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Tenth Session

Rome, 31 October 1959

REPORT OF THE THIRTY-SECOND SESSION OF THE COMMITTEE ON COMMODITY PROBLEMS

(Rome, 22-28 October 1959)

COMMITTEE ON COMMODITY PROBLEMS

REPORT OF THE THIRTY-SECOND SESSION

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- 2. Resolution 726 (XXVIII) of the Economic and Social Council.

COMMITTEE ON COMMODITY PROBLEMS

REPORT OF THE THIRTY-SECOND SESSION

1. The Committee on Commodity Problems held its Thirty-Second Session from 22 to 28 October 1959 under the Chairmanship of Dr. C. F. Wilson (Canada). The Session was attended by representatives from 23 member countries of the Committee and observers from 24 FAO member countries and 17 international organizations. An opening statement was made by Dr. N. C. Wright, Deputy Director-General (CCP 59/41).

I. AGENDA

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2. The Provisional Agenda for the Thirty-Second Session (CCP 59/27) was adopted with some amendments.

II. SUMMARY RECORD OF THIRTY-FIRST SESSION

3. The Provisional Summary Record of the Thirty-First Session (CCP 59/26) was approved with amendments presented in Addenda 1 and 2.

III. REPORT OF THE THIRTY-FIRST SESSION OF THE COUNCIL

4. An extract from the Report of the Thirty-First Session of the Council, relating to the last report of the Committee, was noted.

IV. HIGHLIGHTS OF THE WORLD AGRICULTURAL COMMODITY SITUATION

- 5. The Committee briefly reviewed the world food and agricultural situation on the basis of information contained in an up-to-date supplement to the State of Food and Agriculture 1959 (CCF 59/38 and C 59/7 Sup. 1). It was noted that outturns of most staple commodities would again reach high levels. World wheat production would be little below the record level of 1958/59 and the coarse grain and rice crops would also be little different in total from last year's high level. Some products were showing increases in output, including fats and oils, cocoa, coffee, cotton and wool. Supplies of most commodities would thus continue ample and in some cases far in excess of supplies that could be absorbed commercially; wheat stocks might show little change from their current high level and those of coarse grains, coffee and cotton appeared likely to grow further.
- 6. The summer of 1959 was exceptionally dry in Europe with adverse effects on the yields of spring grown grains, sugar beets, other root crops and potatoes, and on hay and pasture. The effects of the drought on feed resources had become visible in a falling off in milk yields, influencing butter output in particular, and in earlier marketings and reduced weights of meat animals. The effects on the output of livestock produce, though not yet fully measurable, might be prolonged into 1960 while, in some countries, larger imports of feedgrains, sugar and butter were likely to be needed.

- 7. Price developments during recent monts have been somewhat more favourable to agricultural procedurs. In many cases, prices of agricultural commodities in the autumn of 1959 were higher, or at any rate no lower, than the 1958 average. This was partly a reflection of seasonal influence, but in many cases it was the result of firm or rising demand, associated with economic recovery. Nevertheless as the Committee stressed at its preceding session, the unfavorable trend in terms of trade of agricultural exporting countries and in particular of economically underdeveloped countries continued to cause concern.
- 8. The economic recovery was now under way in the major industrial countries, and unlike some of the upswings in the past, the present expansion in North America and Europe was proceeding against the background of stable prices which however, partly reflected continuing low levels of prices of some foods and raw materials in international trade. As already noted, the volume and/or the prices of many agricultural exports, had been rising in the course of 1959 with the recovery in import demand of industrial countries. At the same time, the heavy current supplies of many commodities and the likelihood of further rises in stocks of some "surplus" commodities at the end of the 1959/60 season, made unlikely any major improvement in the terms of trade of agricultural exporting countries as a whole.
- 9. Some delegates stressed their concern about irregularities of food production in their countries and the unpredictable behaviour of foodstuff prices resulting in local distress at a time when the overall food situation remained on the whole satisfactory. A close examination by the CCP of this question was suggested.

V. AGRICULTURAL SURPLUSES

- (a) Ninth Report of the Consultative Sub-Committee on Surplus Disposal
- 10. The Ninth Report of the Consultative Sub-Committee on Surplus Disposal (CCP 59/34) was introduced by Mr. P. Grabö (Sweden), the Chairman of the Sub-Committee. The Committee noted the wide range of discussion which had taken place during the four months covered by the report, such as those arising from the United States barter program, from the extension of Public Law 480 and from the FAO/ECAFE study on the Use of Farm Surpluses in Aid of Economic Development in Japan. The Committee expressed its satisfaction with the work done by the Sub-Committee in dealing with the varied and difficult problems which came before it.
- disposal matters which had developed as the result of the Sub-Committee's activities had been well maintained, particularly in regard to the operation of Public Law 480 and to the export of surplus dairy products. In regard to the barter program under Title III of Public Law 480, however, attention was drawn to the absence of consultation before barter commitments were made and to the fact that no protection could be assured to normal trade with countries falling into "C" Category. In view of the considerable interest in barter transactions, the Committee noted the possibility of the Sub-Committee setting up a Working Group to study the operation of the United States barter program and its implications for other countries. The Committee also noted with interest that the Sub-Committee might study the offects on international trade of local currency dispositions under Public Law 480 transactions.
- 12. The Committee appreciated the attention given by the Sub-Committee to the FAO/ECAFE study on the Use of Farm Surpluses in Aid of Economic Development in Japan, and noted the suggestion that studies of the effects of surplus disposal on normal trade of commercial exporters and on the economic development of recipient countries ought to be undertaken whenever possible and that they should include the analysis of disposals of dairy products and after effects of such disposals on world prices.
- 13. In connection with the United States export program for dairy products, some delegates expressed concern as to the effects which the sudden cutting-off of shipments of surplus dried skim milk might have on the supplementary feeding programs of many of the recipient countries. Although the basic problem of surpluses remained, the present situation fully demonstrated the importance of intergovernmental consultations through the Sub-Committee so as to secure the fullest cooperation between countries in reducing any difficulties which might arise from the change in the supply situation.

