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FOOD AND AGRICULTURE ORGANIZATION
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ORGANISATION DES NATIONS UNIES
POUR L'ALIMENTATION ET L'AGRICULTURE

ORGANIZACION DE LAS NACIONES UNIDAS
PARA LA AGRICULTURA Y LA ALIMENTACION

John Evans

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Item 6 of the
Provisional Agenda

Ninth Session

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REPORT OF THE TWENTY-EIGHTH SESSION OF THE COMMITTEE
ON COMMODITY PROBLEMS

For the convenience of Conference delegates, the Council's comments on the Report of the Committee on Commodity Problems are also reproduced herewith (Chapter IV of the printed report of the Twenty-Sixth session of the Council).

Extract from Report of Twenty-Sixth Session of Council

Chapter IV. REPORT OF THE COMMITTEE ON COMMODITY PROBLEMS

28. The Council had before it the Report of the Twenty-eighth Session of the Committee on Commodity Problems (CL 26/4). The Chairman of CCP introduced the report with a statement indicating the Committee's views on the main features of the world agricultural commodity situation and problems as well as the main lines of development in the Committee's work.

29. The Council endorsed the Committee's view that the imbalance between supply and demand and resulting surplus accumulations for some products still were among the most pressing problems in the world agricultural commodity situation. Stress was laid by the Council on the need for measures which could help to promote coordination and to prevent the accumulation of further burdensome surpluses. There was also much interest in programs which could assist the disposal of existing surpluses in aid of economic development, provided that they were being carried out in accordance with the FAO Principles which would provide due safeguards for all concerned, including third parties.

30. The Council expressed its appreciation of the activities of the Committee and of its specialized groups. The prudent approach taken by CCP in regard to the creation of new international machinery for commodity problems was commended. It was noted with satisfaction that close coordination was being maintained with the specialized commodity groups and the Washington Sub-Committee on Surplus Disposal to prevent overlapping of activities.

31. The Council therefore resolved as follows:

Resolution No. 7/26

COMMITTEE ON COMMODITY PROBLEMS

THE COUNCIL

Having taken note with appreciation of the Report of the Twenty-Eighth Session of the Committee on Commodity Problems and of its presentation;

Commends the work of the Committee and of its specialized groups;

Requests the Director-General to forward the Council's comments together with the Committee's report to the Ninth Session of the Conference.

32. The Council also made the following observations and recommendations on special points relating to the work of the Committee:

- (i) The Council expressed much interest in the Report of the Working Party on Agricultural Support Measures. It was noted that studies of this kind could be of help in bringing about the desired measures of coordination of national policies. It was agreed that the report together with the summary record of the CCP discussions on the subject should be forwarded to the Conference for further consideration;

- (ii) After having reviewed the work done by the FAO on Food Reserves as well as requests for further work in this field, the Council was pleased to note the work done so far and welcomes the interest shown by the Director-General in this matter and in the program of work ahead. It noted in particular that the CCP at its Twenty-eighth Session decided to request its Consultative Sub-Committee on Surplus Disposal to reconvene its Working Party on National Reserves for further study of the practical issues involved. The Council, in accordance with the request made by CCP, also decided to place the subject of Food Reserves on the provisional agenda of the Conference. It was agreed that the basic FAO report on the matter which had not been ready in time for consideration by the FAO Conference in 1955, should be available to the Conference as a background document and that, in addition, a brief paper should be prepared on the present position, state of the work and plans for further studies and action;
- (iii) The Council noted that some of the recommendations of the Ad Hoc Committee on the Organizational Structure of FAO had some bearing on the organization and activities of CCP. It was noted further that views had been presented to the Ad Hoc Committee by the Chairman of the Coordinating Committee and of the Committee on Financial Control, but that there had been no opportunity for a comparable presentation by the Chairman of CCP. The Council therefore suggested that it might be opportune for CCP, if it so desired, to give some consideration to the relevant portions of the Ad Hoc Committee's report at its next Session, so that the Committee's views on the questions concerned could be transmitted to the Conference;
- (iv) After having heard a statement presented on behalf of the Observer for the International Federation of Agricultural Producers (IFAP), concerning recommendations made in regard to international commodity machinery by a recent IFAP General Meeting, the Council requested the Director-General to transmit the IFAP statement to CCP for consideration at its next session.

REPORT OF THE TWENTY-EIGHTH SESSION
OF THE
COMMITTEE ON COMMODITY PROBLEMS

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REPORT OF THE TWENTY-EIGHTH SESSION

OF THE

COMMITTEE ON COMMODITY PROBLEMS

INTRODUCTORY NOTE

1. Since the Seventh Session of the Conference in December 1955, the Committee has held two Sessions, one in June 1956 and the current one (March 1957). A brief third Session will be held shortly before the next Conference Session (or pre-Conference Council Session if held), to deal with urgent follow-up action in preparation for the Conference.
2. In the following chapters, the Committee presents the report of its current Session. For the convenience of the Conference, the Committee has also requested the Director-General to draw up a factual survey of the main activities of the Committee and of its specialized groups since December 1955 (see Annex II to the Report). Some of the main features of the Committee's work during that period and of the outstanding commodity problems which influenced the program can be summarized as follows:

Surplus Disposal

3. The disposal of agricultural surpluses has remained one of the most pressing commodity problems facing the CCP in the last two years. Whilst the trend for additions to carryovers may have been checked or reversed, large stocks of cotton, wheat and coarse grains still exist, mainly concentrated in North America. The scale of special disposal programs has been stepped up. The facilities provided under special programs for obtaining surplus commodities on concessional terms have made it possible for some countries to increase their imports to levels which they might not otherwise have been able to afford. The growing intensity of these special programs has caused concern among those exporting countries who are anxious to participate in any openings for increased import demand on commercial terms in their traditional markets.
4. In this situation, governments recognize the value of the FAO Principles of Surplus Disposal to which they have pledged their adherence. At the same time, because of the necessarily general character of these principles, developments during the last two years have again underlined the need both for the flexible interpretation of these principles and for their practical application through frank and friendly consultations among interested governments. The Committee is satisfied that the regular discussions in Washington of its Consultative Sub-Committee on Surplus Disposal have led to a better understanding both of the surplus disposal programs and procedures and of the nature of the problems these special transactions cause to other exporting countries. The discussions have also led to some constructive cooperative projects for the disposal of surpluses and for the raising of consumption in underdeveloped countries.

Food Reserves

5. Notwithstanding the justified concern with problems of surplus disposal, the Committee recognizes the importance of bearing in mind that there is a limit beyond which production and stocks cannot be cut down without becoming inadequate to meet the expansion in world consumption and to provide against short crops and other emergencies.
6. The Committee is glad to note the practical approach shown in recent intergovernmental discussions on food reserves, particularly in the General Assembly of the United Nations and also in its own Washington Sub-Committee. It welcomes the lead given to intergovernmental thinking on these matters by FAO's

basic study on the Functions of a World Food Reserve. The Committee requests the Director-General to maintain his interest in the subject and, in particular, to continue and expand practical studies on national food reserves, drawing on the experience of interested governments, on the work of the Washington Sub-Committee and on such other expert help as he may deem useful. Cooperation on these questions with the United Nations should be continued, it being understood that FAO is bound to play a major part in any joint endeavour of work on this subject. By pursuing study and consultations on practical programs for creating ample national reserves in underdeveloped countries under appropriate safeguards, with due regard to the interests of third parties, it may be possible to make a material contribution to achieving the aims of disposing of burdensome surpluses and of providing underdeveloped countries with foodstuffs to build up their essential stocks, and to aid their economic development.

National Policies and their International Effects

7. The Committee wishes to emphasize its interest in the report of the Expert Working Party on Agricultural Support Measures which had been reviewed at this Session, and its belief in the basic importance of further studies in this field, particularly for the light they might throw on the emergence and disposal of surpluses.

8. More generally, the Committee is impressed with the importance of study and consultations on national policies affecting agricultural commodities in both exporting and importing countries and on their international effects, with a view to promoting better understanding on these matters among governments and adjustments to each other's policies in the interests of all concerned.

Specialized Commodity Consultations

9. In creating any new intergovernmental machinery, it is essential to proceed with great caution and to be satisfied that any resources devoted to such endeavours will be profitably employed. It was against this general background of caution and reserve that the Committee examined the value of study and consultations through specialized commodity groups. This examination was undertaken both in general terms and in response to specific requests transmitted to the Committee for its further consideration by the Conference and by other bodies. Based on this critical review, the Committee wishes to stress its conviction of the practical value of specialized commodity consultations for selected products. The case for study groups was explained at some length in the Committee's report of June last year (CCP 56/20). At this current Session, the Committee attempted to go a little further by developing some general guiding lines. Main criteria were established which should be taken into account in deciding whether what was required was general consideration by the CCP as an ordinary item of the agenda of its plenary meeting, or special study by (i) the FAO secretariat assisted by consultants, or (ii) a special panel of CCP to meet during its regular sessions, or (iii) an ad hoc meeting, or (iv) a special group established on a relatively long-term basis to meet in between the sessions of the CCP.

Acknowledgment

10. The Committee desires to place on record its appreciation of the services of the Secretariat. These services have been instrumental in helping the Committee to deal expeditiously with its work and so largely assisted in arriving at our conclusions. We also desire to place on record our appreciation of the services of the translators, secretaries and shorthand typists whose willing assistance facilitated our work.

I. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

11. The Twenty-Eighth Session of the Committee on Commodity Problems was held at FAO Headquarters in Rome from 18 to 29 March 1957.

12. Mr. J.F. Yriart (Uruguay) and U Thet Su (Burma) were unanimously elected Chairman and Vice-Chairman respectively.

II. AGENDA

13. The Provisional Agenda for the Twenty-Eighth Session was adopted as amended (CCP 56/25 revised).

III. SUMMARY RECORD

14. The Summary Record of the Twenty-Seventh Session (CCP 56/21) was adopted.

IV. WORLD AGRICULTURAL COMMODITY SITUATION

15. The Committee reviewed the world food and agricultural situation on the basis of information supplied by the Secretariat in document CCP 57/4 (Major Developments in the World Agricultural Commodity Situation). This document contained a survey of the present position and prospects for supplies of agricultural commodities, which the Committee found most useful in reviewing the situation. The Secretariat was asked to include in future reviews for the Committee a note on fishery products among the customary individual commodity notes.

IV.1 Current Situation and Outlook

16. World agricultural production and trade rose last year, and trade remained high in the first two months of 1957. Supplies were abundant. Import demand was sustained by the general high levels of economic activity, as well as by several exceptional circumstances, such as, the rebuilding of stocks in importing countries depleted during 1955; the unusually poor crops in Europe last year; special export programs; and the international political tension and the closing of the Suez Canal. It was noted, however, that the general expansion of international trade had been impeded by a lack of adequate shipping space. There were fairly wide variations in international market prices last year, but most import prices averaged higher than in 1955 (Annex III, Table 1). For some commodities, notably grains, this reflected the increase in ocean freight rates. Prices of cocoa, butter and American-type cotton were the outstanding exceptions to the general rise. The most striking price movement was in sugar, which doubled in price between mid-November 1956 and mid-January 1957; the reversal from conditions of surplus to a period of relative shortage revealed the extreme sensitivity of the market for this commodity. By the turn of the year, the effects of the Suez crisis on agricultural markets were already wearing off, and there was a general downward reaction in prices and freight rates in January and February. Many international commodity prices, however, remained at least as high as in the same period a year earlier (wheat, barley, tea, beef, bacon, inedible tallow, coconut and linseed oils, and American-type cotton) and prices of sugar, coffee, Egyptian-type cotton, jute and wool were higher.

