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REPORT OF THE THIRTIETH SESSION
OF THE
COMMITTEE ON COMMODITY PROBLEMS

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REPORT OF THE THIRTIETH SESSION
OF THE
COMMITTEE ON COMMODITY PROBLEMS

I. ELECTION OF CHAIRMAN AND VICE-CHAIRMEN

1. The Committee on Commodity Problems held its Thirtieth Session from 16 to 26 June 1958. The Session was attended by representatives from 24 members of the Committee and observers from 30 countries and 10 international organizations. Mr. C.F. Wilson (Canada) was elected Chairman, and Mr. J. Rohrbach (Germany) and Mr. A. de Viana (Brazil) were elected First and Second Vice-Chairmen respectively. Under the revised rules of procedure they will hold office until the election of their successors at the first session of the CCP in 1960.

II. AGENDA

2. The Provisional Agenda for the Thirtieth Session (CCP 58/1) was adopted with some amendment in the order in which items were to be taken.

III. SUMMARY RECORD OF TWENTY-NINTH SESSION

3. The Provisional Summary Record of the Twenty-Ninth Session (CCP 57/28) was approved.

IV. REPORT OF THE NINTH SESSION OF THE CONFERENCE

4. Action taken by the Ninth Session of the FAO Conference as regards the work and constitution of the CCP was noted.

V. WORLD AGRICULTURAL COMMODITY SITUATION

V(a) Current Situation

5. The Committee made its customary survey of developments in the world food and agricultural situation since its last session in October 1957 on the basis of the information supplied by the Secretariat.^{1/} The volume and value of agricultural trade had fallen. Exportable supplies generally had remained large and the agricultural surplus problem affected a growing number of commodities and countries. There had been a marked decline in international market prices of many products, and this decline had imposed serious financial strains on several agricultural countries. Present production prospects indicate that supplies of several products will remain large in 1958/59 and, in view of the slackening in the growth of world consumption, there is little prospect of a rise in international agricultural prices in the coming season.

6. International trade in agricultural products was at a reduced rate in the second half of 1957 and the early months of 1958, and the total volume for the 1957/58 marketing year is almost certain to be lower

^{1/} Document CCP 58/8 (Major Developments in the World Agricultural Commodity Situation).

than in 1956/57. This mainly reflects smaller exports of wheat and cotton, which were exceptionally high in 1956/57, as well as declines in exports of rice and wool.

7. The fall in the volume of trade was accompanied by a marked decline in international market prices of most commodities. In May 1958, for example, the international price of wool averaged 34 percent lower than in May 1957, butter was 32 percent lower, Egyptian cotton was 25 percent lower, and maize was 18 percent lower. Wheat prices were at their lowest post-war levels. Sugar prices, which had been at unusually high levels during most of 1957, had fallen almost to the level of 1956. On the other hand, prices of rice, cocoa and some oils and oilseeds were higher than a year earlier.

8. The general price decline was mainly due to the pressure of heavy or expanding world supplies, although in some cases consumption was rising at a reduced rate or had actually fallen. Nevertheless, consumer demand for food in industrial countries remained generally strong, despite the fall in industrial production in the United States and the slower increase in industrial output in Western Europe. World consumption of some industrial commodities, including wool and certain forest products, had been running at a lower rate in 1957/58 than in the previous season.

9. A disturbing feature of the period under review was the spread of the agricultural surplus problem. In most regions, agricultural output continued to rise in 1957/58 under the impetus of national support policies, technological advances, and favourable weather. In Asia, however, weather was unfavourable and the growth in agricultural production was halted. The rice crop in Burma, one of the leading exporting countries, while still poor, was better than earlier estimates had indicated.

10. In contrast, supplies of dairy products in Europe had become increasingly heavy and had led to disposals of butter at lower prices in world markets. In Latin America considerable stocks of coffee had been accumulated in an effort to avoid excessive fluctuations on the world market. The current crop in Brazil promised to be a very large one, which might add to marketing difficulties in the coming season. North American stocks of grains were still large, despite some reduction in wheat inventories this season, and they were likely to rise further during 1958/59 if current crop expectations were realized. However, the world surplus in cotton had eased considerably in the past two years as a result of lower export prices, larger consumption in importing countries, and smaller output. The Committee reaffirmed the importance of continuing the efforts to encourage increased consumption of commodities in surplus supply.

11. The move in the terms of trade against agricultural exporting countries reflected not only the fall in agricultural prices, but also the fact that export prices of manufactured goods remained higher than a year ago. This development had particularly affected agricultural exporting countries that rely on one or two commodities for the bulk of their foreign exchange earnings. In many of the developed and in a few of the under-developed countries, farmers are partly shielded from international price changes by stabilization funds or price support schemes. However, if the terms of trade continued to move against primary producing countries, this is bound to reduce further their ability to import manufactured goods. This, in turn, could retard their economic development and possibly lead to a reduction in the total level of world trade. Some countries were already facing serious problems because of the pressure of world supplies on agricultural prices and their consequent worsening terms of trade.

V (b) Long-Term Outlook

12. In considering Part II of document CCP 53/8, the Committee noted that the Secretariat proposed to develop the work being undertaken on long-range prospects for the demand for and supply of agricultural commodities. Whilst noting the obvious difficulties inherent in work of this kind, a number of delegates stressed the importance of this type of investigation on a commodity by commodity basis for economic planning in their countries. It was pointed out that the choice of the assumptions underlying long-term projections required careful consideration. The Committee asked to be kept informed of the results of these enquiries.

V (c) European Common Market

13. Whilst taking account of the possible economic and social benefits which could result from the economic integration of the six common market countries, several delegates expressed fears that the formation of the European Economic Community (EEC) might ultimately lead to a curtailment of agricultural imports from other areas. Concern was expressed particularly on the possible raising of additional barriers to trade, and the reinforcement of protection of domestic producers in the six countries. It was also pointed out that preferential treatment accorded to the Associated Territories might result in some diversion of trade in favour of those territories, and reduce supplies from other sources. It was hoped that these apprehensions would be taken into account by the EEC when considering its common agricultural policy and the practical implementation of the Treaty in the agricultural sector.

14. Delegates from EEC countries assured the Committee that the above views would receive due consideration, but emphasized that the plans were still at an early stage. The aim of the integration was to bring additional prosperity to the six countries and thus create an enlarged market for all exporting countries.

15. The Committee noted that recent developments in the EEC were covered in the regular Secretariat document on Major Developments in Intergovernmental Commodity Consultations and Arrangements (CCP 53/11, Addendum 1), and it asked that the commodity notes on the current situation should also take account of significant developments affecting individual commodities. Discussions on national agricultural policies, both general and by commodities, also would offer opportunities for considering relevant aspects of developments in the European Economic Community.

VI. REPORTS OF CCP COMMODITY GROUPS AND RELATED MATTERS

VI (a) FAO Group on Grains : Report of Third Session

16. The Committee received the Report of the Third Session of the FAO Group on Grains (CCP 53/16) and commended it for the attention of governments.

17. The Grains Group had carefully examined the present grain situation and the factors affecting it. The report contained a factual analysis of present trends in production, consumption and trade. On the basis of the agreed facts, as set out in the Report, the Group had drawn its own conclusions on the causes of the present imbalance in the world grain economy and had pointed out the fields where governments individually, or through intergovernmental consultations, might usefully seek solutions to present problems. Finally the Group had provided a series of recommendations on these questions for consideration by governments when studying changes in grain policies.