Three categories of surplus-importing countries had been set up based on their dollar position and their normal pattern of purchasing.

Each designation involves a combination of an importing country and a specific agricultural commodity or group of commodities. An "A" designation, for example, indicated a higher potential as a dollar market than the "B" designation and in this instance the Department of Agriculture must be satisfied that the barter transaction would not displace dollar sales. "C" category indicates countries having little if any potential as a dollar market for the Commodity.

(b) Wheat Utilization Committee

- 14. The Committee noted a statement made by the United States Delagate on behalf of the Wheat Utilization Committee referring to the Guidelines developed by the Committee in connection with the sale of wheat on concessional terms (CCP 59/31). The United States Delegate explained that in the view of the Wheat Utilization Committee the new Guidelines were an elaboration of the FAO Principles and Guiding Lines in the form of specific operational criteria for wheat exporting countries. The Wheat Utilization Committee, therefore, did not believe that there was any inconsistency between the broader FAO Principles and their practical application in its Guidelines.
- 15. Some delegates agreed with the view that the Guidelines adopted by the Wheat Utilization Committee were more projections of the FAO Principles for Surplus Disposal. Other delegates expressed concern that there had been an important shift of emphasis, since the Wheat Utilization Committee Guidelines appeared to be concerned mainly with the promotion of sales of wheat on commercial terms, whereas the FAO Principles stressed as a basic aim the use of surpluses to increase consumption and to aid economic development in underdeveloped countries. It was pointed out in reply that in their Guidelines the Wheat Utilization Committee had elaborated only one of the FAO Principles and had not touched on the others. However, in practice, the Committee was giving consideration to means of increasing consumption and also to the connection between wheat surpluses and economic development. The suggestion was also made that the Guidelines adopted by the Wheat Utilization Committee should be more formally coordinated with the FAO Principles and Guiding Lines of Surplus Disposal.
- 16. The question of the relationship between the Wheat Utilization Committee and FAO bodies was raised by many delegates. Some of them stressed the need to avoid any action which might weaken the important responsibilities given to the CCP Consultative Sub-Committee on Surplus Disposal with respect to surplus disposal activities for wheat as well as for any other agricultural commodity. Other delegates, however, pointed out that the five countries which had established the Wheat Utilization Committee were all Member Nations of the FAO and that these five countries would take care to ensure, therefore, that there would be no impairment of the functions of an FAO body such as the Sub-Committee on Surplus Disposal.
- 17. In the light of these comments the Committee stressed the need for continuing close working relations between FAO and the Wheat Utilization Committee. It noted that arrangements had been made for the Director-General to be represented in an observer/adviser capacity at the meetings of the Wheat Utilization Committee and its working parties; and further, that ad hoc arrangements had been made by the Wheat Utilization Committee for reporting to the Committee on Surplus Disposal.

VI. CRITERIA AND PROCEDURES FOR THE ESTABLISHMENT, SUPERVISION AND DURATION OF SUBSIDIARY BODIES OF THE CCP

18. At its Thirty-First Session the Committee had decided to review, in the light of experience and of current and prospective problems, the existing procedures for the establishment, supervision and duration of subsidiary bodies. In response to the Committee's request the Director-General had presented a working paper (CCP 59/39) setting out some considerations to be taken into account in carrying out this task.

- 19. The Committee had a detailed discussion on the matter, based on the points presented in CCP 59/39, and on two draft outlines for criteria for commodity study groups presented in the course of the discussions by the Delegations for the United Kingdom and the United States. A full account of points raised in the Committee's discussion will be found in the relevant section of the summary record.
- 20. The Committee agreed that the questions before it warranted further study and that consideration of this item should therefore be continued at the next session. To facilitate these further discussions, the Committee requested the Director-General to prepare a brief paper, falling into three parts:
 - (i) a set of criteria, or principles, to be taken into account by the Committee when considering the establishment or winding up of a commodity study group;
 - (ii) an outline of the procedures to be followed by the Committee in dealing with those matters; and
 - (iii) an outline of arrangements for periodic reviews of the mandates, activities, and future plans of the groups.
- 21. It was agreed that somewhat different criteria and procedures might need to be applied when the Committee was considering the establishment of ad hoc groups.

