STATEMENT MADE BY THE REPRESENTATIVE OF THE WORLD FOOD PROGRAM ON 12 DECEMBER 1968

1. The Executive Director greatly appreciates the way the GATT Secretariat has been enabling the World Food Program to maintain close relations and liaison with this Working Party.

2. Before dealing specifically with the area of dairy products, it might be of interest to the Working Party to have information on the progress of WFP. Currently WFP has shipments in progress to no less than 162 projects with a total cost in commodity value and freight of $202 million, while eighty-six projects involving $46 million have been completed. Agreements have been signed for a further seventeen projects involving $54 million, while an additional fifty-one projects involving $52 million have been approved and agreements are awaiting signature. In addition, up to 31 October 1968, seventy-two emergencies have received food aid from the Program involving commodities and freight to the approximate value of $57 million. This makes a grand total of 388 different operations for a total value of $511 million.

3. The great majority of the projects have received dairy products, principally dried skimmed-milk powder.

4. Now coming more specifically to dairy products, the Program during its experimental period from 1 January 1963 to 31 December 1965 delivered 5,700 tons dried skimmed-milk powder, 1,100 tons dried whole-milk powder, 130 tons of condensed milk, 330 tons of butter, 600 tons of butter oil and 2,200 tons of cheese. On 1 January 1966, the Program was put onto an open-ended basis and between that date and 30 November 1968 the Program shipped 32,900 tons dried skimmed-milk powder, 1,400 tons dried whole-milk powder, 900 tons of condensed milk, 470 tons of butter, 5,700 tons of butter oil and 4,200 tons cheese. Thus there has been a considerable increase in the disbursement of dairy products over the experimental period in the years 1963 through 1965.

5. The Working Party will recall that at its meeting in May consideration was given to an advance copy of an FAO paper entitled "Milk Products as Food Aid". Appendix Table VII on page 39 of that paper shows that the absorptive capacity of WFP was indicatively estimated for the period 1969 through 1971 as follows: dried skimmed-milk and whole-milk powder 197,000 tons, butter oil and ghee 130,000 tons and cheese 25,000 tons, all in round figures. Since that paper was prepared, the Executive Director has kept under continuous review the absorptive capacity of WFP and, following continuous contact with United Nations Resident Representatives and WFP project officers in the field, has produced regular revisions of these estimates. These reviews revealed that it was important to think in terms of five years rather than three years. This is because WFP's projects are tending to lengthen and, although the majority of our projects are still of three years duration, there are a growing number of five-year projects. The Executive Director has felt that school feeding projects are improved if the duration is extended to five years. Furthermore, the Executive Director recognizes that projects involving the reconstitution of dried skimmed-milk powder and butter oil in milk plants cannot function efficiently if the duration is less than five years. These projects need assurance of
supply for this length of time if sound and businesslike planning is to be carried out by the relevant authorities. Accordingly, WFP is now making its regular estimates on the basis of a five-year absorptive period. The Working Party may be interested to have the last two estimates. In early October the absorptive capacity for WFP for the years 1969 through 1973 was estimated as follows: dried skimmed-milk powder 213,000 tons, dried whole-milk powder 1,000 tons, condensed milk 7,000 tons, butter oil 62,000 tons, ghee 30,000 tons, butter 4,000 tons and cheese 61,000 tons. A revision made in early November produced the following figures: dried skimmed-milk powder 378,000 tons, dried whole-milk powder 1,000 tons, condensed milk 7,000 tons, butter oil 112,000 tons, ghee 34,000 tons, butter 5,000 tons and cheese 75,000 tons.

6. If these November estimates which, as I have said, cover a five-year period, are interpolated to cover a three-year period, we have the following figures: dried skimmed-milk and dried whole-milk powder and condensed milk 221,600 tons as compared with a figure of 197,000 tons given in the FAO paper. Butter oil, ghee and butter 90,600 tons as compared with 130,000 tons in the FAO paper and cheese 45,000 tons as compared with 25,000 tons given in the FAO paper.

7. It will, however, be remembered that the estimates which appear in the FAO paper were purely indicative and were not the result of the more thorough investigations that the Program has been able to undertake subsequently.

8. These subsequent investigations have revealed that where fats are being used for cooking purposes in WFP projects and prospective projects, butter oil and ghee are on the whole less well known and less preferred. In other words dairy fats do pose a certain acceptability problem.

9. These individual figures do reflect the supposition that WFP might be invited to supply over a five-year period approximately 126,000 tons of dried skimmed-milk powder and 42,000 tons of butter oil to India for reconstitution in Indian milk plants under a scheme which is understood to be in an advance stage of consideration by the Indian authorities. The Executive Director of course appreciates that this scheme has not been finalized by the Indian Government and that no formal request has been reviewed for assistance although there has been some informal consultation about this with FAO. The individual figures, however, do not reflect a large project submission from the Government of Ceylon which might increase the estimates for butter oil by some 20,000 tons, for cheese by some 18,000 tons and for dried skimmed-milk powder by some 50,000 tons over five years. Whilst the Executive Director has felt it worthwhile mentioning this submission from the Government of Ceylon, he has not felt it wise to include the figures in his November estimates as the submission is recent and has not yet been sufficiently studied in WFP.

10. As you know, apart from a limited amount of emergency aid WFP is committed to the project approach and the Executive Director is a strong advocate of this approach. It minimizes the problem of market displacement and stimulates the additive effect on the economy of the recipient country. Furthermore projects do
tend to be labour intensive. On the other hand, it must be realized that in order to ensure the soundest possible planning, nearly a year elapses between the date of submission and the date of the project coming into operation.

11. The Executive Director would especially like to draw the attention of the Working Party to the scope for reconstituted milk in school feeding projects and projects concerning pre-school children, nursing mothers and pregnant women. There is considerable scope in such projects for the use of reconstituted milk and the potential benefit to recipients is widely recognized as a highly desirable feature. However, as stated above, it is felt essential that such projects should have a duration of not less than five years.

12. The Executive Director is well aware that in many instances the institution of such projects is dependent upon the establishment of appropriate plants and, since the Program is not as presently constituted able to assist in the building of such plants, their construction must be a matter for other aid channels. In the event of any consideration being given by this Working Party to some form of food aid scheme in dairy projects, the Executive Director would plead most strongly that such a scheme should cover a period of not less than five years.