18. The Committee noted with satisfaction the achievements of the Grains Group in the difficult tasks which it had undertaken, and was unanimous in its commendation of the report to governments. However, some delegates expressed the view that consideration of certain aspects of the problem had not been sufficiently stressed, and therefore expressed doubt as to the acceptability of some conclusions to their governments.

19. The Committee noted with satisfaction the close collaboration which had prevailed between the Group and the Secretariat on the one hand, and the Chairman and Secretariat of the International Wheat Council on the other.

VI(b) Consultative Sub-Committee on the Economic Aspects of Rice: Report of Second Session

20. The Committee received the Report of the Second Session of the Consultative Sub-Committee on the Economic Aspects of Rice (CCP 58/6). The Sub-Committee had devoted special attention to the review of the world rice situation and to the short-term and long-term outlook. It had also established a tentative classification of criteria for defining consumer preferences and had made recommendations regarding basic rice statistics, and consumer education. The arrangements for the working of the reciprocal exchange of information and the study of storage costs had been reviewed and their further development outlined. Among new studies being undertaken were the analytical comparison of national marketing structures for rice, the price structure of the international rice market, and the utilization of rice and its by-products for animal feeding and in industry.

21. It was noted that the Third Session of the Group of Experts on Rice Grading and Standardization, which had taken place immediately prior to the Session of the Sub-Committee, had prepared a basic model grading system suitable for consideration by governments. The Group had started the comparative study of national methods and systems of quality inspection and had carried further its other studies as well as its work on definitions.

22. The Committee commended the Sub-Committee for its work which it considered to be well-balanced. Changes in patterns of supply of, and demand for, rice and substitutes for rice were suggested as a subject for future study by the Sub-Committee. The Committee expressed appreciation of the willingness of some countries to allow their national experts to undertake special studies for the further work on Rice Grading. Since the Sub-Committee's Session, revised estimates had been issued for the Burmese rice crop for 1957/58, which would lead to an increase of about 200,000 tons over earlier estimates in the amount available for export from Burma in 1958.

23. The Committee endorsed the Report of the Sub-Committee and urged that its work should be fully supported by all concerned.

VI(c) Group on Coconut and Coconut Products: Report of the First Session

24. The Report of the First Session of the Group on Coconut and Coconut Products (CCP 57/27) was reviewed by the Committee. The Committee endorsed the Report, noting with satisfaction the excellent beginning which had been made.

The Group had adopted a program of work directed towards dealing with the longer-term problems of the coconut industry. Emphasis would be given to economic studies, and to filling the serious gaps in statistical information as a basis for the solution of particular problems. National and world reviews on the supply of, and demand for, coconut products were being prepared, a quarterly trade bulletin was being published, and a

group country project on statistical methods for coconut crops would be set up under ETAP in 1959. The Group had given high priority to work on improvement of copra, and had established a sub-committee on quality and grading. The Group had also reviewed questions relating to technical agricultural problems which influenced the economic prosperity of coconut producers. It had recommended the establishment of a group country project under ETAP to study the organization, collection and dissemination of technical research and the creation of an International Coconut Bureau for this purpose. This project would also commence in 1959.

25. The Committee commended these cooperative activities in a sphere which benefited small producers in a large number of underdeveloped areas.

VI(d) FAO Cocoa Study Group: Report of Third Session

26. The Committee expressed its agreement with, and commendation of, the report of the Third Session of the FAO Cocoa Study Group (CCP 58/13). It stressed the importance of the continuation and further enlargement of the valuable work done by the Group on statistics in the general economic field, and in the stimulation of technical work.

The work of the Group's Statistical Committee might have contributed to reducing price fluctuations during the current year of very low production. The Committee noted that this work was to be expanded and strengthened by certain FAO projects to improve the quality of statistical data, in particular the proposed appointment of a consultant to advise on techniques of forecasting production.

27. The Committee noted that the Group, after a thorough examination of the problems of stabilization as affecting cocoa, had decided that further discussion at this time of the measures of stabilization involving international controls would serve no useful purpose. It was recognized, however, that any government participating in the Study Group could raise the matter at any future time it considered opportune. Some members of the Committee, however, taking into account, *inter alia*, the long period of time required for bringing an international agreement into operation, felt that, even in a period of high prices such as the present, international cooperation to limit excessive price fluctuations would serve the interests of both producing and consuming countries; and they consequently regretted the Group's decision not to continue discussion of the problem at this stage.

VI(e) Coffee

28. The Committee reviewed developments in international cooperation in coffee since its Twenty-Seventh Session, when it had requested the Director-General to consult with Member Governments on the desirability of calling an *ad hoc* meeting on coffee. It heard reports on the arrangements made by Latin American coffee producing countries, at a Conference held at Mexico City in October 1957, on the work program of the International Coffee Organization set up in Rio de Janeiro in January 1958, and on the consultations on coffee at present taking place in Washington. In the light of this information, the Committee recognized that it was preferable not to convene an "*ad hoc*" meeting at the present time. The Committee stressed, however, the desirability of FAO maintaining an active interest in cooperation on international consultations and action concerning coffee. The Committee requested the Director-General to report to future Sessions of the CCP on his activities in this field, and decided to retain this item on the Agenda of the Thirty-First Session.

VI(f) Dairy Products

(1) Report on the Butter Situation

(i) General Introduction

29. The critical situation with regard to butter is evidenced by the discussions within OEEC and by the action taken by the United Kingdom with a view to reducing imports of butter from certain European countries. The Committee considered the document CCP 58/10 "The Butter Situation" which had been prepared by the Secretariat and in this review of the position limits itself to a statement of the main characteristics.

30. The characteristics of the recent situation at the international level are:

- (a) recent heavy falls in export butter prices;
- (b) substantial increases in exportable supplies;
- (c) existence in a number of countries of large stocks;
- (d) price supports to dairy farmers involving the export sale of butter at prices below the corresponding prices paid to milk producers, and in the case of some importing countries a contraction of their markets open to foreign sellers;
- (e) market prices reported to be below the cost of production in countries generally accepted as above average in efficiency of butter production.

31. Despite several short-lived rises, the trend of prices of butter on the world market for the last few years has been that of a steady decline. The greatest falls took place in 1956, in late 1957 and early 1958. The prices in mid-June 1958 are only a little over half the 1954 average price and only about three-quarters of the 1957 average price, which itself was generally considered relatively low.

32. The upward trend in milk production is to a large extent due to (i) the agricultural policies in some countries to ensure milk producers an income which is deemed sufficient, and, in some countries, to good export market conditions which existed until 1956-57; (ii) a continued rapid improvement in the technology of milk production; and (iii) favourable weather conditions. The effort to protect dairy farmers' incomes, which in general are below non-farm income levels has, in almost all western countries, taken the form of subsidized producer prices of milk although the point of injection of the subsidy is not necessarily at the producer level. Private and government sponsored cooperative arrangements to organize more favourable markets for producers have also been successful in increasing producer incentive and probably further adding to total milk supplies.

33. The representatives of Finland, Ireland and Sweden drew attention to what they considered to be discrimination against their traditional butter export trade. The delegate for the United Kingdom emphasized that his country was entitled to take such action under GATT, and that it was necessarily limited to countries concerning which complaints had been made.

Trade

34. The total volume of world butter exports was relatively stable over the three years 1955-57 at about 540,000 tons, 90 percent of the 1934-38 average. The world aggregate in the earlier portion of 1955-57 was

appreciably affected by US shipments, the greatest part of which were exported outside normal commercial channels.