17. The volume of exports of agricultural products can be expected to remain high this year aided by the impetus of U.S. export programs and the steady rise in consumption in the underdeveloped countries. As a result, carryovers of wheat and cotton, two surplus commodities, are not likely to increase and may be reduced, while stocks of butter and cheese are expected

22. The Committee was unanimously of the opinion that the type of machinery used should be flexible so as to enable appropriate action to be taken in the light of the nature and importance of the specific problems under consideration. Consequently, the type of the commodity, the nature of the specific problems involved and the adequacy of information already available should, inter alia, be taken into account in deciding whether what was required was general consideration by the CCP as an ordinary item of the agenda of its plenary meeting, or special study by (i) the FAO Secretariat assisted by consultants, or (ii) a special panel of CCP to meet during its regular sessions, or (iii) an ad hoc meeting, or (iv) a special group established on a relatively long-term basis to meet in between the sessions of the CCP. It was noted that a special group or an ad hoc meeting would require preparation of special documents on the part of the FAO Secretariat while for a panel meeting documents ordinarily prepared for the CCP would usually suffice. It was felt, however, that advance notice of the problems which, in the opinion of governments, might be dealt with by a panel that already exists or might be set up by the CCP should be given to the FAO Secretariat so that interested governments could be informed in time and could send appropriate representatives if they so desired. It was also felt that from time to time the CCP machinery for handling each commodity should be reviewed and such changes made as might be considered desirable in the light of experience.

23. The Committee considered the problem of nomenclature and decided that for any new special group referred to in (iv) above, the title should be "FAO Group on". As far as the existing Sub-Committee on the Economic Aspects of Rice and the Cocoa Study Group were concerned, the Committee decided to commend this new nomenclature to the groups themselves.

24. It is understood that, while all ad hoc meetings and specialized groups remain under the general supervision of, and report to, the CCP, copies of their reports and summary records of their proceedings, including conclusions, will be circulated to interested governments as soon as they become available.

25. The Committee also wished to draw to the attention of governments the fact that the FAO cannot carry out effective work through groups, panels or ad hoc meetings without the fullest support from member governments.

V.2 Consultative Sub-Committee on the Economic Aspects of Rice: Report of First Session

26. The Committee reviewed the report of the first session of the Consultative Sub-Committee on the Economic Aspects of Rice (CCP 56/23) and expressed its great appreciation for the work. The report had provided very useful and comprehensive information, which had been found of great value even to countries which were not directly concerned with rice, but whose economies were indirectly affected by the impact of developments in the rice economy. Several delegates recorded the interest of their governments in the exchange of information which was taking place through the FAO Secretariat as a result of the recommendations of the Sub-Committee. The Committee suggested that the Sub-Committee review at its next Session the working of this exchange of information in the light of the experience gained and to consider whether - and to what extent - this information should continue to be treated as "confidential".

27. The value of the consultations at the Sub-Committee was stressed and the Committee noted with interest the work aiming at reducing instability in international trade performed by the Sub-Committee and the preceding ad hoc Meetings on the Economic Aspects of Rice.

V.3 Report of Ad Hoc Meeting on Grains

28. The Committee received the Report of the Ad Hoc Meeting on Grains (CCP 57/10) which had been convened by the Director-General at the request of the CCP to review present grain problems and consider the desirability of establishing a special CCP group on grains, as envisaged in Resolution 9/55 passed by the FAO Conference at its Eighth Session.^{1/}

29. The Report of the Ad Hoc Meeting noted that, despite a prospect of some reduction in the near future, excessive stocks of wheat are still the outstanding feature of the grain situation and that stocks of coarse grains were increasing in the current year. It was noted also that some of the factors which had brought about present surpluses might continue to operate in the future and that, therefore, there was a need for further intergovernmental consultation to keep the situation under review, to promote improved understanding among governments of the position and to seek ways of making desirable adjustments.

30. The Committee agreed with the conclusions of the Meeting and, therefore, unanimously resolved as follows:

CCP Resolution No.1/28

THE COMMITTEE ON COMMODITY PROBLEMS

HAVING CONSIDERED the world wheat and coarse grains situation at this and previous Sessions,

MINDFUL of the mandate given by the FAO Conference which at various times invited the Committee to establish groups within its terms of reference, if found desirable,

HAVING CONSIDERED especially Resolution 9/55 of the FAO Conference which requested the Committee to consider the desirability of establishing a special group to review the international grain situation, including coarse grains,

RECOGNIZING that there are serious problems in the field of grains which warrant special intergovernmental consideration,

HAVING TAKEN NOTE of the recommendation made by the Ad Hoc Meeting on Grains for the establishment of an FAO Group on Grains,

1/ The text of this Resolution is as follows:

"HAVING TAKEN NOTE of the study presented by the Director-General on the international effects of national grain policies and of the intention of the CCP to pursue its work in this field;

BELIEVING that a useful purpose would be served by intergovernmental consultations, under FAO auspices, in the understanding of national policies, in facilitating the adjustment of these policies to each other, and in considering action in the marketing of exportable grain surpluses which would avoid disturbing effects on the international grain markets;

REQUESTS the CCP to continue its consideration of this matter, and also to consider the desirability of establishing a special group to review the international grain situation, including coarse grains."

DECIDES unanimously, in accordance with its mandate, to set up a Group to be known as the FAO Group on Grains, with the following terms of reference:

- (1) The Group shall concern itself with matters relating to all grains; however, it shall not concern itself with rice, except for the interrelationship of rice problems and other grain problems.
- (2) Membership of the Group shall be open at all times, on due notice being given and subject to FAO Rules, to governments interested in the production, or consumption of, or trade in, grains.
- (3) The field of competence of the Group shall cover the study of the production and consumption of, and trade in, grains, having regard especially to the desirability of:
 - (i) providing continuous, accurate and timely information regarding the supply and demand position and its probable development, both short-term and long-term;
 - (ii) promoting the improvement of the quality, coverage, and timeliness of statistical services relating to grains;
 - (iii) collecting information on, and analyzing, national grain policies and their international effects, including the possibilities of facilitating the adjustment of these policies to each other;
 - (iv) considering marketing problems, keeping in mind the FAO Principles of Surplus Disposal, and the need for avoiding duplication with work being carried out in the CCP Consultative Sub-Committee on Surplus Disposal and other interested bodies.
- (4) In order to ensure the effective discharge of the functions of the Group, governments should furnish, as far as practicable, all the information required for the work of the Group.
- (5) The Group shall, within its field of competence, consider how best to deal with any special difficulties which may exist, or may be expected to arise, and may submit reports and/or recommendations on the subject.
- (6) The Group shall report to the CCP, it being understood that copies of its reports and summary records of its proceedings including any conclusions, will be circulated, as soon as they become available, to interested governments.
- (7) The Chairman of the International Wheat Council or his representative, shall be invited to participate in the proceedings of the Group and its sub-committees and shall be invited to authorize the collaboration of the secretariat of IWC with the secretariat of FAO in servicing the Group.
- (8) Other intergovernmental organizations which express an interest, and interested governments not members of the group, may send observers to meetings of the Group. Interested governments, if they so desire, shall be kept informed of the studies made and of the results of the discussions, unless otherwise decided by the Group in regard to closed sessions. These provisions shall be subject to FAO Rules.^{1/}

^{1/} The German Delegation reserves its position on this clause.

- (9) The FAO, in accordance with its normal practice, shall keep the Economic and Social Council, the Interim Coordinating Committee on International Commodity Arrangements, and the United Nations Commission on International Commodity Trade informed of the activities of the Group.
- (10) The Group, in consultation with the Director-General, shall determine the dates and places of its sessions, keeping in mind the character and importance of the subjects under review, the large number of governments interested in grains, the need for economy in the cost of meetings and travel, and the close relation of the Group's terms of reference and program of work to those of the CCP itself.
- (11) The Group may establish, in consultation with the Director-General, such sub-committees as it considers necessary for the efficient performance of its tasks.
- (12) The meetings of each session shall be closed, unless otherwise decided by the Group.
- (13) The Group shall draw up its own rules of procedure.

31. The Committee, in considering paragraph 23 of the Report of the Ad Hoc Meeting on Grains, agreed with the view that discretion should be given to the Group in setting up any sub-committees it deems necessary as provided in clause (11) of the above terms of reference.

32. The Committee agreed that the First Session of the FAO Group on Grains should be held in Rome during the week preceding or following the Twenty-Sixth Session of the Council of FAO. It was understood that the First Session would be largely of a preparatory character, to deal mainly with organizational matters, and to consider a program of work.

V.4 Report of First Session of Cocoa Study Group

33. The report of the First Session of the Cocoa Study Group (CCP 56/24) was reviewed by the Committee. The Committee expressed satisfaction at the excellent beginning which the Group had made in its work. In adopting the report, the Committee noted that, as indicated in paragraphs 10 and 15 of the report, the initial organizational arrangements established at the First Session would be reviewed at the Second Session.

V.5 Coffee

34. The Committee noted the Director-General's report on action taken pursuant to CCP Resolution No.3/27 on coffee (CCP 57/6). The Resolution asked the Director-General to consult all member governments on the desirability of calling an ad hoc meeting on coffee, to consider what further work FAO might undertake and the need for the CCP to establish an FAO coffee group. On the basis of replies from governments, the Director-General decided that an ad hoc intergovernmental meeting should be held under FAO auspices but that the date, place and agenda should be considered further by the CCP. The Committee agreed to consider the matter at its next session.

V.6 Dairy Products

(a) Ad Hoc Working Party on Dairy Products and International Cooperative Action

35. The Committee had before it the Report of the ad hoc Working Party on Dairy Products (CCP 56/22) which met 1 - 3 October 1956. The Working Party served a useful purpose. The Committee also had a report from the

Consultative Sub-Committee on Surplus Disposal on progress on international cooperative action to help countries with low levels of milk consumption to improve and to increase milk supplies (paras. 17-24 of CCP 57/1).

36. The Committee emphasized the importance of the stimulation of consumption of milk and milk products, particularly in areas of low consumption, and heard with interest a report from the representative of India on progress made with the Calcutta Milk Scheme. It concluded that:

- (i) strong support should be given to activity in this field but emphasized that in developing programs to stimulate consumption, economic factors should receive adequate consideration;
- (ii) international cooperative action (on the lines of the Calcutta Scheme) is a valuable way of promoting increased milk consumption and it is hoped that member governments will continue to give active support to the work of the Washington Sub-Committee in this field. The Committee noted the report of the Washington Group on progress with the Pakistan request, and also noted the concern expressed by the Pakistan delegate over the delay in this case. It hopes that the Governments concerned will facilitate arrangements for the team visit to Pakistan as planned. It also noted that at its Twenty-Fifth Session the Committee had invited any Government interested in international cooperative action for specific projects in its country to inform the Director-General. It heard with interest that additional requests had been received from India (Bombay and Poona) and Burma for possible international cooperative action, and hopes that early consideration will be given to these requests.

37. Because of the importance which the Committee places on the stimulation of milk consumption, especially in areas of low consumption, it was decided that at future Sessions of the CCP there should be a Panel of the CCP on Dairy Products and that the CCP agenda should include:

- (a) progress made on each request for international cooperative action;
- (b) possible further action to implement recommendations of FAO milk surveys;
- (c) other action which would lead to increased consumption of milk and milk products.

38. At the same time the Panel should:

- (a) review problems in world trends in production, trade and prices of dairy products; and
- (b) consider, when necessary; any specific problems in the field of dairying proposed by any member Government. Advance notice of any such specific problems should be given to the FAO Secretariat so that interested Governments can be informed and send appropriate representatives to the meeting.

39. The Committee stressed the importance of training courses in dairying (including economic aspects).

40. The Committee requested the Secretariat to inform it at its next Session on the activities of UNICEF and other organizations in the establishment of milk processing plants, paying particular attention to the economic aspects.

41. In a discussion of the question whether it was desirable to establish a Group on Dairy Products, the Committee included in its considerations the proposal by IFAP for "an International Committee on Dairy Products Marketing under the general auspices of FAO". It reaffirmed the conclusions reached at its Twenty-Seventh Session that "the functions suggested for the International Committee proposed by the IFAP were to a certain extent now being dealt with, and could be performed effectively by the CCP or a Sub-Committee of CCP", and endorses paragraph 14 of the Report of the ad hoc Working Party on Dairy Products (CCP 56/22) which reads:

"The Working Party recognizes that, in planning and executing its program of work in the dairy field in dealing with its broad aspects, FAO, at times, needs expert advice. It recommends that the CCP should suggest to the Director-General, as and when he feels it necessary in special circumstances, to call together such an ad hoc Working Party as this one, or a smaller expert group, keeping in mind the need to avoid any overlapping with the work already being done by the Washington Group on Dried Skim Milk and other bodies. Full use should be made by FAO of other international organizations working in this field especially those with recognized status with FAO."