VII. CCP COMMODITY STUDIES AND ACTION

(a) Dairy Products

(i) National Dairy Policios

- 22. In response to a request by the Committee at its Thirtieth Session in June 1958, for a special report on national dairy policies, the Secretariat presented a preliminary version at the Thirty-First Session, in June 1959. The report examined the development of dairy pelicies since the 1930s in twenty-one countries where dairying is relatively well advanced, and included an analysis of the repercussions of policies on production, consumption, international trade and prices, and a trief appraisal of the policies. It was agreed that governments of the twenty-one countries should be asked to provide the Secretariat with up-to-date information and general comments for use in preparing a revised version for discussion at the next session.
- 23. There was general agreement, in the Committee's discussion of the revised version (CCP 59/6 Rev.1) at the Thirty-Second Session, that the report represented a substantial contribution to knowledge in its field and that it would be useful to many government officials, members of the dairy trade, and others concerned with dairy problems. A number of suggestions were made for modification of details of the report.
- 24. It was generally agreed that the unsettling effects of unusual weather were the primary cause of the change in the dairy situation this year, but that national policies were a major factor affecting international prices and trade in dairy products. It was recognized that countries established their policies on the basis of both their social and economic circumstances and that the central question was to find a sound way of reconciling their social and economic aims with efficient production generally and orderly international trade. Some delegates felt that, in further studies and contacts with governments, special attention might be paid to this aspect with a view to having national policies reviewed.
- 25. The Committee also noted CCP 59/6 (Rev.1) Supplement 1, and CCP 59/6 (Rev.1) Supplement 2. The first of these centained brief summaries of postwar dairy policies in twenty—one major countries; the second contained charts showing prices of major dairy products in various countries, 1950-58.
- 26. The Committee was of the opinion that the report and supplements should be published in printed form after taking into account the suggestions that had been made during the discussion.
- 27. It was hoped that the Secretariat would proceed to collect information on dairy policies in countries where the industry was less well developed. These countries had conditions and needs peculiar to themselves. Furthermore, it was generally in such countries that there was the greatest scope for increase in consumption. Thus the Committee would velcome a report by the Secretariat dealing with dairy policies in the underdeveloped countries.
- 28. The Committee requested that it be kept informed, through annual reports, on future developments in national dairy policies. Such reports should be coordinated with those contemplated by OEIG, but would be wider in scope, covering as many countries as possible, including underdeveloped countries. Some delegates stressed the importance of carrying out the studies decided by the Committee at its Thirty-First Session on the uses of filled milk, on the effect of the consumption of this product on the total consumption of fats and of dairy products and on the prices of the latter.

31. Long-term prospects were less favourable than those for the short-term, particularly in view of the competition offered by margarine, and the recommendations made by the Committee at its June 1958 session should still be a guide to Governments in determining their national dairy policies.

32. Document CCP 59/17 (Rev.1) suggested four possible lines of future action. It was agreed that the proposal of immediate interest was work related to the encouragement of increased consumption of milk and milk products. In view of the considerable proportion of the resources of the Secretariat already devoted to attaining this objective, in underdeveloped countries no additional programs were suggested in this field. It was thought desirable that a meeting to consider possible government action should be called immediately if any threat of butter surpluses again arose.

(iii) Stimulation of Milk Consumption

- 33. The Committee considered the measures undertaken for the stimulation of milk consumption, especially in areas of low consumption. The Secretariat informed the Committee on the recent allocations of the Executive Board of UNICEF during the September 1959 meeting. These included the allocation for the Karachi dairy plant, for which UNICEF assistance was based on earlier surveys for international cooperative action. Other allocations reported were for Bengalore City, Ahmedabad, and for additional assistance to several existing milk conservation projects.
- 34. The present situation of skim milk powder and the underlying reasons which led to the cessation of concessional sales by the United States Department of Agriculture were discussed. While it is difficult at this time to determine whether the interruption to the CCC availabilities may be of a short term nature, its implications for the world-wide supplementary feeding programs for children and others spensored by UNICEF and other agencies, which now serve about 35 million persons annually, are serious and far-reaching and are likely to cause the dislocation of many valuable programs now in operation. The Committee believed that ways and means of meeting this situation need careful consideration during the Conference.
- 35. With regard to international cooperative action through the Washington Group on Dried Skim Milk, no further requests had been received for assistance. Doubts were expressed as to whether there was any future scope for this form of international cooperative action, and it was agreed to ask the Consultative Sub-Committee to decide whether to continue the work of this Group, and if so, on what terms of reference.

(iv) Review of the Work of the Bairy Panel and Future Arrangements

36. The Committee discussed two alternative possible arrangements for the handling of dairy products at its future sessions. Although some delegates saw advantages in separate meetings of the Dairy Panel just prior to a CCP Session, it was agreed that for its next Session, dairy products

would constitute a separate item on the Committee's agenda with precise dates which would be announced to Governments well in advance. The Panel would, however, be suspended only and could be reconvened if necessary. The subject of future arrangements will be considered again at the next session.