35. While US stocks and shipments had a depressing influence on prices they have not been a significant factor in recent changes in the butter market. Total exports from all other countries combined increased steadily each year since 1954, with the largest increase in 1957. This increase in 1957 was most marked in Western Europe. These changes reflect steady increases in production and in many cases were possible only because of aids to the dairy industry in the form of programs for technical improvement and price supports often involving direct and indirect aids to export. New Zealand increased its exports also.

Table I - World Butter Exports

Country	Pro-War II Average	1954	1955	1956	Prelim. 1957
(thousand metric tons)					
New Zealand	140.1	134.8	158.0	165.8	174.2 ^{1/}
Denmark	149.1	141.1	129.2	120.6	117.5
Australia	99.8	48.5	82.7	84.4	58.0
Netherlands	49.7	52.0	44.5	31.6	38.0
Total above 4 countries	438.7	376.4	414.4	402.4	387.7
Sweden	22.9	13.1	3.3	16.8	29.4
Finland	13.3	3.2	-	11.0	25.0
Ireland	23.5	3.4	1.4	0.7	16.0
France	4.1	2.8	11.9	4.7	10.1
Austria	2.7	2.5	0.1	0.8	8.8
Norway	0.3	1.5	1.7	4.4	7.3
Poland	13.5	0.2	3.1	0.6	0.9
Total above 7 countries	80.3	26.7	21.5	39.0	97.5
Argentina	8.3	15.4	10.8	14.7	13.6
S. and S.W. Africa	5.8	4.4	1.6	1.6	3.3
Canada	1.8	0.1	3.4	1.0	-
U.S.A. ^{2/}	0.5	24.7	102.5	81.2	...
TOTAL - all countries listed	535.4 ^{3/}	447.7	554.2	539.9	

^{1/} Export gradings.

^{2/} Includes butter oil in terms of butter equivalent.

^{3/} World average, including USSR exports, was 610,000 tons.

36. Most of the increased exports in 1956-57 and early 1958 were placed on the United Kingdom market, and there was in addition some switch to the United Kingdom from other markets as a consequence of the serious narrowing of import markets, especially in continental European countries. The additional UK imports for these two years averaged 66,500 tons above the 1954 and 1955 average level. The result, together with an increase in output in that country, was that 1957 supplies in the United Kingdom were no less than 28 percent above the average for 1954 and 1955.

Stocks

37. In the main exporting and importing countries butter stocks on 1 May 1958 were about 275,000 tons compared with 190,000 tons at the same time last year. The increase was widespread with half of it being in European countries. The largest stocks (75,000 tons) were in the U.K. and represented two months' consumption at the current rate.

Production

38. Recent increases in butter production have been largely confined to Europe where in 1957, when seasonal conditions were good, production was 10 percent above the 1954-55 average level. In North America production has been static while poor seasons in Australia more than offset increased production in New Zealand. Within Europe the expansion was general, except for the Netherlands.

Table 2 - Butter Production

	F - factory T - total	Pre-war II	1954	1955	1956	1957 (prelim)	1958 (est.)
..... thousand metric tons							
Denmark	T	182	181	164	165	173	
Netherlands	T	97	81	73	77	76	
Sweden	F	80	93	84	82	88	
Poland	F	131	60	61	62	79	
Finland	T	52	65	60	66	72	
Ireland	F	40	40	38	44	50	
Austria	T	27	32	30	33	37	
Norway	F	12	11	11	13	16	
Hungary	F	10	9	11	13	12	
W. Germany	F	241	303	290	301	310	
France	T	225	250	292	284	(305)	
E. Germany	F	85	109	122	120	128	
Belgium	T	64	99	99	102	105	
Italy	T	51	62	65	66	(68)	
Czechoslovakia	F	13	37	43	49	52	
United Kingdom	T	47	28	24	37	46	
Switzerland	F	26	28	26	27	28	
New Zealand 1/	T	166	189	193	206	205	(215)
Australia 1/	T	195	162	191	209	193	(175)
Argentina	F	31	61	57	66	66	
United States	F	774	657	628	640	645	
Canada	F	113	143	145	138	138	
U.S.S.R.	F	172	389	463	555	621	
TOTAL ALL COUNTRIES LISTED		2834	3089	3170	3355	3513	

1/ Year ending 30 June of year stated. Bracketed figures are FAO estimates.

39. The steady increase in milk production has not been the result of increased cow numbers which generally have been stationary or declining in recent years, but reflects the steady increase in yields in terms of both milk volume and fat content. Much of this increase found its outlet in butter, the production of which in some countries has been augmented further by the butter-fat released in the standardization of milk for liquid consumption. These supplies had to find a market in competition with increasing supplies of other fats and oils.

40. The dairy industry plays a key role in the economy of many exporting countries who have found it necessary to maintain the industry through government assistance to ensure sufficient income for producers. Some of these countries have, however, recently reduced the level of support to their milk producers so as to lessen surplus production.

Consumption

41. Between 1953 and 1956 butter consumption, which on a per caput basis varies tremendously amongst countries, increased steadily and by an appreciable degree (but not to the pre-war level) in only one large importing market, the U.K., although there were small rises in a few other countries. In many countries, consumption showed no trend in either direction but, for instance, in Belgium, Finland, Norway and Sweden per caput consumption fell.

Table 3 - Estimated Per Caput Consumption of Butter and Margarine
(Product Weight)

COUNTRY	BUTTER				MARGARINE			
	Pre-War II.	1953	1956	1957 (Prov.)	Pre-War II.	1953	1956	1957 (Prov.)
..... kilograms per year								
New Zealand	18.7	20.0	20.3		2.0	3.9	...	
Ireland	14.6	18.6	20.2		1.1	2.6	2.2	
Australia	14.9	13.3	13.3		2.2	3.5	3.8	
Finland	10.6	15.3	14.2	12.6	3.8	5.1	7.1	8.1
Belgium	8.7	11.5	10.8	10.0	7.6	8.5	10.0	10.5
Canada	14.4	9.5	9.4	9.4	-	3.4	3.5	3.6
Denmark	8.8	8.4	8.9	10.0	21.5	18.2	20.1	19.9
Sweden	11.1	11.8	8.9	8.1	9.3	12.7	16.4	
U.K.	11.2	6.0	7.1	8.0	4.0	8.1	7.7	6.9
W. Germany	8.1	6.4	7.0	7.2	6.1	11.9	12.4	
Switzerland	6.4	6.0	6.6		1.0	...	1.7	
France	5.5	6.6	6.5	7.6	0.3	...	2.0	
Austria	3.6	4.3	4.7		2.2	2.9	3.7	
U.S.A.	7.6	3.9	3.9	4.0	1.3	3.6	3.6	3.7
Norway	7.0	4.0	3.2		19.3	21.6	25.5	
Netherlands	5.5	2.8	2.9	3.8	7.1	18.3	19.9	19.3
Italy	1.2	1.5	1.5		-	...	0.7	

42. One of the major reasons for the absence of an increase in consumption in most countries where consumption is not already at a high level is that consumer prices, under control or protection, have not fallen to nearly the extent that they would have in a free market. Recently a number of countries have reduced their domestic consumer prices. Preliminary information indicates that marked butter consumption changes due to these price reductions have occurred in a few countries. In the United Kingdom, consumption in the first quarter of 1958 was about 10 percent higher than in the same quarter of 1957, in Denmark 50 percent higher, and in Germany 3 percent. In the Netherlands in June 1958 it was 70 percent and in Sweden 40 percent higher than a year earlier.