42. The Committee will review its methods of handling problems relating to dairy products in the light of experience of the above arrangement and of any subsequent practical suggestions for improvement.

(b) International Effects of National Policies: Dairy Products Study

43. At its last Session the Committee decided that in the first stage factual statements of national policies affecting milk and dairy products should be prepared for a limited number of countries to enable it, at the second stage, to appraise their international effects. The Committee was pleased to note that factual statements had been prepared by the Secretariat and had been, or were being, considered by those countries. The Committee expressed a desire for the earliest possible completion of the first stage so that the second stage could be proceeded with.

V.7 Report of Ad Hoc Meeting on Coconut and Coconut Products

44. The Committee had before it the report of the Ad Hoc Working Party on Coconut and Coconut Products (document CCP 57/2). The convening of this Working Party had been decided by the CCP at its Twenty-Seventh Session, and it met in Colombo from 8-18 January, 1957.

45. In adopting the report, the Committee noted that the Working Party had shown clearly that many serious problems would have to be dealt with for the long-term improvement of the coconut situation, and that several of these problems could only be solved through regular intergovernmental consultation. In particular, it was noted that the pattern of demand for, and supply of, copra and coconut oil had been changing radically in recent years. The principal causes were the worldwide development of synthetic detergents, and the expansion of consumption of coconut oil in producing countries. It was felt that, in this situation, there was a pressing need for more attention to the basic problems in the production and marketing of coconut products.

46. To make progress it was agreed to consider problems of statistics and economics, quality, marketing organization, agricultural research, international trade and the relation to other fats and oils. This was a

wide and formidable task needing the full cooperation of all interested governments, which could be materially assisted through the establishment of a specialized study group. Progress would necessarily be slow and the first task would be to establish priorities in its work.

47. The Committee also noted that the Working Party had emphasized the need for technical improvement of coconut cultivation, and the advantages of international cooperation in technical research. The Committee expressed the hope that development on these aspects of the coconut situation in the light of the Working Party's recommendations would be followed up by FAO. The Committee resolved as follows:

CCP Resolution No.2/28

THE COMMITTEE ON COMMODITY PROBLEMS

HAVING CONSIDERED the world coconut situation at this and previous Sessions,

MINDFUL of the mandate given by the FAO Conference which at various times invited the Committee to establish groups within its terms of reference, if found desirable,

HAVING CONSIDERED especially Resolution No.11/55 of the FAO Conference which requested the Committee to establish a group on coconut and coconut products at an early date,

RECOGNIZING that there exist fundamental problems in the growing and utilization of coconut where international cooperation and consultations would be essential or helpful in finding solutions,

DECIDES, in accordance with its terms of reference, to set up a group to be known as the FAO Group on Coconut and Coconut Products, with the following terms of reference:

- (1) Membership of the Group shall be open at all times, on due notice being given, and subject to FAO rules, to governments interested in the production or consumption of, or trade in, coconut or coconut products, and, so far as membership for dependent territories is concerned, the provisions of Article 69 of the Havana Charter shall apply.
- (2) The Group shall provide a forum for consultations on the economic aspects of production, consumption, trade and marketing of coconut and coconut products. The field of competence of the group shall cover the study of these matters, having regard especially to the promotion and provision of regular and accurate information on the supply and demand position and its probable development.
- (3) The Group shall within its field of competence consider the causes and effects of fluctuations in the prices and volume of international trade in coconut products, and study ways of reducing the disadvantages due to such fluctuations.
- (4) The Group shall consider, as it deems appropriate, the conditions for, and measures designed to promote, expansion of consumption and production of coconut and coconut products, including relevant technical matters bearing on the supply and demand situation.
- (5) The Group shall make arrangements for close liaison in its activities with regional and other organizations especially interested in coconut and coconut products.

- (6) The Group shall report to the CCP, it being understood that copies of its reports, including any conclusions, and summary records of its proceedings will be circulated, as soon as they become available, to interested governments.

V.8 Consultations on Olive Oil

48. The Committee had before it information on the present status of consultations relating to the draft International Agreement on Olive Oil, 1956. The Committee noted that the requisite number of governments had not decided to participate in the Agreement in order to allow it to enter into force in October 1956. Since a meeting of the signatory governments is to be convened by the Secretary-General of the United Nations in the near future, the Committee decided to defer further consideration of this question until its next session.

V.9 Establishment of a Group on Hard Fibers

49. The Committee again gave attention to Resolution No.10/55 of the Eighth Session of the FAO Conference which had requested it to consider the desirability of setting up a study group on hard fibers. In view of the fact that a secretariat study on hard fibers consumption was about to be completed, it was agreed that this item should be retained on the Agenda for the Twenty-Ninth Session of the Committee.

V.10 Eggs and Poultry

50. The Committee agreed that no further work on eggs and poultry was necessary at present but that the Director-General should obtain from the Economic Commission for Europe the results of its work on these questions, and make the information available to the government of the Union of South Africa.

VI. INTERGOVERNMENTAL COMMODITY CONSULTATIONS AND ARRANGEMENTS SINCE JUNE 1956

51. The Committee had before it the customary review presented by the Director-General on recent developments in intergovernmental commodity consultations and arrangements (CCP 57/5). The Committee also heard a statement by the Deputy Executive Secretary of GATT concerning the activities of that organization in the commodities field.

52. Note was taken of Resolution 620 (XXII) on International Commodity Problems in which the Economic and Social Council, at its Twenty-Second Session in July/August 1956, had asked the Secretary-General of the United Nations to obtain from CICT (Commission on International Commodity Trade), from ICCICA Interim Coordinating Committee for International Commodity Arrangements, and from the FAO such views as they might wish to express "on any defects in the present organizational and procedural arrangements governing their activities in the field of international commodity problems and on coordination of their functions within the framework of the United Nations, and such specific suggestions on the elimination of these defects as they may be able to make". The text of the ECOSOC Resolution had been transmitted to the Committee under CCP 57/5, Addendum 1, together with the record of a statement presented on behalf of the Director-General of FAO in the ECOSOC debate which had preceded the Resolution (see CCP 57/5, Addendum 2).

53. The Committee concurred with the views expressed on behalf of the Director-General and accordingly agreed that cooperation with other United Nations bodies concerned with commodity problems be continued on a basis which will avoid duplication in the field of food and agriculture in accordance with the policy established in CCP Resolution No.6/23 (reproduced in Annex IV to this Report).

VII. REPORT OF THE CCP CONSULTATIVE SUB-COMMITTEE ON SURPLUS DISPOSAL

VII.1 Organization and Membership

54. The fifth report of the Consultative Sub-Committee on Surplus Disposal (CCP 57/1 and Addenda) was presented to the Committee by the Sub-Committee's Chairman, who attended the Session. The Committee appreciated the work done by the Sub-Committee during the period under review.

55. The Sub-Committee had reported that the new procedure regarding membership, established by the CCP at its Twenty-Seventh Session, was working well and the Committee decided that it should be continued.

56. It was noted that the Sub-Committee had set up a special working party to consider the future direction and emphasis of its activities, and the Sub-Committee Chairman reported that wide interest had been displayed in a proposal to make a detailed examination of ways and means whereby surpluses could be used to increase consumption. The Committee agreed that the terms of reference of the Sub-Committee were sufficiently broad to cover a wide field of activity relating to surplus disposal and that they should be interpreted in a flexible way. The primary objective of the Sub-Committee, however, was to provide an intergovernmental forum for the discussion of surplus disposal transactions and methods of surplus disposal in line with the FAO Principles. The Committee welcomed any work carried out on new methods of surplus disposal, but it was felt that caution should be exercised in extending the activities of the Sub-Committee, in view of the many tasks it was already facing and the limited time and staff at its disposal. The Committee was prepared to review any specific proposals which the Sub-Committee might wish to submit on the future direction of its activities.

VII.2 Observance of FAO Principles

57. The Committee welcomed the fact that governments were increasingly supplying the Washington Sub-Committee with detailed information on surplus disposal transactions and procedures, which provided it with a factual basis for its work. Comprehensive statements had been made by the United States delegate to the Sub-Committee describing the procedures for transacting Public Law 480 deals, and triangular trade schemes under Section 402 of Public Law 665. Furthermore, the Sub-Committee had discussed in detail the specific provisions made to ensure the observance of FAO Principles in the United States/India agreement and the United States/Brazil agreement under Title I of Public Law 480. Copies of these agreements had been distributed and examined by the Sub-Committee, and the recipient countries had described the means established to protect the position of third party countries. The facilities provided under special programs for obtaining surplus commodities on concessional terms have made it possible for some countries to increase their imports to levels which they might not otherwise have been able to afford. The growing intensity of these special programs has caused concern among those exporting countries who are anxious to participate in any openings for increased import demand on commercial terms in their traditional markets. The delegate of Argentina made a statement in which he pointed out that his country's participation in this was essential to its program for economic recovery. The delegates of Brazil and India to the CCP re-affirmed the assurances given to the Sub-Committee that these purchases from the United States would be supplementary to, and not displace, the commercial imports from other exporting countries.

58. The Committee noted, as stated above in its review of the world commodity situation, that the Government of the United States had intensified measures both to dispose of present surpluses and to check the accumulation of further excess stocks. Several delegates expressed deep concern at the

effects of the special United States export programs on the commercial exports of their countries. There was a strong body of opinion that, if the effects of subsidized and other special sales were to be minimized, there should be the fullest possible consultation with other interested countries before the transaction was negotiated, on a bilateral basis if desirable, and consultations should also be carried out through the Washington Sub-Committee at the earliest opportunity. The view was also expressed, however, that, while consultation was both reasonable and desirable, prior consultation was not only impractical and unnecessary, but might inhibit positive action. It was probable that some of the apprehensions of third party countries could be alleviated if early detailed information were available on specific transactions. In this respect, the explanations and copies of agreements provided by India and Brazil were extremely helpful to third party countries and it was hoped that other recipient countries would follow this example. The information provided by the Government of the United States was also extremely useful.

59. The Committee recognized that surplus agricultural products could and should play a part in building up consumption in underdeveloped countries, under procedures in line with the accepted FAO Principles of Surplus Disposal. However, since the formulation of the FAO Principles in 1954, there had been a widening range of new types of surplus disposal programs and much experience had been gained. The Committee suggested that the Sub-Committee might explore the question of requesting individual recipient governments to study their own experience and to report back on it, with a view to making a study of the effects and results achieved in surplus disposal, especially for financing economic development. The Committee also requested the Washington Sub-Committee to consider what methods it could effectively use to examine the FAO Principles and Guiding Lines for disposal of agricultural surpluses, in the light of their experience gained during the past three years in examining individual transactions and the various types and methods of disposal, and consider making recommendations as to possible ways of improving the effectiveness of the application of these rules, and make their report to the Twenty-Ninth Session of the CCP.

VII.3 CCP Questionnaire on Surplus Disposal

60. The Committee noted that to date 51 member countries had sent replies to the CCP questionnaire on surplus disposals of wheat and dairy products. The replies had been transmitted to the Washington Sub-Committee which had set up a working party to make an appraisal. The Director-General is preparing a preliminary analysis of the replies which will be examined by the working party in Washington. The Committee looked forward with interest to receiving the report of the Sub-Committee on this subject.

VII.4 Other Matters

51. The Committee considered the progress made on the Dried Skim Milk projects and its comments are noted in paragraphs 35 and 36. The Report of the Working Party on National Reserves is noted in Section VIII, paragraph 64.

VIII. FOOD RESERVES

62. The Committee, at its Twenty-Seventh Session in June 1956, had given preliminary consideration to the FAO Report on "Functions of a World Food Reserve - Scope and Limitations" which had been prepared at the request of the General Assembly of the United Nations for the consideration of the Economic and Social Council in the summer of 1956. Because of the importance of the main topics considered in the report and the lack of time available for study in advance of the Twenty-Seventh Session, the Committee had decided to consider the matter at its Twenty-Eighth Session.