(b) FAO Group on Citrus Fruit - Determination of Terms of Reference

- 37. At its Thirty-First Session the Committee concluded, after having given consideration to problems of citrus fruit on previous occasions, that the problem facing the citrus industry was serious enough to call for action by the CCP. The Committee, therefore, decided in principle, at its Thirty-First Session to establish an FAO Group on Citrus Fruit, and considered the terms of reference and arrangements at its Thirty-Second Session.
- 38. The Committee had before it draft terms of reference presented by the Director-General (CCP/59/30). Discussion was largely concerned with defining the problems with which the Committee was to deal. In accordance with earlier discussion on the work of CCP commodity bedies, it was decided that the Group be established for an initial period of two years with a review being made at that time of the need for its continuation.
- 39. The Committee agreed that the studies prepared for the Group should pay some attention to competitive fruits, notably apples and other deciduous fruits. The Committee also agreed that liaison should be maintained with other international organizations concerned with citrus fruit.
- 40. The Committee adopted the following resolution:

Resolution No. CCP 59/1

FAO GROUP ON CITRUS FRUIT

THE COMMITTEE ON COMMODITY PROBLEMS

Having considered the world citrus 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,

Recognizing that there exist fundamental problems in the production, processing, marketing and consumption of citrus fruit and that international cooperation and consultations could contribute to their solution,

Decides, in accordance with its terms of reference, to establish a group to be known as the FAO Group on Citrus Fruit, for an initial period of two years, with a review at that time of the need for its continuation. The terms of reference of the group shall be as follows:

- (1) The Group shall study problems affecting the long-term equilibrium of production and consumption of citrus fruit and citrus products.
- (2) The Group shall also study the economic aspects of problems arising from the perishable nature of citrus fruit.
- (3) The Group shall consider how best to deal with any special difficulties which may exist or may be expected to arise.

- (4) Mombership in the Group shall be open to all Member Nations and Associate Members of the Organization that are substantially interested in the production or consumption of, and trade in, citrus fruit and citrus products. So far as participation of dependent territories is concerned, the provisions of Article 69 of the Havana Charter shall apply. In order to be considered as a member of the Group, cligible Member Nations or Associate Members shall communicate to the Director-General a formal expression of intention. Interested non-member nations of the Organization that are members of the United Nations may be invited by the Committee on Commodity Problems to become members of the Group.
- (5) 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.
- (6) The Group shall make arrangements for close liaison in its activities with regional and other organizations especially interested in citrus fruit and citrus products.
- (7) In order to ensure the effective discharge of the functions of the Group, governments shall, as far as practicable, furnish all the information required for the work of the Group.
- (8) The Group shall report to the Committee on Commodity Problems, it being understood that copies of its reports, including any conclusions, will be circulated to interested governments and international organizations for their information as soon as they become available.
- (9) The Director-General, in accordance with 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 shall submit to the CCP, within two years, a report outlining the extent to which it has fulfilled its mandate and, if applicable, the difficulties met in this regard, and, if the Group considers that its work should be continued, the program of work which it suggests for the next two-year period.
- (11) 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 citrus fruit and citrus products, and the need for economy in the cost of meetings and travel.
- (12) The Group may adopt and amend its own rules of procedure, which shall be approved by the Committee on Commodity Problems and shall be consistent with the Rules of that Committee.
- 41. The Committee noted with warm appreciation that the Government of Spain had invited the Group on Citrus Fruit to hold its first session in Spain. The Committee asked the Director-General to convey their thanks to the Government of Spain. The Committee agreed that the first session should be held some time in the Spring of 1960.

VIII. PROPOSAL FOR A JOINT SESSION OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL COMMODITY TRADE AND THE COMMITTEE ON COMMODITY PROBLEMS

- 47. The Economic and Social Council, in resolution 726 (XXVIII), requested the Secretary-General to bring to the notice of the Director-General of FAO, before the Tenth Session of the FAO Conference, the question of a joint session of the United Nations Commission on International Commodity Trade (CICT) and of the FAO Committee on Commodity Problems "for the purpose of studying the first substantive report on prospective production of, and demand for, primary commodities". The Secretary-General was further asked to submit to the Economic and Social Council "at its thirtieth session, taking account of the views of the Commission on International Commodity Trade and of the Food and Agriculture Organization of the United Nations, a report on the advisability of, and, if appropriate, on the practical arrangements for, such a joint session". The Secretary-General therefore asked the Director-General to inform him in due course of the FAO views on this question. The text of ECOSOC Resolution 726 (XXVIII) is reproduced in Annex 2 to this report.
- 48. The Committee, in considering the questions presented by the Secretary-General of the United Nations (document CCP 59/32), noted that the Director-General, in formulating his reply to these questions, would wish to take account of the views expressed by the FAO Conference on the matter and that, therefore, the Committee's own discussion should be mainly in the nature of a preliminary exchange of views, to facilitate consideration of the item by the Conference.
- 49. In the course of this preliminary review, the Committee generally agreed on the need for the closest possible coordination between the related activities of the CCP and CICT. Whilst recognizing that such coordination was currently being promoted both within governments holding membership on both bodies and through satisfactory arrangements for close working contacts between the two secretariats, many Delegates expressed the view that it would be of considerable practical advantage for such coordination to be strengthened further. Views differed as to the best means for strengthening coordination. Some delegates considered that the holding of a joint session was not a suitable arrangement for achieving this aim and that it would in any case be premature to come to any firm decisions on the holding of a joint session until it was known when a report was likely to be ready. A larger number of delegates felt nonetheless that the proposal was a good one and that it should be implemented, provided that the practical problems involved in the proposal could be solved.
- 50. The Committee felt that the following summary of points raised in the course of its debate might be of help to the Conference in its deliberations.