43. The lower butter price has also changed the butter/margarine price ratio in favour of butter since margarine prices have remained relatively stable. The increase in butter consumption appears to have been largely, although not entirely, at the expense of margarine but supporting statistical evidence is as yet incomplete. Recent experience in Finland, where butter consumption is already high, indicates that price reductions in these circumstances may be relatively ineffective in promoting increased consumption but the number of high-consumption countries is few (Ireland, New Zealand, Finland, Australia).

(ii) Outlook

44. The situation over the coming twelve months will be greatly influenced by measures already taken by governments, on the one hand, to raise consumption through, for instance, lower consumer prices, supplies on special terms, higher fat content of milk for liquid consumption and, on the other hand, to retard the rate of increase of milk production. From the point of view of international trade the recent U.K. action taken with a view to strengthening world market prices, will restrict the amounts that some countries can place on the U.K. market.

45. The outlook, however, is still serious because butter production in 1958 is likely to be as high or higher than in 1957, stocks are considerably above the level of the same period last year, outlets for exports are contracting; and many of the measures are of a temporary nature.

(iii) Recommendations

46. The seriousness of the butter situation has been such that during the past few months the OEEC has held several meetings to consider remedial action and the U.K. has taken action to restrict imports from certain countries. Some delegates reported encouraging results to the actions already taken. Whilst it is still too early to assess the full effects of those actions on the world market for butter, the Committee considers that present actions are unlikely to be sufficient to warrant an optimistic view of the world butter trade.

47. In view of the seriousness of the present situation as reviewed by the Committee it makes the present recommendations after taking into account action by, and discussions in, OEEC. In making these recommendations, the Committee emphasizes that the most immediate useful effects would be achieved by measures aimed at increasing butter consumption in domestic markets where this is practicable and urges Member Governments to take action along these lines. While it is appreciated that not all of the following measures are appropriate to all member countries, each one is urged to examine, in the light of its own circumstances, the possibility of immediate application under its own conditions.

IMMEDIATE ACTION FOR (A) IMMEDIATE EFFECTS

I. Increased Butter-fat Consumption in Domestic Markets - for example by

- (i) lowering retail prices;
- (ii) making butter competitive with other table fats;
- (iii) increasing the butter-fat content of standardized liquid milk;
- (iv) increasing the consumption of milk and milk products;
- (v) extension of disposals through school feeding and welfare programs;
- (vi) reduction in the water content of butter;
- (vii) increased use of milk for animal feeding.

II. Improvement in International Trade

- (i) opening-up of protected markets;
- (ii) reduction of export subventions;
- (iii) when disposals of surpluses are contemplated, there should be adequate safeguards to the interests of other countries, including appropriate consultation procedures in accordance with the FAO principles and guiding lines of surplus disposal.

IMMEDIATE ACTION WITH (B) LONGER-TERMS EFFECTS

- (i) limitation of price guarantees to milk producers to a level and to methods which will discourage surplus production in order to avoid producers being insulated from the real state of the market;
- (ii) sales promotion, here there is considerable scope for more common action by the dairy industry itself, for example along the lines of the establishment of an international promotional agency such as that for wool;
- (iii) a reassessment of the basis of payment of milk according to its components with particular reference to the relative values of fat and non-fat solids;
- (iv) improvement in the quality of milk and milk products;
- (v) limitation of dairy cow numbers by measures to control T.B. and Brucellosis;
- (vi) measures to decrease the cost of milk production and distribution (such as the work of the European Productivity Agency of the OEEC on dairy efficiency);
- (vii) stimulation of the liquid milk market;
- (viii) in planning to meet future needs countries should consider that expansion should be of a selective character, depending upon comparative advantage, foreign exchange positions, and similar considerations, notably the different world supply/demand position of individual products. In certain cases it may be appropriate to resort to economic disincentives to production.

CCP Resolution No. 1/58

THE FAO COMMITTEE ON COMMODITY PROBLEMS

HAVING EXAMINED the world butter situation at its Thirtieth Session

EMPHASIZING that the actual position and outlook are serious,

RECOGNIZING that the butter problem is closely inter-related with production, trade and consumption of all other dairy products,

REQUESTS the Director-General

- (1) to call the attention of Member Governments to the above conclusions and recommendations;

- (2) to continue to examine national dairy policies, taking into account the recommendations in paragraph (47) above, especially in those countries where these policies are of importance in their agricultural economies and in those countries engaged in international trade in dairy products; and to prepare, with the assistance of experts of interested governments, a special report on national dairy policies;
- (3) to review the butter situation in late 1958 including an assessment of the effectiveness of actions taken by Member Governments in accordance with the recommendations set out in paragraph (47) above;
- (4) to bring these reports before the next Session of CCP. The work in the preparation of the reports should be closely co-ordinated with the work in OEEC.
- (5) to study the effects on dairy markets of the substitution of vegetable fats for animal fats in milk and milk products and to report progress in this study to the next Session of the CCP.

(2) UNICEF Assistance in the Establishment of Milk Processing Plants

48. The delegate of India drew the attention of members of the Committee to certain policy limitations in the extent to which underdeveloped countries can take advantage of UNICEF assistance in the establishment of milk plants.

49. The Committee noted that this problem had been considered by the FAO Ad Hoc Working Party on Dairy Products in October, 1956, which was of the opinion that: "it would be profitable for the policy concerning the supply of milk and milk products to be reviewed by UNICEF member nations."

50. THE COMMITTEE RECOMMENDS that the Director-General bring this matter to the attention of the FAO/UNICEF Joint Policy Committee and report the results to the next Session of the CCP.

VI(g) International Olive Oil Agreement

51. The Committee noted that at the Second Session of the United Nations Conference on Olive Oil, a Protocol to the International Agreement on Olive Oil had been negotiated, and had since become effective on signature by a number of governments. The Protocol made it possible to open the Agreement once more for signature up to 1 August 1958.

52. The Committee was informed that the governments of at least four of the five "main producing" countries, were now expected to sign the Agreement, thus fulfilling, as far as the "main producing" countries were concerned, the conditions for its entry into force. The Committee noted the strong desire of these countries to obtain the cooperation of the "mainly importing" countries, the participation of at least two of which was necessary to permit entry of the Agreement into force. Delegates from a number of countries expressed their interest in the efforts to promote international cooperation in the field of olive oil, in line with the Havana Charter. The Committee noted with satisfaction that, in the light of statements made by the delegates of the United Kingdom and Belgium, it seemed possible that the necessary number of "mainly importing" countries would also be prepared to sign, and that in consequence the Agreement would enter into force in the near future. The Committee invited the sympathetic attention of other governments to this development and, in particular, expressed the hope that importing countries would give further serious consideration to the possibility of cooperating in the matter.

VI(h) Dates and Other Dried Fruits

53. The Committee had before it a request of the Ninth Session of the Conference and of the Twenty-Eighth Session of the Council to consider the desirability of establishing a group on dates and other dried fruit. It had before it a background statement on the situation of this group of commodities prepared by the Secretariat (CCP 58/12 - The Dried Fruit Situation). The Committee considered that the problems attaching to this group of commodities were not of a nature that required the immediate establishment of a study group. It was, however, agreed that the proposal should be reconsidered by the Committee and that the item should be retained on its Agenda for consideration at the Thirty-First Session.

