

Draft for concurrence
by 8 November

COMMITTEE ON COMMODITY PROBLEMS

FOURTEENTH MEETING

24 October 1950
2:30 p.m.

Room 903 Longfellow Building
1201 Connecticut Avenue, N.W.

PRESENT: (In the Chair) Dr. J. S. H. Barton

AUSTRALIA	- Mr. P. F. Magee Mr. A. W. Smith	UNITED STATES	- Mr. R. Ioanes Mr. Paul E. Callanan Miss Doris Rafler
Canada	- Dr. W. C. Hopper		
CUBA	- Dr. Ricardo Sarabasa	URUGUAY	- Mr. J. F. Yriart
EGYPT	- Mr. Anwar Mazi	SECRETARY	- Mr. F. B. Northrup
FRANCE	- Mr. E. Demont Mr. A. Forestier	FOOD AND AGRICULTURE ORGANIZATION	- Sir Herbert Broadley Mr. A. Erikson Mr. J. L. Orr
INDONESIA	- Mr. S. Tjitrokoesoemo		
ITALY	- Dr. P. H. Rogers	RECORDING SECRETARY	- Miss M. R. W. Apperson
NETHERLANDS	- Mr. R. L. Beukenkamp Mr. J. P. Huyser		
UNITED KINGDOM	- Mr. R. E. Stedman		

Representatives of other Member Governments of FAO:

Belgium	- Mr. R. Coustry
Denmark	- Mr. A. F. Knudsen
Israel	- Dr. Y. Lowe
New Zealand	- Mr. D. W. Woodward Mr. M. Murphy

Observer:

IFAP	- Mr. Andrew Cairns
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I. Adoption of agenda

The Chairman declared the meeting open at 2:45 p.m. and the agenda was adopted as circulated.

II. Consideration of letter from Government of New Zealand and Director-General's reply (CCP50/77)

The Chairman welcomed Mr. D. W. Woodward (New Zealand) to the meeting and invited him to a place at the table for the discussion of his Government's letter of 24th August to the Director-General regarding the Committee's action on the United States' offer of certain commodities at reduced prices. This letter, together with the Director-General's reply, had been circulated as Document CCP50/77 at the Committee's last meeting; discussion had been deferred.

Mr. Woodward (New Zealand) summarized his Government's viewpoint, particularly its opinion that the Committee had given insufficient consideration to the interests of other exporting countries, had not insisted on adequate measures to safeguard those interests, and had not provided adequate opportunity for representations by all governments normally interested in the export of the commodities offered.

Mr. Beukenkamp (Netherlands) reminded the Committee of his Government's position regarding the problem of distribution of surplus commodities as explained by his predecessors, Mr. Aitzema and Mr. Lammers, at the Seventh, Eighth and Ninth Meetings of the Committee. He emphasized that, while his Government is understanding of the surplus problems facing the United States, and certainly is not opposed to the utilization of surplus commodities for assistance to needy and hungry peoples, it has insisted that there should be certain safeguards. Mr. Beukenkamp summarized as follows the safeguards which, in the view of his Government, would be needed to ensure that surplus supplies would be confined to intended uses:

1. Offers of surplus supplies should not include price quotations;
2. The country desiring to import surplus commodities should submit with its application a detailed program for the utilization and distribution of such supplies, together with an explanation of the reasons for not effecting purchase through normal trade channels;
3. All applications received by the exporting government should be brought to the notice of other exporting governments, including those outside the membership of the Committee;
4. These exporting countries should be given an opportunity to express objections to a proposed transaction within a certain time limit;
5. In the absence of such objections within the time limit, the transaction might proceed;
6. In the face of such objections, however, the transaction would depend on a decision by the Committee on Commodity Problems.

Mr. Knudsen (Denmark) indicated his Government's support of the Netherlands' position and its concern to be kept more fully informed of the Committee's activities.

Mr. Magee (Australia) drew attention to his Government's past indications that it shared fully in the Netherlands' concern for the interests of other exporting governments. He assured the representatives of New Zealand that the questions raised by their Government had been given full consideration in the Committee, particularly by the representatives of other governments with similar interests. He recalled that the Committee had sought to establish a machinery for the discussion of transactions as they arise, but had conceded that a special meeting for the discussion of each individual transaction resulting from the United States' offer would not be necessary, since discretionary responsibility might reasonably be allowed to the United States in the matter of ascertaining that the safeguarding conditions were properly undertaken by the importing governments.