63. In giving further consideration to the FAO Report, the Committee also took note of the discussions which have since taken place, on the basis of this Report, in the Economic and Social Council and in the General Assembly of the United Nations. A summary survey of these discussions was presented by the Secretariat in document CCP 57/7 which also contained the texts of the relevant U.N. Resolutions and of a statement presented on the subject by the Director-General to the Second Committee of the General Assembly of the United Nations.

64. In its discussion on Food Reserves, the Committee also considered the Report of the Working Party on National Reserves which had been established by the Consultative Sub-Committee on Surplus Disposal, in line with the Committee's request for consideration of this matter by its Washington group. The Delegations for Argentina and Canada who had reserved their positions on the Washington group's report, explained the reasons for their reservations to the Committee.

65. The Committee noted that the General Assembly of the United Nations had also expressed special interest in the subject of National Food Reserves, and in the possibilities of building up such reserves in underdeveloped countries with the aid of surplus food commodities available on special terms. The importance attached by the General Assembly to such transactions, together with the emphasis placed on the need for appropriate safeguards, accorded well with the Committee's own approach to these matters and with the views expressed on them by the Director-General.

66. In particular, the Committee noted that the General Assembly, in its Resolution on International Cooperation in the Establishment of National Food Reserves (reproduced in Annex V to this Report) had invited "both importing and exporting member countries to continue to consult, through the appropriate bodies established by FAO, with a view to facilitating the establishment of national food reserves, with due regard for the FAO principles of surplus disposal, particularly the need to avoid harmful interference with normal patterns of production and international trade and to ensure that the use of surplus reserves will result in genuine additional consumption as defined in the FAO principles". The Committee considered that the CCP itself and the Washington Sub-Committee on Surplus Disposal would primarily function as "the appropriate bodies established by FAO", to which the above-quoted paragraph referred.

67. The Committee also took note of the special responsibilities placed on FAO with respect to the analysis which the General Assembly had asked the Secretary-General to prepare on the "possibilities and desirability of promoting, by way of consultations between importing and exporting member countries, the use of surplus foodstuffs in building up national reserves to be used in accordance with internationally agreed principles:

"(a) To meet emergency situations;

"(b) To prevent excessive price increases arising as a result of a failure in local food supplies;

"(c) To prevent excessive price increases resulting from increased demand due to economic development programs, thus facilitating the economic development of less developed countries."

68. Further, note was taken by the Committee of the General Assembly's request that the Secretary-General, in consultation with the FAO and other agencies, should explore the desirability of setting up a Working Group for the further examination of practical possibilities of implementing the FAO

report and suggestions made in the course of the United Nations debates. The Committee was glad to note that the Director-General had expressed his willingness to have FAO cooperate on such a Working Party, but that he had also stressed the leading part which in his view had to be taken by the FAO itself in the further analysis requested in the General Assembly's Resolution. The Committee emphasized the importance of avoiding duplication in this field.

69. The Committee suggested that notwithstanding the continuation of existing practices of bilateral consultations, further actions to be taken by governments and by the Director-General, as well as under the Committee's own program and that of the Washington group should be as follows:

A. Consultations on National Reserves

- (1) Governments of both importing and exporting countries should continue to consult, through the CCP and through the Consultative Sub-Committee on Surplus Disposal, with a view to facilitating the establishment of national food reserves;
- (2) Such consultations should be conducted with due regard for the FAO principles of surplus disposal, particularly the need to avoid harmful interference with normal patterns of production and international trade, and with a view to ensuring that the use of surplus reserves will result in genuine additional consumption as defined in the FAO principles.

B. Analysis of Uses of Surplus Food for National Reserves

- (3) The Director-General, in his cooperation with the Secretary-General on the requested analysis of surplus food uses for building up national reserves, should be given, as far as practicable, all the aid he might require from the CCP, from the Washington Sub-Committee, and from individual FAO Member Governments interested in those questions from various points of view.
- (4) The Committee, with a view to furnishing such aid to the Director-General,
 - (i) requests the Consultative Sub-Committee on Surplus Disposal to reconvene its Working Party on National Reserves for further study of the subjects under review, in the light of the General Assembly's, and subsequent CCP, debates; and, in particular, to examine the conditions of use and replenishment for reserves necessary to ensure that the use of the surplus products would result in additional consumption; taking into account the relation of reserves for other purposes to reserves used for purposes of stabilization through the marketing season, and criteria for the replenishment of reserves.
 - (ii) suggests that the Director-General should also continue and expand his own studies on the subject, with the aid of consultants if necessary;
 - (iii) further suggests that interested governments should make available to the Director-General, on an informal basis and for background information only if they so desire, such information as they can provide on their own experiences, plans, and difficulties, if any, in the building up, storage and operation of national reserves.

- (iv) further suggests that interested governments, if requested by the Director-General, might arrange for experts to be made available for work on these questions in Washington for a limited period;
- (v) requests the Council of FAO to consider the desirability of placing the item of food reserves on the agenda of the forthcoming Conference Session, supported by documentation to be presented by the Director-General;
- (vi) welcomes the Director-General's intention to cooperate on the tasks to be undertaken by the Secretary-General and by an inter-agency working party, if established;
- (vii) decides to place the item of food reserves on the agenda of its next Session.

IX. INTERNATIONAL EFFECTS OF NATIONAL POLICIES

IX.1 Report of the Expert Working Party on Agricultural Support Measures

70. A lively discussion was held on this report, prepared in accordance with Resolution No. 5/55 of the Eighth Session of the Conference. Many delegates commended the report, particularly the analysis and classification of existing agricultural price and other support measures which constituted its longest section. As the first broad review of agricultural support measures, it was inevitable that the document, however useful, would have some defects. But it was considered that the analysis would be of considerable value to governments, particularly in underdeveloped countries, and that it provided a useful base for further work.

71. The basic importance of further studies in this field was emphasised, particularly for the light they might throw on the emergence and disposal of surpluses. It was recommended that close cooperation with the OEEC Secretariat in this field of work should be continued. The need to study further the problems of agricultural support measures in relation to the special conditions and economic development of Far Eastern and other underdeveloped countries was also stressed. It was noted that a beginning would be made at the joint ECAFE/FAO Meeting on Agricultural Programming in relation to General Economic Development, to be held in September 1957, as well as at the regional meeting on agricultural price policies, recommended by the recent FAO Far Eastern Regional Conference, which is scheduled to be held early in 1958.

72. Opinions were divided on the appraisal from different standpoints of the various support measures in Section III and of the general conclusions in Section IV. Some delegations considered that a surprising degree of unanimity and definiteness had been reached in those sections. Others felt that too many qualifications had been introduced in order to obtain unanimity, and that a better report might have resulted if the differences of approach of different governments had been more explicitly set out. A fuller analysis of the effects of different support measures in Section III would have been valuable, particularly if quantitative considerations could have been employed and such analyses should be pressed further in any future work.

73. On Section IV, controversy centred round the main conclusions which have been drawn by the Working Party that many of the problems stemmed from attempts to maintain national support measures well above world market levels, and that the aim of price policies should be gradually to approach world levels, reducing income disparities in comparison with urban incomes by greater reliance on non-price support measures (including those calculated to increase agricultural efficiency), and, in many countries, to facilitate the movement of manpower from agriculture to other industries.

74. In the Committee's discussion of the Working Party's conclusions, some delegates felt that these conclusions took insufficient account of political and social problems, and that the Working Party had not analyzed the concepts of economic production and world prices which it proposes as criteria, nor attempted to define the place of agriculture in the economic structure of industrialised countries, nor studied the dangers of an over-rapid increase in agricultural credit, investment and productivity. Attention was drawn to the dangers and disadvantages of over-rapid or excessive specialization of production. Others felt that these steps were important for a better utilisation of the world's agricultural and other resources, and for the gradual diminution of uneconomic production.

75. A number of criticisms were made on specific matters in regard to the situation in individual countries, in the comments on multiple exchange rates, etc. Attention was also drawn to a number of omissions and to matters which required fuller treatment, e.g. fisheries, contract prices, the organisation of marketing, etc.

76. The Committee agreed that the report together with its comments should be sent forward for consideration by the Council and Conference, but that no new work should be undertaken in this field until the report had been considered at the Conference by all member governments. It agreed also that the report should be brought to the attention of the FAO Groups on cocoa, grains, rice and coconuts, and that it should be taken into account in the further work now proceeding on the international effects of national policies for cereals and dairy products.

IX.2 Interchange of Information on Prospective Trade in Farm Products among Member Countries

77. The Committee considered the suggestion made by the Fourth FAO Regional Conference for Latin America, held in November 1956 (CCP 57/8), that the Director-General might request the Committee on Commodity Problems to explore the possibilities of making a factual appraisal of the implications for foreign trade of governments' agricultural programs.

78. The Committee expressed its general sympathy with this suggestion and its appreciation of the spirit in which it had been put forward. It recognized the need for timely information on national programs, but also the difficulties involved in achieving coordination for all commodities and regions. The task could only be approached gradually, and it might be best for a start to be made by commodities and by regions. The Committee noted that the Committee on Agricultural Problems of the Economic Commission for Europe had already undertaken a good deal of work of this character, and expressed the hope that at some time in the future it might be possible for similar work to be done on a regional basis for other areas, such as Latin America. It also requested the Director-General to bring the request of the Regional Conference for Latin America to the attention of the specialized commodity groups, and expressed the wish that the groups could find it possible to consider the matter and to inform the Committee accordingly.

X. ORGANIZATIONAL MATTERS

X.1 Rules of Procedure

79. In view of pending consideration of related matters by the Council and Conference, it was decided to defer consideration of the Committee's Rules of Procedure until after the next Session of the Conference.

X.2 Agenda Items

80. The Committee considered the procedures that should be followed for placing items on its Agenda and the consequent action to be taken by the

Director-General. The Committee appreciated the need for early intimation from governments of the items they might wish to have placed on the Agenda in order that adequate preparation might be made by member governments and the Director-General for the Committee's discussions. If governments wish to have adequate consideration of the proposal by the Committee, it would be advisable for them to submit supporting documentation well in advance of the Session. It was recognized, however, that no fixed rules could be formulated at present to deal with this matter but that consideration would be given to it at a later stage in revising the rules of procedure. The Committee believed that the question should be left to the discretion of governments which, it was hoped, would bear in mind the need for allowing reasonable time for preparation and advance circulation of documentation.

XI. MEETINGS OF THE CCP AND CCP GROUPS IN 1957

(a) Twenty-Ninth Session of the CCP

81. The Committee decided to hold a brief Session immediately prior to the next Session of the Conference, or prior to a pre-Conference Session of the Council if held; the exact date and duration of the CCP Session to be left to be determined by the Director-General.

82. The Committee agreed on the following tentative list of items to be included in the Provisional Agenda for its next Session; it being understood that the Provisional Agenda would be drawn up by the Director-General at a later stage, in the light of developments and suggestions, if any, by governments. It is understood that not all the items will necessarily involve extensive discussion but that information only will be supplied under some of them.

- I. Adoption of Provisional Agenda
- II. Adoption of Summary Record of Twenty-eighth Session
- III. Major Developments in the World Agricultural Commodity Situation since March 1957
- IV. Reports of CCP Commodity Groups and Related Matters
 - (a) Report of Group on Grains
 - (b) Report of the Cocon Study Group
 - (c) Coffee
 - (d) Dairy Products
 - (e) Consultations and Future Action on Olive Oil
 - (f) Action arising from Conference Resolution No. 10/55 on Establishment of CCP Group on Hard Fibers
- V. Report of the Consultative Sub-Committee on Surplus Disposal
- VI. Food Reserves
- VII. Major Developments in Intergovernmental Commodity Consultations and Arrangements
- VIII. International Effects of National Policies
- IX. Date, Place and Agenda of the Thirtieth Session and of Meetings of CCP Commodity Groups
- X. Other Business

83. The Committee may find it useful to adjourn its Twenty-Ninth Session prior to the Conference, with a view to resuming for a brief meeting towards the end of the Conference Session.

(b) Panel on Dairy Products

84. The Committee decided that the First Session of its Dairy Panel would meet during the week of the Twenty-Ninth Session of the CCP.