VI(i) Citrus Fruit

54. The Committee gave consideration to a suggestion by the Ninth Session of the Conference that more detailed attention should be given to analysing problems affecting the production and consumption of, and international trade in, citrus fruit with a view to the possible establishment of a study group on these products at a later stage. A formal request that this matter should be considered at the Committee's Thirtieth Session was also presented by the Government of Israel. In its review of the position of citrus, the Committee had before it a background paper prepared by the Secretariat (CCP 58/15 - The Citrus Situation) and a memorandum on problems of the citrus industry (CCP 58/15, Addendum 1) prepared by the delegation of Israel.

55. Several delegations expressed the view that the problems facing the industry were such as to justify the establishment of a group, similar to those existing for other commodities, that could provide the necessary specialized and continuing inter-governmental cooperation and consultation. Others felt that the subject could be dealt with by a panel of the CCP. Others again felt that the Director-General should first ask interested governments whether they wished to participate in an ad hoc exploratory meeting that could clarify the problems of this group on commodities and report back to the CCP on the form of further inter-governmental consultations, if any, that appeared most suitable. In conclusion, however, the Committee considered that the problems attaching to this group of commodities were not of a nature that required the immediate establishment of a study group. The Committee agreed that citrus fruit should be considered again at its next Session. It was also agreed that the Secretariat, in its preparation for the next Session of the CCP, should request governments to furnish additional material along the lines suggested by the observer for Israel on the problems of the citrus industry.

VII. CONSULTATIVE SUB-COMMITTEE ON SURPLUS DISPOSAL

(a) Seventh Report of the Consultative Sub-Committee on Surplus Disposal

56. The Seventh Report of the Consultative Sub-Committee on Surplus Disposal (CCP 58/7 and Addenda) was introduced by Mr. Tuinman (the Netherlands) the Chairman of the Sub-Committee. The Committee noted with satisfaction the work done by its Sub-Committee during the period under review and the growing stature of the Sub-Committee in its handling of the varied and difficult problems coming before it. The Committee expressed its warm appreciation of the efforts which representatives serving on this Sub-Committee had devoted to the work of the Sub-Committee and its various working parties.

(b) International Cooperative Action: Dried Skim Milk

57. The Committee was glad to note that the Calcutta Milk Scheme, which was receiving international cooperative assistance through the Washington Working Group of dairy exporting countries, had made considerable progress. The Committee requested the Consultative Sub-Committee, through its working group on dried skim milk, to consider recommending an extension of the period during which concessional imports of dried skim milk could be made for the Calcutta scheme.

58. It was also noted that, following an FAO Survey, a team of experts from exporting countries had visited Karachi and Lahore in September-October 1957 and had prepared specific proposals as a basis for possible international cooperative action. These proposals were still under consideration by the Working Group. The Group also had for its consideration the report of the FAO Evaluation Survey in Poona and Bombay.

59. The Committee agreed that there should be a re-examination of procedures, in the light of experience gained with the Calcutta Milk Scheme, with a view to expediting decisions on plans for cooperative action. The Committee therefore asked the Consultative Sub-Committee on Surplus Disposal in conjunction with its Group on Dried Skim Milk to re-examine:

(1) the effectiveness of milk development projects as instruments for easing the world surplus in milk powders, bearing in mind

(a) the heavy capital assistance required from a relatively few countries;

(b) the prospects of expanded production of dried skim milk; and

(2) in the light of this re-examination, to review the policies and procedures involved in the consideration of requests for international cooperative assistance.

60. Several delegates expressed concern at the slow rate of progress towards a decision on the Pakistan scheme. The Committee agreed that the proposed review of procedures should not delay a decision on the Pakistan milk projects, and expressed the hope that consideration of the projects will continue with a view to making recommendations within the next few months.

(c) Report on Consultative Machinery and Procedures

61. The Committee received with satisfaction the Sub-Committee's special report on Consultative Machinery and Procedures (CCP 58/7, addendum 1). This review formed an important part of the larger task of an examination of the FAO principles and their operation over the period since the Sub-Committee was established, which the Committee and the Conference had asked the Sub-Committee to undertake, also taking into account at the same time the proposals of the International Federation of Agricultural Producers.

62. The Committee noted with satisfaction that the practice of advance notification of surplus disposal transactions on the part of exporting countries was becoming more general. It was also pleased to note the greater degree of bilateral consultations on disposal operations between exporting countries and interested third party countries which formed an important supplement to the Sub-Committee's own discussions.

63. Subject to the comments set out below, the Committee noted the conclusions embodied in paragraph 40 of CCP 58/7 addendum 1, viz.

- "(1) Surplus disposal should be defined, for the Sub-Committee's purposes, as follows: "Surplus disposal of an agricultural commodity in international trade is an export operation (other than a sale covered by an international commodity agreement) arising from the existence or expectation of abnormal stocks, and made possible by the grant of special or concessional terms through government intervention." In considering whether harmful interference with normal patterns of trade may be caused by such export operations, the Sub-Committee should regard the nature of the terms and/or the quantities and rates of movement of the commodities as of primary importance. The Sub-Committee would not exclude from consideration export operations, falling within the above definition and carried out by non-governmental organizations, such as marketing boards.
- (2) There should be agreement in principle for consultation on a bilateral basis between countries exporting surpluses and interested third-party countries before arrangements are concluded with recipient countries and also during the currency of a program. Importing countries would be expected to consult with interested exporting countries if requested to do so.
- (3) The Chairman of the Sub-Committee should also be consulted because of possible marginal interests of other member countries.
- (4) The Sub-Committee should act as a forum to which third-party countries might subsequently refer specific complaints if they did not consider that their views had received sufficient consideration, or if there had been no bilateral consultation.
- (5) Written agreements should include specific provision that it was the intention of the parties thereto that sales of surpluses should not interfere with normal patterns of production and trade of FAO member countries subscribing to the Principles of Surplus Disposal. In cases where no such provision can be made because, for instance, the advantages of the transaction to the economy of the receiving country are deemed to outweigh other considerations, it should be the responsibility of the parties concerned to bring before the Sub-Committee their reasons for the exclusion of the provision.
- (6) Wherever possible, member governments should inform the Sub-Committee in advance of proposed changes in policy on surplus disposal.
- (7) Member governments should ensure that such steps are taken as are necessary to enable their representatives to take a full part in the work of the Sub-Committee.
- (8) The Sub-Committee's Secretariat should be strengthened to ensure that assistance is available for the broadening responsibilities of the Sub-Committee."

64. In the practical interpretation of the definition of surplus disposal in sub-paragraph (1) of paragraph 63 above, the Committee understood that an export operation should not be considered a surplus disposal merely because there was an element of subsidy to bridge the gap between the domestic and export price, but because there was the existence or expectation of abnormal stocks, and because harmful interference with normal patterns of trade might be caused as a consequence of the terms granted and/or the quantities and rates of movement of the commodities concerned.

65. It was also agreed that the term "marketing board" in sub-paragraph (1) of the conclusions in paragraph 63 above should be regarded as including cooperative societies.

66. In reference to sub-paragraph (2) of paragraph 63 above, "agreement in principle" indicates the desirability of consultation before arrangements are completed. It is realized that it may not always be practicable for countries to conform with this obligation. In such circumstances countries should take the earliest steps to discuss the arrangements with third-party countries.

67. With reference to both sub-paragraphs (2) and (3), some delegations, however, stressed the difficulty of making "prior consultations" a general practice and maintained that no such general provision had been contained in the FAO Principles as originally formulated and accepted by Member Governments.

68. With respect to sub-paragraph (8) of paragraph 63 above, the Committee noted that provision had been made in the current budget of the Organization for the addition of one economist to the staff of the North American Regional Office, with a view to strengthening the Sub-Committee's Secretariat. The Committee was glad to learn that the Director-General intended to fill this post in the near future.

