The World Food Program commodities are utilized for three main purposes. Emergency operations, that is to say feeding of people stricken by natural and man-made disasters, special feeding projects such as school feeding and pre-school feeding, feeding of nursing mothers and pregnant women, vocational training and the like, and thirdly, and much the most importantly, economic development projects such as land settlement, land reclamation, power stations, animal husbandry, community development, road construction, and industrial and mining projects, etc. where World Food Program food is used as part, or sometimes all, of the wages of the workers. Twenty-three per cent of our projects are in the special feeding category which I just mentioned and 77 per cent of our projects are in the area of economic development. In five years' experience we believe we have established the soundness of the food aid concept and of its popularity there is no doubt. Project submissions are received from developing countries and most pragmatically worked up to the operation stage at our headquarters in Rome in conjunction with project officers in the field, with United Nations Development Programme representatives and the appropriate authorities of the recipient governments themselves. Thus we do our utmost to ensure the soundness and viability of the projects we go into. It is important perhaps to note that in the course of developing these projects to the operational stage a summary is prepared which is sent to the Sub-Committee on Surplus Disposal in Washington primarily with a view to ensuring that the project will involve no market displacement. In each recipient country we have a World Food Program staff project officer. In some countries we have more than one project officer. These project officers are there to assist the government with all factors concerning food storage and food distribution, and to report to headquarters on the performance of the project. This enables the programme to take appropriate remedial action if at any time performance tends to fall off. So it is that we are through our concept of the project approach able to develop and control projects right down the line; so in a sense we are something like bankers who, instead of investing money, are investing food and we take many of the precautions that bankers take. It is important, very important indeed, to appreciate that the potential of the World Food Program is related to the resources pledged to it. The resources actually available to the Program during the current three-year pledging period which we are working on now, that is to say the period 1966-1968, total up to the present about $187 million worth of resources. The next pledge period covers the two years 1969-1970 and the actually available resources for these two years are so far $129 million. To these figures we anticipate adding further pledges and contributions of grain under the Food Aid Convention of the
International Grains Arrangement. The commodity composition of pledges is not generally specified in pledges. But it does cover a wide range of different commodities - grain, dairy products, edible oils, meat, dried fish, canned fish, dried fruit, canned fruit, sugar and several other types of commodities. Currently the World Food Program is operating 181 projects, with a further 64 projects to come into operation shortly. These 181 projects together with 42 completed projects and 43 completed and operating emergencies involve a total World Food Program cost of $210 million since we started operations on 1 January 1963. So far as dairy products are concerned, World Food Program has shipped quite significant quantities and I will read them out to you: between 1 January 1963 and the end of March 1968 the World Food Program had shipped 37,000 tons of dried skimmed milk powder, 3,350 tons of dried whole milk powder, 750 tons of condensed and evaporated milk. That is near enough in what we call milk products - a total of 41,000 tons. Additionally, in that period from 1 January 1963 to the end of March this year we had shipped 5,150 tons of cheese. Still additionally in that period we had shipped 635 tons of butter and 2,900 tons of butter oil, so that our butterfat shipments total 3,500 tons. However, you will appreciate that the first three years 1963 to 1965 were regarded as an experimental period so that what we have shipped in the period beginning January 1966 to the end of March 1968 might be a little more relevant. Here the figures are as follows: in this two-and-a-half-year period or shall we say two-and-a-quarter-year period we have shipped in dried skimmed milk powder 33,500 tons in round figures, 1,300 tons in dried whole milk powder and 650 tons in condensed and evaporated milk, making 35,500 tons of those products together. In this two-and-a-quarter-year period we have shipped 3,250 tons of cheese and in butter and butter oil we have shipped 2,649 tons. These figures of tonnages of dairy products actually shipped do give some indication of the potential as related to pledges. I have been asked by some delegations here to give an indication of what World Food Program could do in the future in the way of movement of dairy products. Well, I must admit that I am rather reluctant to stick my neck out. We have made an educated guess as to what we could do on a sustained basis utilizing the project approach for the three years 1969 through 1971, but it is, at this juncture, crystal gazing. We have had no chance so far, because this issue has hit us rather suddenly to consult with our project officers in the field, with United Nations Development Programme resident representatives or with prospective recipient governments. So if I give figures they are indicative, they are not binding and at this juncture we could not say that we could stand by them. They are, as I said before, merely an educated guess. So, on that understanding I will now give them; they are these: we believe that our absorptive capacity on the understanding that I have just given for the years 1969, 1970 and 1971 would be in cheese about 25,000 tons, in butter oil and ghee about 120,000 tons, and in dried skimmed and dried whole milk powder about 160,000 tons. I hope nobody points a finger at us at a later date and says "You said it". The question of freight costs may be of some interest to the group. On the basis of our experience so far the ratio of freight, insurance and superintendence to f.o.b. values varies from around 9 per cent in the case of butter, to around 15 per cent in the case of cheese and milk powders. Of course it must be appreciated that
this ratio varies with changes in freight rates and freight rates do change and it varies also with changes with f.o.b. values of the commodities and we all know they change. Butter is not an item that we encourage for the very obvious reason that it involves freight on refrigerated vessels which is expensive and it involves storage in refrigeration stores which in recipient countries are scarce even to being non-existent. However, butter oil and ghee are relatively easily transported - they do not need refrigerated space, they are relatively easily stored, they do not need refrigeration storage and these are two commodities which are widely accepted in recipient countries. Dried whole milk powder has, we find, a relatively short shelf life unless it is expensively gas packed and thus we tend to discourage it but as I have already shown we still use quite some quantities. However, dried skimmed milk powder has a good shelf life and has a wide range of usage. Cheese does pose some problems. Sometimes they are quite severe unless it is canned, when we find the problems are relatively small. I think it worth mentioning that cheese packed in polythene loaves is seldom satisfactory. Finally I think it might be of interest to the group to know that the World Food Program has learned the hard way that three months' supply of food, of any type of food, to a project at any one time is the maximum that can safely be shipped. Now this isn't as serious as it sounds. It does pose problems but only in that it gives us a lot of extra work because a shipment of 5 tons is just as much work as shipping 500 tons.