(c) FAO Group on Grains: First Session

85. The Committee agreed that the First Session of the FAO Group on Grains should be held in Rome during the week preceding or following the Twenty-Sixth Session of the Council.

(d) FAO Cocoa Study Group: Second Session

86. The Committee was pleased to note the invitation extended to the FAO Cocoa Study Group by the Government of the Western Region of Nigeria for the Second Session of the Group to be held in Ibadan during the second half of September 1957; it was understood that the exact dates and duration of the Session would be considered further by the Executive Committee of the Group.

(e) FAO Group on Coconut and Coconut Products: First Session

87. The Committee agreed that the First Session of the FAO Group on Coconut and Coconut Products be held in Rome after the closing of the Ninth Session of the Conference, the exact dates to be left for the Director-General to determine.

ANNEX I

LIST OF DELEGATES AND OBSERVERS TO THE
TWENTY-EIGHTH SESSION

CHAIRMAN: J.F. Yriart (Uruguay)
VICE-CHAIRMAN: U Thet Su (Burma)

MEMBERS:

<u>Country</u>	<u>Name and Title</u>
ARGENTINA	J. B. Martese Consejero Económico Argentine Embassy, Rome
AUSTRALIA	F. W. Bulcock Agricultural Counsellor Australia House, London R. J. Scheeman Commercial Counsellor Australian Legation, Rome J. A. Forsytho First Secretary Australian Legation, Rome
BRAZIL	A. de Viana Minister for Economic Affairs Brazilian Embassy, Rome
BURMA	U Thet Su Chairman, Economic Planning Commission U Tun Khin Executive Officer, State Agricultural Marketing Board
CANADA	S. C. Hudson Assistant Director, Agricultural and Fisheries Branch, Dept. of Trade and Commerce C. F. Wilson Commercial Counsellor, Canadian Embassy, Copenhagen S. G. MacDonald Commercial Counsellor Canadian Embassy, Rome
CEYLON	H.A.J. Hulugalle Minister for Ceylon in Italy N. Balasubramaniam Second Secretary Ceylonese Legation, Rome

<u>Country</u>	<u>Name and Title</u>
CUBA	K. Pichardo y Gonzalez Agregado para Cuestiones Conzulares, Cuban Embassy, Rome
DENMARK	Viggo Andersen Counsellor, Ministry of Agriculture N. Kjaergaard Director of the Agricultural Council of Denmark H.J. Kristensen Assistant Head of Section Ministry of Agriculture C. Valentin Hansen Agricultural Attaché Danish Embassy, Rome
FRANCE	G.H. Janton Contrôleur d'Etat Ministère des Affaires économiques et financières A.L. Wallon Administrateur civil, Ministère de l'Agriculture J.C. Richard Secrétaire d'Ambassade
GERMANY	J. Rohrbach Counsellor, Ministry for Food and Agriculture W. Weber Counsellor, Ministry for Food and Agriculture I. Hoffman Ministry for Food and Agriculture
INDIA	S.R. Sen Economic and Statistical Advisor to the Government of India N.T. Gulrajani Agricultural Attaché (First Secretary), Indian Embassy, Rome
INDONESIA	R. Soetijo Agricultural Attaché Indonesian Embassy, Rome O. Njotowijono Commercial Secretary Indonesian Embassy, Rome

<u>Country</u>	<u>Name and Title</u>
JAPAN	K. Matsutoya Counsellor, Ministry of Agriculture and Forestry
	K. Edahiro First Secretary Japanese Embassy, Rome
LEBANON	E. J. Boustany First Secretary Lebanese Embassy, Rome
LIBERIA	O. Edwards-Coleman Second Secretary Liberian Embassy, Rome
NETHERLANDS	J.A.F. Franko Director-General of Food, Ministry of Agriculture, Fisheries and Food
	C. Eygenraam Agricultural Attaché Netherlands Embassy, Rome
	H. Riom Chief, International Relations Branch, Ministry of Agriculture, Fisheries and Food
	L.A. Tap Secretary to Delegation
NEW ZEALAND	J.B. Prendergarst Commercial Counsellor, Office of High Commissioner, London
	C.H. Fowler New Zealand Trade Commissioner London
PAKISTAN	N. Ahmed Agricultural Attaché Pakistan Embassy, Rome
SPAIN	G. Escardó Poinador Agricultural Attaché Spanish Embassy, Rome
THAILAND	P.B. Israsena Deputy Under-Secretary Ministry of Economic Affairs
	V. Tansacha Chief, Economic Planning Division Dept. of Economic Relations Ministry of Economic Affairs

<u>Country</u>	<u>Name and Title</u>
UNION OF SOUTH AFRICA	W.A. Horrocks Senior Trade Commissioner London
	J.J.M. Tromp Manager, Maize Industry Control Board
	O.F. de V. Booysen Second Secretary South African Embassy, Rome
UNITED KINGDOM	M. Compton Assistant Secretary Ministry of Agriculture, Fisheries and Food
	E.H. Bott Principal Officer, Ministry of Agriculture, Fisheries and Food
	J.W. Vernon Assistant Secretary Colonial Office
	R.E. Moore Assistant Secretary, Ministry of Agriculture, Fisheries and Food
UNITED STATES OF AMERICA	R.H. Roberts Deputy Assistant Administrator Foreign Agricultural Service Dept. of Agriculture
	T.C.M. Robinson Assistant Chief, International Resources Division Dept. of State
	W.R. Ogg Agricultural Attaché American Embassy, Rome
	W.W. Sohl Second Secretary American Embassy, Rome
URUGUAY	J.F. Yriart Minister of Uruguay in Sweden

OBSERVERS:

<u>Country</u>	<u>Name and Title</u>
AUSTRIA	A. Tarter Secretary, Austrian Embassy Rome
BELGIUM	P. d'Ottroppe Président, Comité National Belge de la FAO
BOLIVIA	E. Corlini Consul for Bolivia in Rome
CHILE	N. Vergara Ministro Consejero de la Embajada y Representante Permanente en Chile ante la FAO
COSTA RICA	F. Escalante Pradilla Ambassador in Italy, Permanent Representative of Costa Rica to FAO
ECUADOR	J.L. Anderson Chargé d'Affaires a.i.
EGYPT	H. Fahmy El Issawi Commercial Counsellor Egyptian Embassy, Rome
EL SALVADOR	J. Rodríguez Ruiz E.B. Bustamante
GREECE	A. Matsas Conseiller d'Ambassade P. Loverdos
HOLY SEE	E. Bonomelli Directeur des Villas Pontificales
HONDURAS	A.L. Rodezno Minister for Honduras in Italy
IRAQ	N.A. Umari President of the Grain Board
IRELAND	D. Waldron Secretary, Irish Legation, Rome
ITALY	G. Pittoni Ministero dell'Agricoltura e Foreste G. Marzano Directeur, Chef de Division du Ministère de l'Agriculture

<u>Country</u>	<u>Name and Title</u>
ITALY (contd)	M. Lariccia Chef du Service des Echanges Exterieurs du Haut Commissariat pour l'Alimentation
	V. de Asarta Secretary, FAO National Committee
	A. Ferone Statistical Officer FAO National Committee
JORDAN	E. Roch Minister for Jordan in Italy
LAOS	S. Blanchard de la Brosse Conseiller du Laos à l'Union Française
MEXICO	R. Reyes-Spindola First Secretary Mexican Embassy, Rome
NORWAY	O. Angell Commercial Counsellor Norwegian Embassy, Rome
PORTUGAL	A.P. Monteiro Technical Secretary Portuguese National FAO Committee
SWEDEN	C. König First Secretary Swedish Embassy, Rome
SWITZERLAND	A. Schär Swiss National FAO Committee
	R. Juri Ing. agr. Directeur-adjoint Union Suisse des paysans suisses
TUNISIA	Bon Cherifa President de l'Office de l'Huile de Tunisie
	Bechir ben Njima Cabinet du Ministre de l'Economie Nationale
TURKEY	N.O. Kanay Member of the Study and Advisory Council Ministry of Agriculture

ANNEX II

ACTIVITIES OF THE CCP SINCE THE EIGHTH SESSION
OF THE CONFERENCE

I. MEMBERSHIP AND ORGANIZATION

1. MEMBERSHIP

The FAO Conference at its Eighth Session "being aware of the keen interest shown by many Member Nations who would wish to participate actively in the Committee's work", decided, in Resolution No. 12/55, to increase the Committee's membership from twenty to twenty-four. Membership during the last three years was as follows:-

<u>1955</u>	<u>1956</u>	<u>1957</u>
Argentina	Argentina	Argentina
Australia	Australia	Australia
Belgium	-	-
Brazil	Brazil	Brazil
-	Burma	Burma
Canada	Canada	Canada
-	Ceylon	Ceylon
Colombia	-	-
Cuba	Cuba	Cuba
Denmark	Denmark	Denmark
-	Egypt	-
France	France	France
Germany	Germany	Germany
India	India	India
-	-	Indonesia
Iraq	-	-
Japan	Japan	Japan
-	-	Liberia
-	-	Lebanon
-	Netherlands	Netherlands
-	New Zealand	New Zealand
Pakistan	Pakistan	Pakistan

<u>1955</u>	<u>1956</u>	<u>1957</u>
-	Philippines	-
Spain	Spain	Spain
Thailand	Thailand	Thailand
Turkey	-	-
-	Union of South Africa	Union of South Africa
United Kingdom	United Kingdom	United Kingdom
United States of America	United States of America	United States of America
-	Uruguay	Uruguay
Yugoslavia	Yugoslavia	-

In addition, Observers from 29 countries and 9 organizations have been present at Sessions.

2. CHAIRMEN AND VICE-CHAIRMEN

The following officers were elected by the Committee in 1956 and 1957:-

	<u>Chairmen</u>	<u>Vice-Chairmen</u>
1956	S. R. Sen (India)	V. Anderson (Denmark)
1957	J.F. Yriart (Uruguay)	U. Thet Su (Burma)

3. TERMS OF REFERENCE

The Committee's original terms of reference were set out by the Fifth Session of the FAO Conference in 1949 in a resolution whereby the Conference established "a Committee on Commodity Problems, which will work under the supervision of and be responsible to the Council of FAO. The Council shall, on request of the Committee, transmit any report of the Committee to member governments and the next regular session of the Conference, together with any comments the Council may wish to make. This Committee will be advisory and will address its attention primarily to the food and agricultural surplus commodity situation arising from balance-of-payment difficulties".

These original terms of reference were considerably widened by the Special Session of the FAO Conference in November 1950, when the Conference resolved:-

- "(a) that a committee on commodity problems shall continue to operate and shall be regarded as the instrument of FAO to analyse and interpret the international commodity situation and to advise the Council on suitable action;
- (b) That its terms of reference shall be those laid down by the Fifth Session of the Conference, save that the Committee will address its attention to commodity problems falling within the competence of FAO to consider, whether arising from balance-of-payments difficulties or from other causes;

The Sixth Session of the Conference, adopted Resolution No.12, which stated:-

"The Conference,

"Conscious of the importance to the Council that adequate studies in regard to international commodities should continue to be made and that advice on suitable action should continue to be given,

"Taking note of the work which is being done by the Committee on Commodity Problems in this field,

"Considering that discussions in the Committee should take place between government representatives who are fully informed of the problems which arise or are likely to arise,

"Draws the attention of Member Nations to the importance of this work;

"Requests the Council to instruct the Committee to continue and extend its work in this field in the light of the views expressed by the Conference and to remind the Committee of its competence to set up working groups and to invite countries not represented on the Committee to participate in its deliberations, with full powers when subjects on which they are specially informed are under discussion;

"Requests Member Nations participating in the Committee to ensure that their representatives are suitably qualified."