69. In accordance with the Sub-Committee's suggestion, it was agreed that the Director-General should be requested to address a communication to all Member Governments of FAO drawing their attention to the conclusions in sub-paragraphs (1) - (8) of paragraph 63 above, and to the comments in paragraphs 64 to 67, and requesting their cooperation in furthering the work of the Sub-Committee.

(d) Pilot Research Study Outlines

70. The Committee noted with interest the pilot research study outlines which had been prepared by the Sub-Committee on the use of surpluses in economic development, and on the use of surpluses for emergency/famine relief and special feeding programs. These detailed outlines were drawn up with the intention of serving as a basis for objective studies of:

- (a) programs utilizing agricultural surpluses;
- (b) the actual results achieved in recipient countries; and
- (c) the effects, if any, on third-party countries.

71. While recognizing that these studies could be useful, the Committee believed that such projects would require outside financial assistance. It asked the Director-General to call the attention of interested governments to these studies, and expressed the hope that projects along these lines could be undertaken. In this connection, it was noted that the Economic Commission for Asia and the Far East and FAO were undertaking surplus disposal studies on a country by country basis, with special reference to the utilization of surpluses for economic development in the region. A first study had already been prepared covering Japanese experience, and the Committee felt this would be of particular interest to the Washington Sub-Committee.

(e) Other Matters

72. The Committee commended the inquiry conducted by the Sub-Committee into the operation, volume and coverage of the programs of relief agencies. It was impressed by the magnitude of these programs and noted that they were conducted in such a way as to minimize interference with commercial markets. The Committee drew the attention of the Sub-Committee to Resolution No. 6/57 of the Ninth Session of the FAO Conference.

VIII. NATIONAL FOOD RESERVES

73. The Committee noted with approval the very satisfactory progress made in the study of this subject through the completion of the Report on National Food Reserves in Underdeveloped Countries (CCP 58/14).

74. The Committee was informed that the report had been transmitted by the Director-General to the Secretary-General of the United Nations, for the consideration of the Economic and Social Council at its forthcoming Session. Because of this and also because many governments had not yet had the opportunity to consider the report in detail, the Committee decided to place National Food Reserves on the Agenda for its next Session.

75. The Committee agreed that meanwhile the report might profitably be considered by the Consultative Sub-Committee on Surplus Disposal in Washington. The Committee also requested the Director-General to transmit on its behalf to the Washington Sub-Committee any relevant points arising from the debate of the Economic and Social Council and the General Assembly of the United Nations.

IX. PANEL ON AGRICULTURAL SUPPORT MEASURES

76. The Committee was informed of plans to convene a special panel of experts from all interested governments to pursue the study of agricultural support measures in accordance with Resolution No. 8/57 of the Ninth Session of the Conference. The Committee was glad to note that preliminary work had been undertaken in the Far East and was going to be undertaken in Latin America. These studies would assist the work of the Panel, which might be convened in April 1959, as outlined under item XII of this Report.

77. It was noted that, in accordance with the relevant Conference Resolution, the Panel would direct its attention to an analysis of the effects of support systems, including their effects on increasing agricultural production and investment, especially in less developed countries and regions, and to the recommendation of guiding principles designed to minimize the adverse effects of support policies on international trade.

X. INTERGOVERNMENTAL COMMODITY CONSULTATIONS AND ARRANGEMENTS

78. The Committee took note of the intergovernmental commodity consultations and arrangements that had taken place since its last Session, as reported in the Secretariat's document (CCP 58/11 and CCP 58/11, Addendum 1). The Committee found this information very useful and asked that it be kept up to date at its future sessions.

XI. REVISION OF RULES OF PROCEDURE

79. The Committee recalled that for some sessions past the question had been on its Agenda of revising its Rules of Procedure, originally drawn up in Washington in the early days of the Committee's existence, to bring them up to date, but that the matter had been postponed pending deliberations at the Ninth Session of the Conference on changes in the organizational structure of FAO.

80. The Committee noted the Resolutions No. 43/57 and 46/57 adopted by the Ninth Session of the Conference which requested the CCP, with other bodies of the Organization, to bring its statutes and rules of procedure into line with the terms of the Constitution of the Organization and the Rules adopted by the Conference as amended at the Ninth Conference Session and the statements of principles adopted by that Session.

81. The Committee decided to take as a basis for its considerations the draft rules of procedure suggested by the Conference and circulated as Annex II to CCP 58/9. After examining these, it agreed on certain modifications and additions which it felt would bring them more into line with CCP requirements. 1/

82. The Committee felt, however, that given the important and complex nature of the question, it was not possible to adopt definitively these revised rules at its present session without governments having an opportunity for further consideration and comment. At the same time, it recognized the need for provisional action to be taken, both in the interests of its own methods of work and in order to give guidance to its subsidiary bodies, who were likewise required to draw up or amend their own Rules of Procedure in conformity with the Conference decisions.

83. The Committee therefore resolved as follows:-

CCP Resolution No. 2/58

THE FAO COMMITTEE ON COMMODITY PROBLEMS

RECOGNIZING the necessity of revising its Rules of Procedure which were adopted early in 1950,

BEARING IN MIND the terms of the Constitution of the Organization and the Rules adopted by the Conference, as amended at the Ninth Session of the Conference, of Resolution Nos. 43 and 46/57 of the Ninth Session of the Conference and of the statements of principles adopted by that session of the Conference,

DECIDED to adopt provisionally the Rules of Procedure contained in Annex I to this Report and to place the matter of final review and adoption of its Rules of Procedure as one of the first items on the Agenda of its Thirty-First Session,

REQUESTS its subsidiary bodies to adopt Rules of Procedure consistent with the texts referred to above and to submit them for approval to the Committee on Commodity Problems at the earliest possible date.

84. Pending the final review and adoption of its Rules of Procedure the Committee requested the Director-General to circulate the provisional Rules of Procedure to all CCP Member Governments and ask them to submit any comments they might have, in writing, to him, not later than 1 January 1959. Copies should also be sent to other FAO Member Governments for their information, on the understanding that they could send in comments if they so desired. As soon as comments have been received the Director-General shall circulate them to Members and Observers of the CCP.

85. The Provisional Rules of Procedure should also be circulated to members of the CCP subsidiary bodies for their guidance in drawing up their own Rules of Procedure.

1/ Some members considered that Rule VII.3 of the Provisional Rules of Procedure referred to in Resolution No. 2/58 should be extended to provide that:- "When the Committee or any of its members express substantive views on the report of any subsidiary body, these views shall, if the Committee so decides, be likewise circulated with, attached thereto, the report of the subsidiary body concerned or relevant extracts thereof.

XII. TERMS OF REFERENCE OF SUBSIDIARY BODIES

86. The Committee also considered document CCP 58/17 "Revision of Terms of Reference of the CCP Sub-Committees and Groups". It found that there was not sufficient opportunity at its present session to allow it to draw up revised terms of reference for its subsidiary bodies and therefore decided to place the matter on the Agenda of its Thirty-First Session.

87. At the same time it recognized that these bodies might have difficulty in drawing up their revised Rules of Procedure without having before them revised terms of reference. It therefore considered the various points on which modifications should eventually be made in the provisions for these bodies as regards membership, associate members, observer nations and organizations, and establishment of sub-committees. It requested the Director-General to indicate to the subsidiary bodies what amendments in their Rules of Procedure would be required in accordance with the provisions adopted by the Ninth Session of the Conference and to prepare for each body a paper for its guidance on the consequential modifications to its terms of reference.