(i) Composition

51. The Committee noted that at present twelve governments were represented both on the membership of 18 of the CICT and on the membership of 24 of the CCP.

(ii) Agenda and Timing of a Possible Joint Session

- 52. As noted above, the Economic and Social Council suggested the joint session should study the first substantive report on prospective production of, and demand for, primary commodities.
- 53. The Committee generally felt that the deliberations of a Joint Session, based on a report on commodity prospects as included above, would be concentrated on FAO projections for agricultural products, since they understood that work done on projections for non-agricultural products was less advanced. In the view of some delegates it was doubtful whether even in regard to agricultural products the world-wide information available on long term prospects would be sufficient for substantive discussions in the reasonably near future. Others pointed out that a joint session could not in any case be planned for a date earlier than in 1961 (since the Secretary-General had been asked to report back on the matter to the Economic and Social Council in mid-1960).

- 54. Some delegates were of the opinion that a joint session would be more fruitful if its agenda were more broadly conceived, taking account of other matters of concern to both bodies.
- 55. It was assumed that in the case of the proposal for a joint session being accepted in principle, the detailed agenda for such a session would be worked out jointly by the Secretary-General of the United Nations and the Director-General of FAO, taking into account suggestions made in the UN and FAO discussions on the proposals.

(iii) Administrative Questions

56. It would be for the two Organizations to examine jointly the administrative questions involved in a joint session, such as the election of the Chairman and Vice-Chairman, the appointment of the Secretary, the choice of date of the session, etc.

(iv) Reporting to Superior Bodies

57. No particular difficulty was envisaged in having the report of a joint session sent to the superior bedies of both the CICT and the CCP. It was noted that the form of reporting would need to be clarified at a later stage.

(v) Location and Cost

- The Committee was unanimous in concluding that in the case of any joint session being held, the CICT should be invited to meet in Rome, particularly since this would make it possible for the work of such a session to avail itself fully of the services of FAO's specialized staff. It appeared to the Committee that any joint session might be arranged in such a way that CCP and CICT could hold their normal sessions in Rome at about the same time. This would tend to reduce the expenses of participating governments and of the Organizations.
- 59. The Committee was informed that in the case of a joint session being organized on the basis of services similar to those normally provided for its own sessions, the additional cost probably would be small, and it was to be hoped that the United Mations would provide any supplementary services needed.

(vi) Further Consideration by CCP

60. The Committee agreed that in the case of favourable consideration being given in principle by the FAO Conference to the idea of a possible joint session, the practical questions involved would require further detailed discussion at the next session of the CCP.

IX. INTERGOVERNMENTAL COMMODITY CONSULTATIONS /ND ARRANGEMENTS

(a) General Commodity Consultations

- 61. The Committee was informed of the proceedings of the XXVIIIth Session of the Economic and Social Council and took note in particular of a proposal for a joint session between the Committee on Commodity Problems and the Commission on International Commodity Trade (see Section VIII of this report).
- The Committee heard a statement by Mr. Tetro, the FAO-nominated member of the Interim Coordinating Committee for International Commodity Arrangements, on some aspects of the ICCICA activities. Mr. Tetro drew attention to the desirability of commodity study groups obtaining the cooperation of groups interested in the production and trade of the different commodities. He also mentioned that intergovernmental consultations on commodity problems had been increasing and that it was desirable to keep such consultations as well coordinated as possible.
- 63. The Committee was informed about the summer meeting of the Sub-Committee on Commedities of the Administrative Committee on Coordination (ACC) and noted with interest the efforts made by the different international secretariats to coordinate their efforts and to avoid unnecessary duplication of work.
- 64. The observer from the General Agreement on Tariffs and Trade informed the Committee of the recent activities of the Committees II and III for the expansion of trade. During the discussion some delegates urged that in spite of the acknowledged difficulties attaching to such studies the FAO Secretariat should closely participate in the work initiated by the GATT on the measurement of agricultural protectionism. Other delegates pointed out that attempts to measure degrees of protection involved value judgments and that consequently it would be impossible to reach conclusions which would command general assent. At the same time, several delegates expressed the view that in the course of FAO's regular commodity work, as much attention as possible should be given to the effects of national policies on international trade in agricultural products.

(b) Consultations and Action on Individual Commodities

(i) International Wheat Council

65. The Committee took note of the proceedings of the 28th Session of the International Wheat Council which had just taken place. The observer for the IWC expressed his appreciation of the close cooperation prevailing between FAO and the International Wheat Council.