Mr. Stedman (United Kingdom) drew attention to the Committee's exhaustive efforts to effect a workable compromise between the two essentially irreconcilable elements of its task: namely to accomplish the utilization of surplus supplies without prejudice to other exporters of the same commodities. He said the Committee had leaned far in the direction of safeguarding normal channels of trade, and had achieved little in the direction of furthering distribution and consumption of surplus supplies. In the circumstances, and in view of the Committee's long and repeated debate of the issues, he felt that the Committee could do little more than note the quite proper objections of the Government of New Zealand.

Dr. Rogers (Italy) stated that he was inclined to the view that the Committee's efforts to safeguard the interests of other exporters had served as an impediment to the movement of the surplus supplies, and he pointed to the small results thus far realized.

Mr. Demont (France) suggested that the Netherlands and New Zealand desired reinforced safeguards to be applied, not in general, but to each individual transaction, which in his view would obstruct results, if not prevent them altogether. The procedure adopted by the Committee had been adopted some considerable time ago, had been well known to all the member governments of FAO, and in his view constituted the only feasible method of dealing with such surpluses. He suggested, however, that speedier circulation of Committee documents to all FAO member governments might be helpful; he saw no other way to improve the method adopted for achieving the dual purpose of the Committee.

Mr. Yriart (Uruguay) expressed the view that it must be the Committee's concern to find out if any transaction resulting from its operation has caused damage or hardship and to review and radically revise its safeguards if necessary.

Mr. Ioanes (United States) expressed agreement with the views put forward by the Members for France and Uruguay. He stated that his Government felt that it had complied with the Committee's conditions in all sales to date.

In reply to questions regarding commodities withdrawn (CCP50/21) from the United States' special offer (CCP50/50), Mr. Ioanes stated that these withdrawals were made to meet sales outside the special offers made through the Committee, and that in principle these sales would involve higher prices than those offered through the Committee. He emphasized the perishable nature of a number of the commodities offered, and stated that it would be unreasonable to expect his Government to guarantee indefinite availability at nominal prices.

The Chairman observed that he had not expected this meeting to review the safeguards it had instituted on behalf of exporting governments or to attempt to revise its agreed procedure, but to afford the opportunity for the Committee to explore the viewpoint expressed by the Government of New Zealand and for members to express opinions in this matter. He recalled the provision for all FAO member governments to be represented by observers at Committee meetings, the efforts of the Chair to afford to interested governments full opportunity to express their views, and the steps taken to inform all FAO member governments of the Committee's actions and procedures. He expressed the view that it was helpful to the Committee to have the Government of New Zealand bring such points to its notice. Opportunity for further discussion would be afforded in the Council and Conference, to which the Committee would report.

III. Consideration of Excerpts from Correspondence between Danish Agricultural Council and IFAF (CCP50/30)

Mr. Cairns, Secretary-General of IFAF, stated that he had sent these excerpts from his correspondence with Mr. Hogsbro Holm, Secretary-General of the Danish Agricultural Council, for the information of the Committee and to bring to its notice views held by one important member organization of IFAF. He stated that he had subsequently advised Mr. Holm of the view expressed by the United States Member at the Thirteenth Meeting to the effect that the Committee's conditions of sale had been impediments to the sale of surplus commodities offered at special prices.

Mr. Cairns remarked that he had used the opportunity afforded in his correspondence with Mr. Holm to reiterate the view that an international executive agency was urgently needed to move food surpluses to needy folk under adequate safeguards to protect normal commercial trade and the interest of third parties.

The Committee noted Mr. Cairn's statements and the views expressed by him and by the Secretary-General of the Danish Agricultural Council.

IV. Other Business

Earlier in the proceedings reference was made several times to a purchase of cheese by the United Kingdom from the United States reported in the press. The Chair had ruled out of order discussion of a transaction of which the Committee had no official intimation. The Members for the United Kingdom and the United States were willing, however, to state that it was a transaction outside the terms of the offer made by the United States through the Committee. Mr. Yriart (Uruguay)

suggested that the agenda for the next meeting of the Committee might provide for discussion of the movement of commodity items in and out of the special list offered through the Committee.

Dr. Barton recalled that he had agreed to accept the Chair of the Committee only until the Conference session in November, and that his term of office was therefore at an end. He expressed appreciation for the honor serving in the capacity of Chairman and said he had taken great pleasure in his work with the Committee. He commended the members of the Committee for their earnest application, their happy spirit of cooperation, and exemplary attendance, and expressed personal satisfaction at sharing in the work of the Committee, which he felt had been useful.

On behalf of the Committee, Mr. Yriart (Uruguay) expressed the hope that Dr. Barton would accept the Chair for a further term if the Committee were continued by the Conference under circumstances that would make it possible.

V. Adjournment

The Committee adjourned at 4:00 p.m., leaving the next meeting to be called, depending on the forthcoming decisions of the Conference.

FAO ARCHIVES