XIII. DATE, PLACE AND AGENDA OF THE THIRTY-FIRST SESSION AND OF SESSIONS OF CCP COMMODITY GROUPS

88. The Committee took note of the following provisional arrangements for the next meetings of its subsidiary groups:

Group on Coconut and Coconut Products. The Second Session of this Group would be held in Manila in October of this year and would be preceded by a meeting on grading.

Consultative Sub-Committee on the Economic Aspects of Rice. It was envisaged that the Third Session of this Sub-Committee would be held at a place in the Far East in February 1959.

Cocoa Study Group. This Group, not having determined the date of its Fourth Session, authorized its Executive Committee for the period until its Fourth Session, to present, on its behalf, such reports as might be required to keep the CCP informed of developments affecting the commodity. It was expected that the Executive Committee would hold its next meeting at Rome in March 1959. The Group's Statistical Committee would meet in Rome, probably in October 1958.

Group on Grains. The Fourth Session of the Group on Grains would be held at Rome immediately before the Thirty-First Session of the CCP.

89. The Committee agreed that its Thirty-First Session would open in Rome in late May or early June for a period of two weeks, the exact date depending on the date of the Thirtieth Meeting of the Council, and that its Provisional Agenda should be as follows:

Provisional Agenda for the Thirty-First Session

- I. Adoption of Provisional Agenda.
- II. Adoption of the Summary Record of the Thirtieth Session.
- III. Rules of Procedure.
- IV. Major Developments in the World Agricultural Commodity Situation since the Thirtieth Session of the CCP.

- V. Reports of the CCP Commodity Groups and related matters.
 - (a) FAO Group on Grains.
 - (b) Consultative Sub-Committee on the Economic Aspects of Rice.
 - (c) FAO Group on Coconut and Coconut Products.
 - (d) Cocoa Study Group.
 - (e) Coffee.
 - (f) Dairy Products.
 - (g) Citrus Fruit.
 - (h) Dried Fruit.
- VI. Surplus Disposal.
 - (a) Eighth Report of the Consultative Sub-Committee on Surplus Disposal.
 - (b) Report on the Operation and Adequacy of FAO Principles of Surplus Disposal.
 - (c) Other matters.
- VII. National Food Reserves.
- VIII. Report of the Panel on Agricultural Support Measures.
- IX. Major Developments in Intergovernmental Commodity Consultations and Arrangements since the Thirtieth Session of the CCP.
- X. Date, Place and Agenda of the Thirty-Second Session and of the Sessions of the CCP Commodity Groups.
- XI. Other business.

90. It was agreed that the reports on Dairy Products provided for in Resolution No. 1/58 above should be considered on specified days in plenary meetings of the Committee and that, after such discussion, these reports should be passed to the Panel on Dairy Products for consideration along with other items of an Agenda to be prepared by the Director-General.

91. The Committee asked the Director-General to arrange, as far as possible, for a specified day during the first week of the Committee's deliberations to be set aside for the consideration of Item VIII of the Provisional Agenda; Report of the Panel on Agricultural Support Measures.

ANNEX I

RULES OF PROCEDURE

I. OFFICERS

1. At the first session after the election of its Members by the Council pursuant to Rule XXX-1 of the Rules adopted by the Conference, the Committee shall elect a Chairman, a first Vice-Chairman and a second Vice-Chairman from among the representatives of its Members who shall remain in office until the election of a new Chairman and Vice-Chairmen.
2. The Chairman, or in his absence one of the Vice-Chairmen, shall preside at meetings of the Committee and exercise such other functions as may be required to facilitate its work. In the event of the Chairman and the Vice-Chairmen not being able to preside at a meeting the Committee shall appoint one of its Members to take the chair.
3. The Director-General of the Organization shall appoint a Secretary who shall perform such duties as the work of the Committee may require and prepare the records of the proceedings of the Committee.

II. SESSIONS

1. The Committee shall hold sessions as provided in Rule XXX-4 and 5 of the Rules adopted by the Conference.
2. Any number of separate meetings may be held during each session of the Committee.
3. The Sessions of the Committee shall be held at the Seat of the Organization or at another place in pursuance of a decision by the Committee or a request submitted in writing to the Director-General by a majority of the Members of the Committee.
4. Notice of the date and place of each session shall be communicated as early as possible in advance of the session to all Member Nations and Associate Members of the Organization, and to such non-member Nations and international organizations as may have been invited to attend the session.
5. Each Member Nation of the Committee may appoint an alternate and advisers to its representative on the Committee.
6. Presence of Members representing a majority of the Member Nations of the Committee shall constitute a quorum for any formal action by the Committee.

III. ATTENDANCE

1. Participation of international organizations in the work of the Committee shall be governed by the relevant provisions of the Constitution and the Rules adopted by the Conference as well as by the general regulations of the Organization on relations with international organizations.
2. Attendance by non-member Nations of the Organization at sessions of the Committee shall be governed by the principles relating to the granting of observer status to nations adopted by the Conference.

3. (a) Subject to the provisions of sub-paragraphs (b) and (c) below meetings of the Committee shall be public.

(b) The Committee may decide to meet in private for discussion of any item on its agenda.

(c) Any Member Nation not represented on the Committee and any Associate Member or any non-member Nation invited to attend a session of the Committee may submit memoranda on any item on the agenda of the Committee, and participate without vote in any discussion at a public or private meeting of the Committee, unless in exceptional circumstances the Committee decides that it is necessary, in the interest of the Organization, to restrict attendance to the representative of each Member of the Committee.

IV. AGENDA

1. The Director-General, in consultation with the Chairman of the Committee, shall prepare a provisional agenda and circulate it as early as possible in advance of the session to all Member Nations and Associate Members of the Organization and to all international organizations invited to attend the Session.

2. All Member Nations of the Organization and Associate Members acting within the limits of their status may request the Director-General to insert an item on the provisional agenda. The Director-General shall thereupon circulate the proposed item to all Members of the Committee together with any necessary papers.

3. The Committee in session may by general consent amend the agenda by the deletion, addition or modification of any item provided that no matter referred to it by the Council or on the request of the Conference may be omitted from the agenda.

V. VOTING

1. Each member of the Committee shall have one vote.

2. The decisions of the Committee shall be ascertained by the Chairman, who shall resort, upon the request of one or more Members, to a vote, in which case the pertinent provisions of Rule XII of the Rules adopted by the Conference shall apply mutatis mutandis.

VI. RECORDS AND REPORTS

1. At each session the Committee shall approve a report embodying its views, recommendations and decisions including, when requested, a statement of minority views.

2. Reports of sessions and records of open meetings of a session shall be circulated to all Member Nations and Associate Members of the Organization and to non-member Nations invited to attend the session as well as to interested international organizations entitled to be represented at the session.

3. Whenever a private meeting of the Committee is held, the Committee shall at the beginning of that meeting decide whether a record of the meeting shall be kept and, if so, what circulation, not exceeding that provided for in paragraph 2 above, shall be given to it.

VII. SUB-COMMITTEES

1. In accordance with the provisions of Rule XXX-9 of the Rules adopted by the Conference, the Committee may when necessary establish sub-committees, subsidiary working parties or commodity study groups, subject to the necessary funds being available in the relevant chapter of the approved budget of the Organization, and may include in the membership of such sub-committees or subsidiary working parties Member Nations that are not members of the Committee and Associate Members. The membership of commodity study groups established by the Committee may include nations which, while not Member Nations or Associate Members of the Organization, are members of the United Nations.