The Seventh Session of the Conference (1953):- "Re-examined the terms of reference of the Committee on Commodity Problems and found that they were generally adequate for the tasks which the Committee had been, or might be, called upon to perform. It noted that events had confirmed the wisdom of the decision taken by the Special Session of the FAO Conference in November 1950 to widen the Committee's original terms of reference by resolving that it should be regarded as the instrument of FAO to analyse and interpret the international commodity situation and advise the Council on suitable action, and that it should address its attention to commodity problems falling within the competence of FAO to consider, whether arising from balance-of-payments difficulties or from other causes. Consequently, the Conference decided to keep the expanded terms of reference of the Committee and invited it to interpret these terms of reference in their widest sense. At the same time, the Conference stressed the current practical significance, in the light of certain developments in the field of commodity trade and policy, of the Committee's original terms of reference which still formed the nucleus of the present widened version; namely, its assignment as an intergovernmental body for the consideration of problems of surpluses of agricultural products, and of methods for dealing with them." The Conference also agreed that "both the more acute character of certain current and prospective commodity problems and the specialized nature of some of these questions made it desirable to make more use, on conditions carefully determined in each case, of special working parties."

4. RULES OF PROCEDURE

At its Twenty-Eighth Session the Committee took up the question of its Rules of Procedure, which had been drawn up during the first year of the Committee's existence, when it had been meeting in Washington at frequent intervals and often convened at very short notice. Since the move of FAO Headquarters to Rome, and the developments and modification

in its terms of reference, working methods, periodicity of meetings (the Committee for example over past years has been meeting on average only twice a year) and representation, it was felt that the original Rules of Procedure might require amendment. However, in view of pending consideration of related matters by the Council and Conference, the Committee decided to defer consideration of the Rules of Procedure until after the Conference Session.

5. SESSIONS

During the period under review, the Committee held the following two sessions:-

	<u>Date</u>	<u>Report</u>	<u>Summary Record</u>
Twenty-Seventh Session	18-28 June 1956	CCP 56/20 CL 25/3	CCP 56/21
Twenty-Eighth Session	18-29 March 1956	CCP 57/14 CL 26/4	CCP 57/15

The Twenty-Ninth Session will be held immediately prior to the Ninth Session of the Conference, or prior to a pre-Conference Session of the Council, if held.

It will be noted that during the sixteen months between the Eighth and Ninth Conference Sessions, the CCP will have held only three Sessions. The Committee took the view at its Twenty-Seventh Session that it would be advisable to have the results of the meetings of the various study groups, working parties, etc., which it had set up, before it at its Twenty-Eighth Session and therefore decided not to hold its usual Autumn Session in 1956, but to postpone it until March 1957.

The Committee has already, on previous occasions, given careful consideration to the frequency of its meetings in relation to their effectiveness and to the cost of secretarial services rendered, and has stressed that, while every effort must be made to keep the cost of its operations down, one of the main desiderata for ensuring the effectiveness of the Committee's work was the maintenance of a considerable degree of flexibility in regard to the frequency of its Sessions and methods of work. This was recognized by the Conference at its Seventh Session, where it stated that "The character of the CCP's work is bound to be influenced by the changing types of problems arising from world agricultural commodity developments. In the circumstances, the Conference regarded it as essential that the periodicity of the Committee's Sessions be left as flexible as possible." In his opening statement to the Twenty-Eighth Session of the Committee, the Director-General reiterated this need for a considerable degree of flexibility in regard to the timing of CCP Sessions and related arrangements, adding "Obviously we must proceed, as we do now, with the need for utmost economy in mind. Every effort must be made to hold down the number of meetings to a minimum; nevertheless it is also essential that you must be free to set your own timetable to deal with urgent matters as they arise."

II. ACTIVITIES

1. WORLD AGRICULTURAL COMMODITY SITUATION

At its Twenty-Seventh and Twenty-Eighth Sessions, the Committee reviewed the major developments in the world agricultural commodity situation in the periods preceding the sessions, based on Secretariat documents CCP 56/3 and CCP 57/4. Significant aspects of these developments were summarized in the Reports of the Committee. (See CCP 56/20 - CL 25/3, paragraphs 12-17 and paragraphs 15-20 of this Report).

2. ACTION ON INDIVIDUAL COMMODITIES AND COMMODITY GROUPS

An important feature of the Committee's activities over the past two years has been the more intensive application of the policy of setting up commodity study groups. (See Report of Twenty-Seventh Session, CCP 56/21 - CL 25/3, Introductory Note). In taking its decisions, commodity by commodity, the Committee took into account the usefulness of specialized commodity consultations, the need for adequate preparation for such consultations, considerations of the workload involved and organizational and financial questions. At its Twenty-Eighth Session the Committee examined criteria for deciding whether a commodity problem required general consideration by the CCP as an ordinary item of the agenda of its plenary meeting, or special study by (i) the FAO Secretariat assisted by consultants, or (ii) a special panel of CCP to meet during its regular sessions, or (iii) an ad hoc meeting, or (iv) a special group established on a relatively long term basis to meet in between the sessions of the CCP. See para. 22 of this Report).

(a) Rice

The Consultative Sub-Committee on the Economic Aspects of Rice, which had been established by the Committee at its Twenty-Sixth Session, held its First Session 29 October - 9 November 1956. Its Report (CCP 56/23) was presented to the Twenty-Eighth Session of the CCP, which expressed appreciation of the work (see paragraphs 26 and 27 of this Report).

Prior to the First Session, a meeting was held of a Group of Experts on Rice Grading. Its Report was included as Appendix I to CCP 56/23.

(b) Wheat and Coarse Grains

The Conference, at its Eighth Session (Resolution 9/55) requested the Committee to "consider the desirability of establishing a special group to review the international grain situation, including coarse grains". The Committee therefore at its Twenty-Seventh Session (Resolution 1/27) called together an ad hoc intergovernmental meeting to consider the problems affecting grains and the desirability of establishing such a group. The Meeting was held from 11-15 March 1957 and reported to the Twenty-Eighth Session of the CCP, which decided (Resolution 1/28) on the establishment of the group (See paragraph 30 of this Report).

(c) Cocoa

At its Twenty-Seventh Session, the Committee considered the cocoa situation, and decided (Resolution No.2/27) to set up an FAO Cocoa Study Group, open to all interested governments, to study the production and consumption of and trade in, cocoa, having regard particularly to the desirability of providing continuous and accurate information regarding the supply and demand position and its probable development. The Group was also empowered to consider technical measures which could promote a steady expansion in production and consumption.

The First Session of the Group was held in Brussels, 12-17 November 1956. Its Report (CCP 56/24) was considered by the CCP at its Twenty-Eighth Session, and the Committee's comments are given in paragraph 33 of this Report.

The Executive Committee and its Statistical Sub-Committee which the Group set up as the nucleus of its organizational structure, pending review at the Second Session, have also begun work.

(d) Coffee

The Committee reviewed the current coffee problem at its Twenty-Seventh Session and requested (Resolution No. 3/27) the Director-General to enquire of Member Governments whether they thought it desirable to hold an ad hoc intergovernmental meeting on coffee. Its purpose would be to examine the work on coffee being undertaken in other fora, to consider what further work FAO might usefully undertake, and the need for the CCP to establish an FAO coffee study group. Response to this enquiry indicated that countries representing the major proportion of world coffee imports and exports would attend such a meeting and the Director-General therefore, as authorized by the CCP, decided to convene it. However, the date, place and Agenda were to be further considered by the CCP.

At its Twenty-Eighth Session the Committee decided to place this matter on the Agenda for its next Session (see paragraph 34 of this Report).

(e) Dairy Products

(i) Ad Hoc Working Party on Dairy Products

At its Twenty-Seventh Session, the Committee had before it a Resolution submitted by the International Federation of Agricultural Producers (IFAP) calling for the establishment, under the general auspices of FAO, of an "International Committee on Dairy Products Marketing". It noted that the functions suggested for the International Committee were to a certain extent now being dealt with, and could be performed effectively by the CCP or a Sub-Committee of CCP. A number of general reports on methods to increase consumption of milk and milk products had been submitted to the Committee and a number of country and project milk surveys undertaken under the auspices of FAO. Arising from this work by the FAO Secretariat, specific suggestions have been made for practical action. The Committee felt that more positive action should be taken to implement these suggestions, and therefore convened an ad hoc Working Party to consider the work already done to increase the consumption of, and international trade in, dairy products and the proposals made for implementation of recommendations; the object of the Working Party would be to recommend to the CCP an effective program of action, particularly for the areas where the consumption of dairy products was low. (See CCP 56/20 - CL 25/3, paragraphs 23-26).

The Working Party met 1 - 3 October 1956. It made specific recommendations in the field of international cooperative action for the implementation of proposals which had been made to increase consumption of milk and milk products. The Report of the Working Party (CCP 56/22) was presented to the Twenty-Eighth Session of the CCP.

(ii) International Cooperative Action

As well as the CCP 56/22 the Committee at its Twenty-Eighth Session also had before it a report from the Consultative Sub-Committee on Surplus Disposal on progress in international cooperative action (paragraphs 17-24 of CCP 57/1). (Progress to date had also been reported to the Twenty-Seventh Session by the Sub-Committee - see CCP 56/4 paragraphs 6-9, and CCP 56/4, Addenda 1 and 3, and the Committee's comments on this question were given in paragraphs 37-39 of CCP 56/20 - CL 25/3). The comments of the Twenty-Eighth Session are given in paragraphs 36-42 of this Report.

(iii) Creation of Dairy Products Panel

At its Twenty-Eighth Session the Committee decided that at future CCP Sessions there should be a Panel of the CCP on Dairy Products (see paragraphs 37 and 38 of this Report).

(iv) International Effects of National Policies: Dairy Products Study

At its Eighth Session the Conference endorsed the continuation by the Committee of studies on the international effects of national policies for specific commodities, such as the introductory study already made in 1955 on grains and that in progress on livestock products (paragraphs 61 and 62 of the Report of the Eighth Session of the Conference).

At its Twenty-Seventh Session the Committee was presented by the Secretariat with an introductory paper on the livestock study. It agreed that this was a most complex field and that the work should be in two stages, a factual statement of national policies affecting milk and dairy products being prepared first with the object of enabling the Committee at the later stage to appraise their international effects. The countries to be considered were limited to the United Kingdom, France, Germany, Denmark, Netherlands, Canada, United States, Australia and New Zealand. The Secretariat was asked to compile material available to it and then circulate this to the countries concerned for comment. (See paragraphs 65-67 of CCP 56/20 - CL 25/3).

The Committee was pleased to note at its Twenty-Eighth Session that the Secretariat had completed factual accounts for the different countries, which had been, or were being considered by these countries. It expressed a desire for the earliest possible completion of this first stage, so that the second stage could be proceeded with (paragraph 43 of this Report).

(f) Coconut and Coconut Products

The Conference at its Eighth Session requested (Resolution No.11/55) the CCP to "establish at an early date, as may be desirable, a group on coconut and coconut products". The CCP noted at its Twenty-Seventh Session that the main producing regions in the Far East and South Pacific were already collaborating in studying their coconut problems on a regional basis, but felt that discussions between producing and non producing consuming countries could be beneficial. It therefore convened (Resolution No.4/27) an ad hoc Working Party which met in Ceylon 8 - 18 January 1957.

The Report of the Working Party (CCP 57/2) was considered at the Twenty-Eighth Session of the CCP, which decided, as recommended by the Working Party, to set up an FAO Group on Coconut and Coconut Products (see paragraphs 44-47 of this Report).

(g) Olive Oil

The Conference, at its Eighth Session, noted with satisfaction the conclusion of a draft agreement on olive oil following on studies made by the CCP and a Working Party of the CCP, which had paved the way for the holding of a United Nations Conference on Olive Oil, and requested importing countries, without whose participation the agreement could not come into effect to consider lending their support to the agreement (paragraph 65 of this Report of the Eighth Session of the Conference). The Committee noted at its Twenty-Eighth Session that a requisite number of signatures had not yet been obtained but, since a meeting of signatories is to be convened by the Secretary-General of the United Nations in the near future, decided to defer consideration of the matter till its next Session (see paragraph 48 of this Report).

(h) Hard Fibers

The Conference, at its Eighth Session (Resolution No.10/55), requested the CCP to "establish at an early date, as may be desirable a group on hard fibers." At the Twenty-Seventh Session of the CCP, however,

the delegate of the Philippines, whose Government had first proposed such action to the Conference, requested that a CCP decision on this question be deferred until the Committee's Twenty-Eighth Session, in view of the fact that an FAO expert was at that moment, on the request of the Philippines Government, studying the entire abaca situation in his country, and the Government would prefer to wait until his report was completed and could be studied. Consideration of the item was postponed, first till the Twenty-Eighth and then till the Twenty-Ninth Session, by which time a Secretariat study would be available. (See CCP 56/20 - CL 25/3, paragraph 35 and paragraph 49 of this Report).

