute for the not available Rhodesian tobacco or for expensive American types. Principal tobacco importing areas are: E.E.C., other countries of Western and Northern Europe, U.S.S.R., North America. In a number of West European countries, and in Japan, tobacco importing is the concern of a state monopoly organisation. In some countries of Western Europe, the Cooperative Movement owns cigarette and cigar making factories, e.g. in the U.K. and Western Germany; in 1964, the C.W.S. imported a limited volume of unmanufactured tobacco into the U.K. from India and Indonesia. India's exports of flue-cured leaf cigarette tobacco have been rising for a number of years and reached 80,000 tons in 1965, when the U.S.S.R. replaced the U.K. as India's top customer for tobacco; Soviet purchases are concentrated on the lower grades. There has been at least one Cooperative export deal involving the shipment of Indian tobacco to the U.S.S.R. In the E.E.C., the dismantling of internal tariffs may well result in tobacco requirements being met increasingly from the two tobacco-growing associates of E.E.C., Greece and Turkey. In Iran, foreign trade in tobacco is state-controlled. In Australia and New Zealand, manufacturers must use a certain percentage of domestic tobacco.

WOOD AND WOOD PRODUCTS: Principal importing regions, in order of importance, are: For sawn softwood and sawn hardwood - Europe and North America; Wood pulp - Europe, North America, Asia; Roundwood; Pulpwood - North America Europe, U.S.S.R.; coniferous sawlogs and veneer logs - North America, U.S.S.R. Europe; broadleaved sawlogs and veneer logs - Asia, Africa, Europe. Sources of supplies of some types of wood and/or wood products include Burma, India, Japan, Korea, Malaysia, Pakistan, Philippines and Taiwan. Areas known to import certain types of wood and/or wood products include: Hong Kong, India, Japan, Pakistan, Singapore and Thailand within the region; elsewhere the U.S.A., U.K., Norway, Finland and various other European countries. According to the type of wood in question, substantial exports originate in many different parts of the world, inter alia in the U.S.A., Canada, U.S.S.R., West Africa, Sweden, Finland, Roumania, etc. Japanese Cooperatives are importers of timber logs used for pulp and building work, and of other soft and hard woods; a substantial portion of their supplies comes from the U.S.S.R. Some Pakistan Cooperatives are interested in imports of wood, including teak wood for building fishing boats; an Indian Cooperative is listed as a potential buyer of plywood. Both Pakistan and India have entries in the Trade Directory for societies which are (possible) exporters of wood and/or wood products. The recent free trade pact between Australia and New Zealand provides inter alia for the progressive elimination of Australian tariffs on New Zealand forestry products.

WOOL: Main exporting countries are South Africa, Australia, New Zealand, Uruguay and Argentina. Exports from the region include inter alia wool from Pakistan and India; certain types of wool are imported into India to some extent. Similarly, Iran is both an exporter and import of wool, and also buys some wool manufactures abroad. The developing countries and the Communist states together account for one-third of the world's total wool consumption; among other countries, the principal wool consumers are the U.S.A., Canada, Japan, the U.K. and various West European states. More than 80% of all imports are absorbed by the 14 biggest importing nations. - The principal Cooperative wool trade appears to be the importing of New Zealand wool by the C.W.S. into the U.K. (value in 1964 more than £ 1¼ million). In New Zealand, the Farmers' Cooperative Wholesale Federation claims to be the country's second largest wool trader, accounting for 22½-25% of the New Zealand wool clip. Generally speaking, wool is a commodity not particularly suitable for Cooperative involvement in marketing. One Cooperative organisation in East Pakistan is listed in the Trade Directory as a potential importer of wool yarn; that commodity has also been imported, to a very limited extent, by (or for) a consumers' cooperative in New Zealand. Present trends in New Zealand suggest that the number of sheep there may approach 70 million by 1972-73, in which case the total wool clip would amount to 850 million lb. against 660 million lb. today, but the industry is confident it will sell all the wool it can produce, in spite of competition from synthetic fibres.

Appendix No. 6

LATE ADDITIONS TO THE REPORT

AUSTRALIA: In his submission to the Advisory Council, for its meeting in Manila in October 1966, the President of the Cooperative Federation of Australia suggests that the development of international cooperative trade might be helped by a directory of cooperative production facilities and establishments in various countries, to be grouped under appropriate industrial headings.

CEYLON: 1. On 1st September 1966, it was reported in "The Cooperator" (published in Jaffna) that the Malayalam Tobacco Sales Cooperative Society had experienced a "financial failure" with their production of hand-made Manila-type cigars; unless remedial action was taken soon, the Society would have to close down. Representations had been made to the government to enable the Society to resume its other activities in manufacturing and exporting; this would necessitate a resumption of their trade with India, based on a revived Indo-Ceylonese tobacco trade agreement. The Society has 2,500 members.

2. Although 59 of the 77 cooperative societies which had used Russian tyres imported by the Cooperative Federation of Ceylon favoured buying more of these tyres, the Federation's second application for further imports from the U.S.S.R. was turned down by the government.

INDIA: An announcement by the government, in September 1966, showed the following position of the consumers' movement in the country: By the end of March, 1966, there were 246 wholesale stores with 7.649 primary stores/branches. Under the accelerated development programme approved by the government, there are to be set up, in the year 1966-67, another 101 wholesale stores with some 2,000 primary stores/branches, plus about 60 department stores.

JAPAN - INDIA: 1. During their visit to India in September 1966, representatives of UNICOOPJAPAN and ZENKOREN established contact with the National Cooperative Consumers' Federation Ltd. to explore trading possibilities between the two sides.

2. During the same visit to New Delhi, the representatives of the Japanese agricultrual cooperatives signed a declaration, jointly with the National Agricultrual Cooperative Marketing Federation of India ("NAFED"), to record their intention to act as each other's agents in their respective countries; it is hoped that the first concrete result of this arrangement will be the shipment of Indian groundnut oilcake to Japan at a rate of 2,000 tons per month.

JAPAN - INDIA (contd.)

3. As a result of negotiations brought about by contacts provided by the Regional Office, an Indo-Japanese cooperative trade agreement was signed in New Delhi on September 30th 1966. This provides for the National Federation of Cooperative Sugar Factories Ltd. of India to supply to UNICOOPJAPAN (for use by ZENKOREN of Japan) up to 30,000 tons of sugarcane molasses between 1st Dece 1966 and 31st December 1967, subject to the necessary export and import licences being available in the two countries (licences for the initial shipment in December 1966 have been secured). Shipping will take place at regular intervals in a vessel, or vessels, chartered by the Japanese cooperatives, from ports on the East coast of India. This contract is the concrete and direct resu of the liaison work carried out by the Regional Office i the field of trade.

5th October 1966.