2. Before taking any decision involving expenditure in connection with the establishment of subsidiary bodies, the Committee shall have before it a report from the Director-General on the administrative and financial implications thereof.

3. The Committee shall determine the terms of reference of its subsidiary bodies who shall report to the Committee. The reports of the subsidiary bodies shall be made available for information to all Members of the subsidiary bodies concerned, all Member Nations and Associate Members of the Organization, non-member Nations invited to the session of the subsidiary bodies and to interested international organizations entitled to attend such sessions.

VIII. SUSPENSION OF RULES

Any of the foregoing Rules of Procedure of the Committee may be suspended by the Committee provided that twenty-four hours' notice of the proposal for the suspension has been given and that such action is consistent with the Constitution and the Rules adopted by the Conference. Such notice may be waived if no Member objects.

IX. AMENDMENT OF RULES

The Committee may decide to amend its Rules of Procedure provided that such action is consistent with the Constitution and the Rules adopted by the Conference.

ANNEX II

LIST OF DELEGATES AND OBSERVERS

Chairman: C.F. Wilson (Canada)

Vice-Chairmen: J. Rohrbach (Germany)
A. de Viana (Brazil)

MEMBERS

<u>Country</u>	<u>Name and Title</u>
ARGENTINA	D. Herrero Consejero Económico Argentine Embassy
	W. Mangiavacchi Secretario Delegazione
AUSTRALIA	A.C.B. Maiden Commercial Counsellor Australian Embassy Washington, D.C.
	L.H. Dorman Assistant General Manager Australian Wheat Board
	H.K.H. Cook Commercial Counsellor Australian Embassy
BELGIUM	M. Spreutels Inspecteur Général Ministère des Affaires Etrangères et du Commerce Extérieur, Brussels
	P. d'Otrophe Président Comité Nationale Belge de la FAO
	A.A. Van Lancker Agricultural Attaché Belgian Embassy
BRAZIL	A. de Viana Minister for Economic Affairs Brazilian Embassy
	A. Barcellos Fagundes Director, Agricultural Division National Bank for Economic Development
BURMA	U E. Myint Chief Procurement Officer State Agricultural Marketing Board, Rangoon
	U Tun Khin Manager, State Agricultural Marketing Board Rangoon

<u>Country</u>	<u>Name and Title</u>
CANADA	C.F. Wilson Commercial Counsellor Canadian Embassy Copenhagen
	E.P. Reid Principal Economist Department of Agriculture Ottawa
CEYLON	H.A.J. Hulugalle Minister in Rome
COLOMBIA	E. Benavides Delegado Permanente de Colombia ante la FAO Colombian Embassy
CUBA	L.M. Pérez Official of Cuban Sugar Institute (ICEA) Havana
DENMARK	V. Andersen Agricultural Counsellor Chairman Danish National FAO Committee
	N. Kjaergaard Secretary Treasurer Agricultural Council
	K. Damgaard Secretary of the Federation of Danish Smallholders' Associations
	H.J. Kristensen Assistant Head of Section Ministry of Agriculture Copenhagen
	C. Valentin Hansen Agricultural Attaché Danish Embassy
FRANCE	G.H. Janton Contrôleur d'Etat Ministère des Finances Paris
	M. Chevallier Chef du Bureau du Lait Ministère de l'Agriculture Paris
	N. Jouanin Administrateur, Affaires Economiques, Ministère de la France d'Outre Mer Paris

<u>Country</u>	<u>Name and Title</u>
FEDERAL REPUBLIC OF GERMANY	J. Rohrbach Ministerialrat (Counsellor) Federal Ministry of Food, Agriculture and Forestry Bonn
	A. Schuttler Ministry of Food, Agriculture and Forestry Bonn
	R. Brehm Ministry of Food, Agriculture and Forestry Bonn
	I. Hoffmann Ministry of Food, Agriculture and Forestry Bonn
INDIA	N.T. Gulrajani Permanent Representative of the Government of India to FAO
INDONESIA	I. Sumadi Agricultural Attaché Indonesian Embassy
	S.A.M. Alaydroes Indonesian Embassy
JAPAN	C. Ozaki Consultant, Minister's Secretariat Ministry of Agriculture and Forestry Tokyo
	K. Edahiro First Secretary Japanese Embassy
NETHERLANDS	D.J.A.M. Van Arcken Alternate for the Director General of Food
	A.S. Tuinman Agricultural Attaché Netherlands Embassy Washington
	H. Riem Chief, Industrial Relations Branch Ministry of Agriculture, Fisheries and Food The Hague

<u>Country</u>	<u>Name and Title</u>
NEW ZEALAND	D.W. Woodward Commercial Counsellor New Zealand Embassy Washington, D.C.
	B.C. Hickey Trade Officer N.Z. High Commissioner's Office London
PAKISTAN	Nazir Ahmad Agricultural Attaché Pakistan Embassy
UNION OF SOUTH AFRICA	A.R. Havemann Chief, Division of Economics and Markets Department of Agriculture Pretoria
	A.W.O. Bock Manager South African Wheat Board Pretoria
	O.F. de V. Booysen Second Secretary South African Embassy
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	R.E. Moore Assistant Secretary Ministry of Agriculture, Fisheries and Food London
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EL SALVADOR	J.C. Chavez Encargado de Negocios en Italia Embassy of El Salvador
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ISRAEL	Z. Isakson President Farmers' Federation of Israel Citrus Marketing Board U. Doron First Secretary Israeli Embassy
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KOREA	J. Wun Suk First Secretary Korean Legation
LEBANON	M. Namour Secrétaire d'Ambassade Ambassade du Liban auprès du Saint Siège
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NICARAGUA	I. Portocarrero Ambassador to Italy
NORWAY	E. Iverson Director Norwegian Dairies' Export Organization
PANAMA	R. Vallerino Ambassador to Italy
PARAGUAY	R. Ricaldo de Vargas Ambassador to Italy
PERU	A. Arias-Schreiber First Secretary Peruvian Embassy
PHILIPPINES	F. Claravall Second Secretary and Consul
POLAND	J. Serwatowski Chef de la Section Agricole au Ministère du Commerce Extérieur Warsaw
PORTUGAL	F. Lopes Vieira Secretary Portuguese Embassy
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SWITZERLAND	A. Schär Swiss FAO National Committee
	F. Bonnard Secrétaire des Produits Suisses de Lait Switzerland

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TUNISIA	M. Kholil Secretary Tunisian Embassy
TURKEY	N. Alpün Commercial Attaché Turkish Embassy
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VIET NAM	Dinh van Kieu First Secretary Vietnam Legation
<u>Organization</u>	
EUROPEAN CONFEDERATION OF AGRICULTURE	A. Zappi Recordati Director-General Rome
	M. Collaud Secrétaire Général
INTERNATIONAL ASSOCIATION OF SEED CRUSHERS	J.C. Glover
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	S. Nehmer Economist
INTERNATIONAL CHAMBER OF COMMERCE	E. Crostarosa Chef du Service d'Etudes Section Italienne
INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS	R. Hewlett Cooperation Officer
INTERNATIONAL FEDERATION OF OLIVE GROWERS	R. They Delegate for International Affairs
INTERNATIONAL LABOUR OFFICE	I. Cordischi Assistant to Director of Rome Office
INTERNATIONAL WHEAT COUNCIL	F. Shood Anderson Chairman R. Ghorson Assistant to Chairman
INTERNATIONAL WOOL TEXTILE ORGANIZATION	R. Dodi
ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION	B. Deschars Principal Administrator