(ii) <u>International Sugar Council</u>

66. The Executive Director of the International Sugar Council gave an account of the recent research work on sugar consumption which had been jointly undertaken by the International Sugar Council and FAO, and expressed his appreciation of the contribution made by the FAO secretariat to this work.

(iii) International Coffee Agreement and Coffee Study Group

67. The Committee noted that a new short-term international coffee agreement had recently been concluded in Washington among fifteen Latin American coffee producing countries as well as Portugal and the French Community. The unilateral declarations made by Belgium and the United

Kingdom in support of the Agreement was also noted by the Committee. The Committee welcomed the cooperation between FAO and the Coffee Study Group, and stressed the importance of work on the long term aspects of the coffee problem, aiming at the formulation of a long-term agreement for coffee. It also noted with satisfaction that a draft of an FAO study on coffee has been completed in line with the Study Group's request.

(iv) Olive Oil Council

68. The Committee noted with satisfaction that the International Olive Oil Agreement had come into force and that the Olive Oil Council had held its first session in the weeks preceding the CCP session. The Committee also noted that special arrangements had been made for the continuing collaboration between the Council and FAO.

X. IFAP PROPOSALS FOR MACHINERY ON INTERGOVERNMENTAL COMMODITY CONSULTATION

- 69. The Secretary-General of IFAP introduced a statement (document C59/53) on Intergovernmental Commodity Consultations and Action by the IFAP Executive Committee which had been submitted for the consideration of the FAO Conference and for preliminary review by the CCP.
- 70. The Executive Committee of IFAP indicated in its statement that an improvement in the present situation in world markets for agricultural commodities should be sought along three lines of approach, namely a) the long term adjustment of national policies; b) prompt intergovernmental agreement and action to deal with current and short term marketing problems; and c) surplus disposal activities, which, however, should no longer be considered as completely divorced from current trade problems of agricultural commodities. The Executive Committee of the IFAP recommended that:
 - (a) the Committee on Commodity Problems should be given responsibility for overseeing and coordinating all aspects of intergovernmental consultation on agricultural commodities;
 - (b) the FAO Commodity Groups should encourage intergovernmental consultation on a commodity by commodity basis with a view to formulating internationally agreed long term policies, especially for commodities currently in surplus; and
 - (c) the Consultative Sub-Committee on Surplus Disposal should be reconstituted as the CCP Standing Sub-Committee on Current Trade Problems, to be located in Washington.

This new Sub-Committee should be empowered to consider urgent and short-term problems and to encourage governments concerned to reach agreement especially on problems resulting from surplus disposal activities.

- 71. Most of the delegations pointed out that they were still awaiting instructions on the proposal which would be discussed by the Conference and that their comments had to be regarded as preliminary and informal.
- There was general appreciation of the interest shown by the IFAP in the organization of FAO's commodities work and of the initiative taken by their Executive Committee in presenting the proposals cutlined above. Members of the Committee wished to put on record the importance they were attaching to such active cooperation by the IFAP; they expressed the hope that the IFAP would continue to present their ideas which had often led to fruitful action.

73. At the same time, note was taken of various points which, in the view of a number of delegates, would need to be considered before the IFAP proposals could be adopted. Some of the main points raised in the discussion were the following:

whether a distinction could be drawn between short-term and long-term problems, or between problems calling for short-term and long-term solutions;

the fact that CCP commodity groups, under their present terms of reference, were already dealing with both short-term and long-term questions and whether these functions would be divided;

the degree to which the carrying out of these proposals would require governments and the FAO secretariat to strengthen their Washington staff or to send specialized experts for particular meetings;

the advantages of the present informality of proceedings of the Washington Sub-Committee;

the need for a precise definition of the terms of reference of a Standing Committee on Current Trade Problems and the possibility of overlaps of the terms of reference proposed for both the CCP and for its Washington Sub-Committee with the terms of reference of other intergovernmental bodies concerned with trade problems.

- 74. Some delegates felt, however, that the CCP could benefit from the help of a standing sub-committee to deal particularly with problems requiring immediate attention which could not be held over for the normal sessions of the Committee.
- 75. The Committee agreed that the proposals made by the IFAP raised a number of matters which required careful attention and study and that further consideration could best be given to the proposals in the light of the views of the Conference.

XI. TERMS OF REFERENCE AND RULES OF PROCEDURE OF SUBSIDIARY BODIES OF THE CCP

(a) Terms of Reference

- 76. At its Thirty-First Session, the Committee drew up revised terms of reference for its subsidiary bodies, in the light of the principals laid down and rules adopted at the Ninth Session of the FAO Conference. Although no changes of substance had been made in the terms of reference as originally laid down by the Committee, it was agreed that governments and organizations concerned might raise further points on this matter until and during the Thirty-Second Session.
- 77. The Committee was informed of a communication received from the International Wheat Council in regard to paragraph (8) of terms of reference of the FAO Group on Grains. In response to the Wheat Council's communication, the Committee agreed that paragraph (8) should read as follows:
 - "(8) The International Wheat Council shall be invited to send its Chairman or a suitably qualified person nominated by him to participate in the proceedings of the Group and its subsidiary bodies and shall be invited to authorise the collaboration of its Secretariat with the Director-General of FAO in servicing the Group."