3. INTERGOVERNMENTAL COMMODITY CONSULTATIONS AND ARRANGEMENTS SINCE JUNE 1956

The Committee at both its Twenty-Seventh and Twenty-Eighth Sessions was informed of developments in intergovernmental commodity consultations (CCP 56/16 and CCP 57/5).

At its Twenty-Eighth Session it discussed the question of coordination in the field of commodity problems. The Conference had at its Eighth Session, as the CCP and Council had done, stressed the need for avoidance of duplication and the safeguarding against any reduction in FAO's effectiveness in carrying out its established functions and services. The Committee was informed at its Twenty-Eighth Session of a Resolution, (No.620 (XIII)), passed by the Twenty-Second Session of ECOSOC, asking the Secretary General of the United Nations to obtain from FAO, the ECOSOC Commission on International Commodity Trade and ICCICA their views on any defects in present arrangements for coordination and any suggestions for improvement. (CCP 57/5 Addendum I). The Committee also had before it a statement presented on behalf of the Director-General in the ECOSOC debate which had preceded the Resolution (CCP 57/5 Addendum 2). The Committee concurred with the views expressed therein and agreed that coordination be continued in accordance with the policy established in CCP Resolution No.6/23 (Annex IV to this Report) (see paragraphs 51-53 of this Report).

4. DISPOSAL OF AGRICULTURAL SURPLUSES

(a) Membership and Organization of Consultative Sub-Committee

At its Twenty-Seventh Session the CCP decided that any FAO Member Government desiring to become a Member of the Sub-Committee should be admitted at any time on two weeks' advance notice. On the other hand any Member not attending three or more consecutive meetings held over a period of no less than ninety days should inform the Secretary of the reasons. In the absence of such explanation or failure to attend the following meeting, the government concerned would be considered as reverting to observer status. (see CCP 56/20 - CL 25/3, paragraphs 53-57). The Committee noted at its Twenty-Eighth Session the Sub-Committee's feeling, expressed in its Fifth Report to CCP (CCP 57/1 paragraphs 2-3), that this system had been working satisfactorily (see paragraph 55 of this Report). Twenty-seven countries are now represented as members, and thirty-two countries and seven organizations as observers.

In addition the Committee noted at its Twenty-Eighth Session (paragraph 56 of this Report) the establishment of a special working party of the Sub-Committee to consider the future direction and emphasis of its activities.

(b) Observance of FAO Principles

The Sub-Committee, in its Fourth Report, also stressed the need for a better understanding of the administrative provisions being written into agreements involving surplus commodities, to ensure that the FAO Principles

were being observed, and suggested that it would be useful if both exporting and importing countries which were parties to surplus disposal transactions could describe such arrangements to the Sub-Committee (CCP 56/4 paragraph 12). In its Fifth Report, the Sub-Committee reported that no such statements had been made by recipient countries, but noted with satisfaction statements made by the United States Government on safeguards provided in procedures for transacting Public Law 480 deals, and triangular trade schemes under Section 402 of Public Law 665 (CCP 57/1 paragraph 8).

At its Twenty-Eighth Session the Committee noted this, and that the Sub-Committee had discussed in detail the specific provisions made to ensure the observance of FAO Principles in the United States/India and the United States/Brazil Agreements. The Committee also discussed the need for consultation to be held prior to the conclusion of agreements or transactions and suggested various lines of action to the Sub-Committee for studying the effects and results of disposals and for examining the effectiveness of the FAO Principles in the light of experience. (Paragraphs 57-59 of this Report). (see also (c) below).

(c) CCP Questionnaire on Surplus Disposal

The Conference at its Eighth Session requested the CCP (Resolution No.7/55)" to instruct the Consultative Sub-Committee on Surplus Disposal to consider ways in which a report to Member Governments could be prepared, in cooperation with the Director-General, on (a) the extent to which the approved principles of surplus disposal have been observed and (b) the effects, if any, on the markets of other member countries, of disposals of surplus products on special terms either by price arrangements or other means; and to report its findings and conclusions to the CCP."

The Sub-Committee, in its Fourth Report to the CCP (CCP 57/4, paragraph 11 and Appendix II) suggested that the starting point should be factual information on surplus disposals, and that it might be desirable to send a questionnaire to governments to obtain further details. However, the Sub-Committee considered that it would be difficult to assess the extent to which the FAO Principles had been observed, since this would involve interpreting these Principles, which are very general in character...

The CCP at its Twenty-Seventh Session agreed that it would be undesirable to ask the Director-General to judge the extent to which countries were observing the FAO Principles, and moreover, that without special investigating teams, for which no budgetary provision had been made, it would be extremely difficult to identify the precise causes of any particular change in the pattern of prices and international trade, and thus to appraise the effects of surplus disposals on special terms. On the other hand, detailed information on the ways in which imported surpluses were distributed in the recipient countries was lacking, and there was inadequate knowledge of the administrative arrangements made to ensure that the normal commercial trade of these countries was not being disturbed. The Committee therefore asked the Director-General to circulate a questionnaire on surplus disposal to all FAO Member Nations, beginning with dairy products and wheat, and covering, for recipient countries, quantities, sources and conditions of imports made on concessional terms, their methods of distribution and use, and previous imports and domestic production of these commodities; and for exporting countries, the special steps, if any, taken to restrict production or increase domestic consumption of the products involved. The Washington Sub-Committee was asked to appraise the replies to the questionnaire, which was sent out in September 1956 (CCP 56/20 - CL 25/3, paragraphs 46-50).

Replies were transmitted to the Sub-Committee, which reported in its Fifth Report (CCP 57/1 paragraphs 11 and 12) that it had set up a Working Party to examine them in detail and, if the data are adequate, to prepare a factual analysis of the relation between surplus disposal and international trade, and on the methods of distribution in importing countries.

The Committee was informed at its Twenty-Eighth Session (paragraph 60 of this Report) that replies from 51 countries had been received to date and that the Director-General was preparing a preliminary analysis of them for consideration by the Working Party.

(d) Use of Surpluses for National Reserves and Economic Development

The Conference at its Eighth Session passed the following Resolution:

"Resolution No.8/55

"Use of Surpluses in Aid of Development

"The Conference

Calls to the attention of Member Governments, interested either as potential suppliers or as potential recipients, the possibility of using surpluses of farm products, in conjunction with other additional resources, to assist the financing of development additional to that which would otherwise be undertaken;

"Recommends that member countries

(i) when framing programs for such uses of surpluses, or conducting negotiations for their use, bear in mind the importance of observing the FAO Principles of Surplus Disposal and the conditions set out in the report on the Indian Pilot Study and of extending and developing international trade; and

(ii) keep the Director-General and the Washington Sub-Committee informed of any developments in this connection;

"Suggests that interested governments explore the possibilities of triangular or other multilateral arrangements whereby some exporting countries will be enabled to take part more effectively in the disposal of surpluses than they otherwise would be able to do;

"Requests the Director-General

(i) on the request of under-developed countries desiring technical help in formulating specific programs for the use of surpluses to finance their additional development, to supply such assistance to them, insofar as is possible within the resources available either from regular staff or through the Technical Assistance Program; and

(ii) in co-operation with the countries concerned, to follow the development of such programs, and to appraise, by undertaking field studies if necessary, the extent to which they operate along the lines contemplated in the Pilot Study;

"Draws the attention of the Secretary-General of the United Nations, the International Bank and Member Governments, to the question of how and to what extent supplementary finance could be provided for assisting in the use of agricultural surpluses through programs such as those outlined above."

The Conference also recalled that the CCP and Council had noted that one approach might be to set up national food reserves in underdeveloped

countries from surplus stocks in other regions. These reserves would not be drawn upon unless inflationary pressures resulting from intensified economic development, or of course serious crop failures or other emergencies, led to a marked rise in food prices. The Conference suggested that an extension of this idea would also be to use such national reserves as a means of reducing price fluctuations. In view of its possible connection with economic development, however, it was noted that the establishment of national reserve stocks of durable farm products would not only aid in meeting emergency needs due to crop failures, but might also assist in preventing inflation due to development programs increasing consumer demands more rapidly than had been anticipated, and thus serve to promote economic development. It was also suggested that Member Governments, in developing programs for national reserve stocks, should give due consideration to utilizing agricultural surpluses for this purpose. (paragraph 60 of Report of the Eighth Session of the Conference).

The Sub-Committee on Surplus Disposal set up a Working Party on National Reserves to examine how reserves could be built up from imported agricultural surpluses in conformity with FAO Principles of Surplus Disposal. Its Report was transmitted by the Sub-Committee to the Twenty-Eighth Session of the CCP as Addendum I to the Sub-Committee's Fifth Report to the CCP (CCP 57/1). As well as consideration given to it in connection with the Observance of FAO Principles (see (b) above) the question has also been considered in the United Nations' discussions on a World Food Reserve. (see 5 below).

(c) Milk Schemes

At its Eighth Session, the Conference noted with approval the progress made by the Washington Sub-Committee towards international cooperative action by countries exporting dried skim milk. The action aims to help countries with low levels of milk consumption to introduce a milk with a low fat content and thereby increase milk supplies of better quality and lower consumer price. India and Pakistan had already requested FAO to arrange for the possibility of such action to be considered in certain areas of their countries.

Progress on these schemes was reported to the Twenty-Seventh and Twenty-Eighth Sessions of the CCP. (See Section 2 (c) (ii) above).

5. FUNCTIONS OF A WORLD FOOD RESERVE

In December 1954 the Ninth General Assembly of the United Nations had requested (Resolution 827 (IX)) the Secretary-General to invite FAO to prepare a factual and comprehensive report for submission to the Economic and Social Council on what had been and was being done in connection with:

- "(a) the feasibility of establishing a world food reserve within the framework of the United Nations,
- "(b) the feasibility of such a reserve acting as an institution which could contribute to relieve emergency situations and to counteract excessive price fluctuations.

The CCP at its Twenty-Sixth Session had requested that it be given an opportunity to consider this report when prepared. At its Twenty-Seventh Session the Committee was presented with the Report, 1/, but since it had not

1/ "Functions of a World Food Reserve: Its Scope and Limitations".
CCP 56/15 - later issued as FAO Commodity Policy Study No.10.

been possible to circulate it much in advance, the Committee was only able to make preliminary comments and decided to consider the matter further at its Twenty-Eighth Session. (CCP 56/20 - CL 25/3 paragraphs 59-64). Meanwhile these comments transmitted to the FAO Council and to the Twenty-Second Session of ECOSOC, which considered the Report in July/August 1956. The Resolution, (No.621 (XXII)), passed by ECOSOC is attached as Annex V (1) to this Report.

The Eleventh U.N. General Assembly, January/February 1957, considered the FAO Report and the ECOSOC Resolution, and its Second Committee passed two resolutions, the texts of which are attached as Annex V (2) and (3) to this Report.

The General Assembly had expressed special interest in the subject of national food reserves. At its Twenty-Eighth Session the Committee also had before it in considering the item of Food Reserves, the Report of the Working Party on National Reserves of the Washington Sub-Committee (CCP 57/1 Addendum 1) (see 4 (d) above).

The Committee's comments at its Twenty-Eighth Session, and the lines of action it has suggested for governments and the Director-General, as well as its own program of work and that of the Washington Sub-Committee and its Working Party are given in paragraphs 62-69 of this Report.

6. AGRICULTURAL SUPPORT MEASURES

The Conference, at its Eighth Session, in Resolution No.5/55, requested the Director-General to convene a working party of experts "to analyse the various systems of price support and other methods of maintaining farm incomes, including measures to reduce costs and raise productivity, which have been employed or proposed, with particular reference to their effects on the flexibility of production, on domestic consumption levels, on the level of international trade and on the maintenance of a level of farm incomes in reasonable relation to incomes in other occupations, and to submit their findings to the Committee on Commodity Problems."

