

MEMORANDUM FOR CABINET  
BY THE PRIME MINISTER

Stockpiling of Essential Commodities

On the 9th September, 1969, Ministers agreed that a standing Committee should advise the Government on the ways and means of ensuring that there should be in Malta at all times a three months' supply of all the essential commodities listed in Appendix A.

2. The Committee, having considered the matter, feels that the Government could adopt one of the following four alternatives for the purpose of building up the required reserves:-

- (a) to import stocks on its own account; or
- (b) to restrict the issue of import licences for essential commodities to importers who agree to keep in Malta at all times at least a 3-month supply of such commodities; or
- (c) to arrange for their importation, storage and turnover by local importers, who would be allowed financial compensation in consideration of the fact that they would have to invest higher capital than is customary in the normal course of business.

3. With the exception of the Ministry of Finance representative, the Committee consider that the alternative at paragraph 2(c) would be that most likely to meet the Cabinet's directive. The representative of the Ministry of Finance has made two reservations to the Committee's proposal, namely that the matter should be held over for consideration in connection with the preparation of the draft Estimates for 1971-72, and that the Committee's recommended scheme should be modified in the sense that the Government would pay compensation only in respect of the balance between the three months' stockpiling requirement and the stocks, averaging a month's supply, normally held by the importers, of essential commodities. This modified version of the scheme favoured by the Committee would reduce the expenditure and therefore the burden on the tax-payer, from an estimated £282,000 per year (excluding petroleum supplies) to about £185,000 per year.

4. Whichever of the above proposals is adopted, the Committee recommend that a scheme be formulated with the following main points as a basis:-

- (a) with regard to each separate commodity, the Department of Trade will issue a call for tenders for the reserve stock to be imported and stored by a local businessman;

/(b) ....



- (b) the successful tenderer will be responsible for the maintenance of the reserve up to the required level and in good condition at all times to the satisfaction of the Department of Trade;
- (c) stocks, storage, turnover and issues will be subject to the Department's inspection and supervision, and also control should the necessity arise;
- (d) the sale of the commodity by the importer will be treated as an ordinary business transaction on which lawful profits may be made;
- (e) the importer will be paid a fee by the Government as interest for the higher capital invested in the setting up of the reserve, to cover insurance expenses and for storage rent.

5. It may be possible to exclude kerosene, benzine, gas oil and fuel oil from the scheme. The market of these four items is shared by three large concerns, and it is hoped that they might be persuaded to keep a three months' stock without financial compensation.

6. The Ministry of Trade, Industry and Agriculture, is generally in agreement with the recommendations of the Committee, but at the same time feels that, because of the financial considerations involved, a trial be given to the modified scheme proposed by the representative of the Ministry of Finance, provided that it is established a priori that importers are prepared to accept the arrangement whereby compensation by the Government will be limited to the difference between the three months' stockpiling requirement and the stocks normally held by importers. At the same time, the Ministry urges that an early decision be taken in view of the present unsatisfactory stockpiling position.

7. Ministers may wish to consider the above proposals and to decide which scheme is the more acceptable in principle. Ministers are also asked to say whether, in the light of their decision, the agreed proposed scheme be put to the Chamber of Commerce to consider.

18th October, 1970.

APPENDIX A

LIST OF ESSENTIAL COMMODITIES

Butter  
Cheese  
Coffee  
Tea  
Edible Oil  
Sugar  
Wheat  
Medicinal Preparations  
Laundry Soap  
Margarine  
Matches  
Rice  
Lard  
Tinned Meat  
Tinned Milk  
Infant Foods  
Animal Fodder  
Kerosene  
Benzine  
Gas Oil  
Fuel Oil  
Coal.

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<p>CABINET MEMORANDUM SUBMITTED BY</p> <p>PRIME MINISTER</p>	<p>MEMO. No.</p> <p>1636</p>
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SUBJECT STOCKPILING OF ESSENTIAL COMMODITIES

CABINET DECISION REQUESTED

Ministers may wish to agree that steps be taken to have at all times three months stock of essential commodities. For this purpose Ministers may wish to agree that:

- (a) the Department of Trade issues a call for tenders with regard to each separate commodity for the reserve stock to be imported and stored by a local businessman;
- (b) the successful tenderer be responsible for the maintenance of the reserve up to the required standard and to the satisfaction of the department of trade;
- (c) stocks, storage turnover and issues be subject to the department's inspection and supervision, and also control should the necessity arise;
- (d) the sale of such commodities be treated as are ordinary business transactions on which lawful profits may be made;
- (e) the successful tenderer be paid a fee by Government to cover insurance expenses, storage rent and interest for the higher working capital required and that such fee be calculated to cover the balance between the three months stockpiling requirement and the normal stocks kept by importers averaging one month's supply. The fee will come up to about £185,000 per year.

Ministers may also wish to agree that the three large concerns importing kerosene, benzine, gas and fuel oil be persuaded to keep a three month's stock without financial compensation.

- (b) the successful tenderer be responsible for the maintenance of the reserve up to the required standard and to the satisfaction of the department of trade;
- (c) stocks, storage turnover and issues be subject to the department's inspection and supervision, and also control should the necessity arise;
- (d) the sale of such commodities be treated as are ordinary business transactions on which lawful profits may be made;