- 78. In adopting the amendment to the opening kines of paragraph (8) of the terms of refer now and in answer to a specific point raised by the International Wheat Council, the Committee noted that it is not the practice to insist that a representative from an international organization should intervene in the proceedings of the CCF or in those of its subsidiary bodies exclusively on a brief haid down for him by the governing bodies of that Organization.
- (b) Rules of Procedure of Subsidicry Bod es
- 79. The Committee received a second report of its Working Party on Procedural Matters which had been established during the Thirty-First Session to remain in existence until the Thirty-Second Session in order to deal with various organizational matters.
- Religious of the Working Party, under the Chairmenship of Mr. Nazir Ahmed (Pakistan), had reviewed the rules of procedure provisionally adopted by the subsidiary bodies of the COP and had formulated several amendments to these rules of procedure, with a view to taking them fully consistent with the rules of the Organization. The Committee decided to approve the recommendations made by the Working Party and to submit them to the subsidiary bedies with the recommendation that they adopt the suggested amendments. The Committee agreed that the attention of the subsidiary bodies should be drawn to the need for consistency of their rules of procedure with those adopted by the Committee itself; however, the Committee also was aware that special circumstances might make it impracticable for complete uniformity of the rules of procedure of all subsidiary bodies to be obtained. Special requirements had been taken into consideration in the amendments which were being suggested, at least in so far as they were found not inconsistent with the rules of the Organization. The Committee asked the Director-General to arrance for the rules of procedure, with suggested amendments, to be transmitted to the respective groups.
- XII. ARRANGEMENTS FOR THE THIRTY-THIRD ESSION OF THE CCP AND FOR SESSIONS OF CCP COMMODITY GROUPS
 - (a) Arrangements for the Thirt, Third S ssion of the CCP
 - 81. The Committee requested the Director-General to make arrangements, if possible, for the Thirty-Phira session to be held in Rome in June 1960, to deal with the following Provisional Agenda:
 - I, Flortion of Chairman and Vice-Chairman
 - II. Adoption of Provisional Acando
 - III. Adoption of Sarayayy Record of Thirty-Second Session
 - IV. Report of the Whirly-Second Session of the Council
 - V. Report of the Tenth B. ssict of the Conference
 - VI. Major Developments in the World Agricultural Commodity Situation
 - VII. Agricultural Surpluses
 - (1) Tenth Report of the Consultative Sub-Committee on Surplus Disposal
 - (2) Other Intergoversmental Canaultations and Action on Surglus Disposel

(2) Other Intergovernmental Consultations and Action on Surplus Disposal

VIII. Future Work of the CCP

- (1) Agenda and Timetable for CCP Sessions
- (2) Criteria for the Establishment, Supervision and Duration of CCP Commodity Study Groups

IX. Relations between Work of FAO and GATT on Commodity Problems

X. FAO Studies and Action on Individual Commodities

- (1) Grains Report of Fifth Session of FAO Group on Grains.
- (2) Rice Report of Fourth Session of COP Consultative Sub-Committee on the Economic Aspects of Rice.
- (3) Dairy Products -
 - (a) National Dairy Policies
 - (b) The Butter Situation
 - (c) Substitution of Other Fats for Milk Fat in Dairy Products
 - (d) Future arrangements for the Dairy Panel
- (4) Coconut and Coconut Products Report of Third Session of FAO Group on Coconut and Coconut Products.
- (5) Cocoa Activities of FAO Cocoa Study Group since the Thirty-Second Session of the CCP.
- (6) Coffee FAO Cooperation with Coffee Study Group
- (7) Citrus Fruit Report of First Session of FAO Group on Citrus Fruit
- (8) Hard Fibres Further Consideration of Possible Future Activities
- (9) Spices.

XI. Other Intergovernmental Commodity Consultations and Actions.

XII. Any other Business

82. The Committee noted further that the Provisional Agenda for the Thirty-Third Session might need revision by the Director-General in the light of decisions taken by the Conference.

(b) Sessions of CCP Commodity Groups

83. The Committee was informed that the arrangements now planned for sessions of the CCP Commodity Groups were as follows:

	Place	Date
FAO Group on Grains	Rome	10 days May/June 1960
Consultative Sub-Committee on the Economic Aspects of Rice	Saigon	22 February - 1 Harch 1960
FAO Cocoa Study Group	Abidjan	Late 1960 or early 1961
FAO Group on Coconut and Coconut Products	Rome	March 1960
FAO Group on Citrus Fruit	(Spain)	Spring 1960

^{84.} The Committee was informed that the Director-General, in sending out the provisional agenda and agenda notes for the Thirty-Third Session, would also include, as on previous occasions, a note on suggested timetable arrangements for the session, and that in particular a definite date should be set for the discussion on dairy products.