The Working Party met in December 1956 and its Report (CCP 57/3) was considered by the Twenty-Eighth Session of the CCP. The CCP's comments are given in paragraphs 70-76 of this Report.

(b) International Effects of National Policies for Grains and Dairy Products

(See Sections 2 (b) and (c) (iv) above).

(c) Interchange of Information on Prospective Trade in Farm Products Among Member Countries

At its Twenty-Eighth Session the Committee considered the suggestion made by the Fourth FAO Regional Conference for Latin America, held in November 1956 (CCP 57/8), that the Director-General might request the Committee on Commodity Problems to explore the possibilities of making a factual appraisal of the implications for foreign trade of governments' agricultural programs.

The Committee's comments are given in paragraph 78 of this Report.

Beacon, Danish, Selection A, London Provision Exchange.....	103.1	109.5	107.4	128.7	111.6	113.2	115.9	57.1	81.7
Butter, Danish, London Provision Exchange.....	102.5	97.8	89.0	109.6	101.9	89.1	76.1	72.2	71.1
Butter, New Zealand, finest salted, London Provision Exchange..	52.5	53.4	76.7	75.0	75.5	81.0	73.3	67.8	66.1
Cheese, New Zealand, finest white, London Provision Exchange..	33.5	29.5	33.9	28.9	32.4	32.4	37.0	36.9	34.9
Soybean oil, U.S. crude, 1.5%, bulk, c.i.f. Europe.....	30.0	25.4	25.4	24.5	24.6	24.6	26.7	26.1	25.9
Cocunut oil, Straits, 3.5%, bulk, c.i.f. Europe.....	18.0	24.7	32.9	31.0	32.7	35.6	35.6	34.6	28.9
Linseed oil, Argentine, bulk, c.i.f. Europe.....	17.4	18.5	17.8	18.7	18.0	18.0	18.5	18.3	18.5
Tallow, fancy, bulk, f.o.b. New York.....	83.0	82.1	64.5	65.7	68.5	59.7	64.2	63.7	63.1
Cotton, Texas, c.i.f. Liverpool.....	129.4	128.5	161.5	130.2	137.3	162.3	177.1	181.6	182.6
Cotton, Egypt, Karnak, c.i.f. Liverpool.....	28.2	27.0	28.3	26.1	28.9	26.9	36.1	33.5	29.6
Jute, Pakistan, raw, mill first, c. and f. Dundee.....	329.5	274.6	290.2	257.0	257.0	316.4	326.7	334.4	350.0
Wool, 64's, Dominion, clean, delivered in U.K.....	48.3	81.9	70.0	82.8	73.9	66.4	81.4	71.0	* 62.5
Rubber, Singaporo No.1 RSS, f.o.b., in talcs.....									

* Preliminary 1/ Includes export duty and excise.

ANNEX III

Table 2 - Stocks of Certain Agricultural Commodities in
Selected Countries at the beginning of seasons

	<u>1951/52</u>	<u>1953/54</u>	<u>1954/55</u>	<u>1955/56</u>	<u>1956/57</u>	<u>1957/58*</u>
	<u>million metric tons</u>					
Wheat	17.0	29.9	45.9	46.5	46.2	46.0
Maize	18.8	19.5	23.4	26.3	29.6	37.2
Cotton	2.3	3.4	4.1	4.4	5.2	5.1
Tobacco	1.4	1.7	1.7	1.8	1.9	2.0
Butter and Cheese	.10	.14	.10	.10	.12	.10

* Rough illustrative figures based on situation in early March 1957.

Wheat - U.S.A. (1 July), Canada (1 August), Argentina (1 December)
and Australia (1 December); Maize - U.S.A. (1 October);
Cotton - World (1 August); Tobacco - U.S.A. (1 July fluecured;
1 October other types); Butter and Cheese - U.S.A. (April 1)

ANNEX IV

COORDINATION IN THE FIELD OF COMMODITIES

CCP RESOLUTION NO. 6(23)

THE FAO COMMITTEE ON COMMODITY PROBLEMS

HAVING NOTED the Resolution on International Price Relations passed by the Economic and Social Council of the United Nations at its Seventeenth Session, and the provisions made in that Resolution for the establishment of a Permanent Advisory Commission on International Commodity Trade,

REQUESTS the Director-General to transmit to the Secretary-General of the United Nations, for consideration by the Economic and Social Council at its Eighteenth Session, full information on the functions and activities of the FAO Committee on Commodity Problems in regard to international commodity problems and trade, together with the following expression of the Committee's views on the relationship of FAO's functions and activities to those of the proposed Commission:

- (1) In the interest of efficiency and economy of inter-governmental activities, every effort should be made to avoid duplication of effort;
- (2) The Committee trusts that the establishment of the proposed Permanent Advisory Commission on International Commodity Trade will not detract from the established functions and activities of FAO in general and of its Committee on Commodity Problems in particular, not only with respect to individual commodities but also in regard to all those more general aspects and problems of national and international commodity trade situations, policies and arrangements which must be regarded as an essential part of the effective discharge of FAO's mandate.
- (3) Assuming that the points stated under (1) and (2) above are fully kept in mind, the Committee believes that both its own work and that to be carried out by the proposed Commission might benefit from close cooperation, both at the inter-governmental and the secretarial level, between the two bodies, and that the prospects of the formulation of inter-governmental policies for action in this difficult field might thus be improved.

ANNEX V

FOOD RESERVES

(1) RESOLUTION 621 (XXII) ADOPTED BY THE TWENTY-SECOND SESSION OF THE
ECONOMIC AND SOCIAL COUNCIL

(Geneva, July 1956)

The Economic and Social Council,

Having considered the report on the "Functions of a World Food Reserve - Scope and Limitations" prepared by the Secretariat of the Food and Agriculture Organization pursuant to General Assembly resolution 827 (IX),

Affirming the desirability of achieving the objectives set forth in General Assembly resolution 827 (IX),

Commending the FAO secretariat for the useful review and analysis,

1. Notes that it is not practicable to achieve under a single organization all the objectives set forth in General Assembly resolution 827 (IX);
2. Concludes:
 - (a) that the basic solution for the problems to which the General Assembly resolution is addressed lies in rapid and balanced economic development;
 - (b) that under appropriate circumstances food surpluses can usefully contribute to this development, when account is taken of the principles established by the FAO for the disposal of agricultural surpluses;
 - (c) that the use of food surpluses or reserves for economic development or price stabilization purposes, which is an aspect of more general problems already under consideration in the United Nations family, should be examined as part of those problems with increased emphasis on the role of food surpluses or reserves in assisting less developed countries to resist strains placed on their foreign exchange positions by unforeseeable food shortages;
3. Stresses the need for progress toward the attainment of the objectives of the General Assembly resolution through continued and intensified international co-operation and national programmes;
4. Requests the Secretary-General in consultation with the FAO and such other organizations and experts as he considers appropriate to report on the possibility of further national action and international co-operation with a view to attaining the objectives set forth in the General Assembly resolution, including the feasibility, and, if feasible, the manner of using food reserves for meeting unforeseeable food shortages, taking into consideration the various suggestions made at the Twenty-second Session of the Economic and Social Council and which may be made at the General Assembly at its forthcoming Eleventh Session and to transmit his report to the Twenty-fourth Session of ECOSOC;

5. Decides to consider this report at its Twenty-fourth session and to transmit it and the FAO report together with its recommendations to the General Assembly at its Twelfth Session.

(2) RESOLUTION ADOPTED BY THE ELEVENTH SESSION OF THE UNITED NATIONS
GENERAL ASSEMBLY (SECOND COMMITTEE)

(New York, February 1957)

INTERNATIONAL COOPERATION IN THE ESTABLISHMENT OF NATIONAL FOOD RESERVES

The General Assembly

Having in mind the desirability of achieving the objectives set forth in the resolution 827 (IX) of 14 December 1954,

Considering that one of these objectives is the possible use of food reserves for relieving famine and other emergency situations,

Considering further that many countries may need to establish or increase national reserves for this purpose, and recognizing that many countries which are in the early stages of economic development are faced with special difficulties in establishing adequate reserves, such as the fact that levels of consumption in the less developed countries are generally relatively low,

Noting that Economic and Social Council resolution 621 (XXII) of 6 August 1956 requests the Secretary-General, in consultation with the Food and Agriculture Organization of the United Nations, to report to the Council at its twenty-fourth session, inter alia, on the feasibility, and, if feasible, the manner, of using food reserves for meeting unforeseeable food shortages,

Noting further that FAO is engaged at the present time in a special study of the question of the establishment of national reserves against emergencies,

1. Requests the Secretary-General, in preparing his report pursuant to Economic and Social Council resolution 621 (XXII), to include, on the basis of his consultations with the Food and Agriculture Organization, an analysis of the possibilities and desirability of promoting, by way of consultations between importing and exporting member countries, the use of surplus foodstuffs in building up national reserves to be used in accordance with internationally agreed principles:

- (a) To meet emergency situations;
- (b) To prevent excessive price increases arising as a result of a failure in local food supplies;
- (c) To prevent excessive price increases resulting from increased demand due to economic development programs, thus facilitating the economic development of less developed countries;

2. Further requests the Secretary-General, in his analysis of the possibilities and desirability of the use of surplus foodstuffs for the above purpose, to examine whether such use of surplus foodstuffs may lead to displacement of markets for those commodities and what effects it may have on the economic and financial position of those countries which depend primarily on the export of similar commodities;

3. Requests the Economic and Social Council to consider the possibility of postponing until its twenty-fifth session its examination of the report of the Secretary-General, in order to be in a position to take fully into account the discussions and the expert technical studies being undertaken by FAO concerning the establishment of national food reserves;

4. Invites both importing and exporting member countries to continue to consult, through the appropriate bodies established by FAO, with a view to facilitating the establishment of national food reserves, with due regard for the FAO principles of surplus disposal, particularly the need to avoid harmful interference with normal patterns of production and international trade and to ensure that the use of surplus reserves will result in genuine additional consumption as defined in the FAO principles.

(3) RESOLUTION ADOPTED BY THE ELEVENTH SESSION OF THE UNITED NATIONS
GENERAL ASSEMBLY (SECOND COMMITTEE)

(New York, February 1957)

QUESTION OF THE ESTABLISHMENT OF A WORLD FOOD RESERVE

The General Assembly

Having in mind the desirability of achieving the objectives set forth in General Assembly resolution 827 (IX) of 14 December 1954 and Economic and Social Council resolution 621 (XXII) of 6 August 1956,

Requests the Secretary-General, in consultation with the Food and Agriculture Organization and other agencies, to explore the desirability of setting up a working group to examine the practical possibilities of implementing the various proposals made in the FAO report (E/2855), as well as the various suggestions made at the twenty-second session of the Economic and Social Council and at the eleventh session of the General Assembly, and to report to the Council not later than at its twenty-fourth session for appropriate action.

<u>Country</u>	<u>Delegates</u>
JORDAN	E. Roch Minister Plenipotentiary for Jordan
NETHERLANDS	C. Eygenraam Agricultural Attache Embassy
NEW ZEALAND	J.B. Prendergast Trade Commissioner, London J.V. White Rural Economist
PANAMA	H. Di Domenico Commercial Attache Embassy
PHILIPPINES	F. Claravall Second Secretary Legation
SWEDEN	Claes de König First Secretary Legation
SWITZERLAND	A. Schaer FAO National Committee J. Burckhardt Counsellor, Legation
URUGUAY	J.G. Lissidini Embassador for Uruguay in Italy
VIET-NAM	Phan-Khac-Thuong First Secretary Legation Bui-Guy-Lan Counseiller Commercial Haut Commissariat du Viet-Nam à Paris

OBSERVERS: - Organizations

<u>United Nations</u>	P.R. Judd Secretary, Commission on International Commodity Trade
<u>International Confederation of Free Trade Union</u>	T. Piersante

Organization

Delegates

Internationa Federation
of Agricultural Producers

R. Savary
Secretary-General

International Federation
of Olive Growers

L. Donato
Secretary-General

Secretary

Gerda Blau,
Chief, Commodities Branch

Assistant-Secretary

J.W. Evans
Chief, Grain Section

Documents Officer

Matilda Parkes
Commodities Branch