ANNEX I

LIST OF DELEGATES AND OBSERVERS TO THE THIRTY-SECOND SESSION

Chairman: C.F. Wilson (Canada) Vice-Chairmen: J. Rohrbach (Germany) A. de Viana (Brazil)

MEMBERS

ARGENTINA

Raul E. Dejean del Castillo Delogado Permanente ante FAO Embajada de Argentina

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A. Hubort Secrétariat du Comité National Belge de la FAO Ministère de l'Agriculture Bruxelles

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G. Nascimento Silva First Secretary Brazilian Embassy

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F. Shefrin Head, Foreign Policy Unit Department of Agriculture Ottawa

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Sir Arthur Ranasinha Ambassador of Ceylon Ceylon Embassy Rome

COLOMBIA Charles Borda Mondoza Consul General Colombian Embassy Rome

E. Parejo Gonzales Third Secretary Colombian Embassy Rome

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C. Valentin Hansen Agricultural Attaché Danish Imbassy Rome

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Abdul Habir First Commercial Secretary Indonesian Embassy Rome

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Kanzo Edahiro First Sccretary of Japanese Embassy Rome

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H. Riem Administrator International Economic Cooperation Division Food Department, Ministry of Agriculture and Fisheries The Hague

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B. van Dam Chairman, Commodity Board for Dairy Products

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Robert C. Tetro
Assistant Administrator
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A. Governments

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Consigliere
Ministero dell'Agricoltura
Rome

G. de Franciscis Ispettore Ministero dell'Agricoltura Rome

M. Lariccia
Directeur de la Division
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la Direction Générale de
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Ministero dell'Agricoltura
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A. Ferone Comitato Italiano FAO Ministero dell'Agricoltura Rome

I. Patrizi Observer Comitato Italiano FAO Rome

F. Ranalli Chef de Section Ministero Agricoltura e Foreste Rome

C. Zambrano Directeur de Division Ministero dell'Agricoltura Rome

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First Secretary
Korean Embassy
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NICARAGUA
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Embajador de Nicaragua
Embassy of Nicaragua
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PARAGUAY
Ramino Rocaldo de Vargas
Embajador del Paraguay
Embassy of Paraguay
Rome

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Peruvian Embassy
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J. Guevara

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M. Tag El Din
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A. Schaer
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F. Bonnard
Secretary
Union Centrale des
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P. Sunthraraks
Second Secretary
Embassy of Thailand
Rome

VENEZUELA Gladys Trujillo Moreno Permanent Delegate Venezuelan Embassy Rome

VIET NAM
Do Van Minh
Secretary of Embassy
Legation of Viet Nam
Rome

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OBSERVERS (Cont'd)

B. Organizations

(i) Intergovernmental

EUROPEAN ECONOMIC COMMUNITY
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Bruxelles

F. de Benedictis Chef de Division Direction Générale de l'Agriculture Bruxelles

F. Rossi Conseiller, Secrétariat des Conseils des Ministres Bruxelles

FEDERACION CAFETELERA DE AMERICA Armando Sol Embajador de El Salvador Rome

GENERAL AGREEMENT ON TARIFFS
AND TRADE
G. Hortling
Chief, Commodity Section
Palais des Nations
Geneva

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
M.F. Perkins
Economist
Washington, D.C.

INTERNATIONAL SUGAR COUNCIL
E. Roll
Executive Director
London

INTERNATIONAL WHEAT COUNCIL G.A. Hiscocks
Economist
London

ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION
André Deheeger
Head Agricultural
Markets and External
Relations Division
Paris

SOUTH PACIFIC COMMISSION
L.J. Hume
Senior Economist
Commonwealth Bureau of
Agricultural Economics
Canberra, Australia
FAO/59/10/7389

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(i) Intergovernmental

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Chief International
Trade Relations Section
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(ii) Non-governmental

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INTERNATIONAL ASSOCIATION
OF SEED CRUSHERS
J.C. Glover
Observer
Unilever House
London

INTERNATIONAL CHAMBER OF
COMMERCE
Giuseppe Cantoni
Vice President of
Italian Confederation
of Agriculture
Rome

Enrico Crostarosa Chief, Technical Services Italian Section ICC Rome

INTERNATIONAL FEDERATION OF
AGRICULTURAL PRODUCERS
R. Savary
Secretary General
Paris

R.D. Hewlett Liaison Officer with FAO Rome

INTERNATIONAL FEDERATION
OF MARGARINE ASSOCIATIONS
A. Bakker
President, Bennekon (G.L.D.)
Holland

J. Sevenster Agricultural Adviser to I.F.M.A. Rotterdam

INTERNATIONAL UNION OF FOOD AND DRINK WORKERS' ASSOCIATIONS
Titano Bigi
National Secretary
Rome

OBSERVERS (Cont'd)

B. Organizations

(ii) Non-governmental

INTERNATIONAL WOOL
TEXTILE ORGANIZATION
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LIAISON COMMITTEE OF MEDITERRANEAN
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F. Zito Observer University of Catania Catania, Sicily

ANNEX II

Resolution 726 (XXVIII) of the Economic and Social Council

The Economic and Social Council,

Noting with appreciation and satisfaction the Report of the seventh session of the Commission on International Commodity Trade 1/ and the program of the studies contained therein, and the Report of the Interim Co-ordinating Committee for International Commodity Arrangements, 2/

Noting also with appreciation that the World Economic Survey 1958 3/deals comprehensively with international commodity problems and policies,

Realizing the importance of research into commodity trade problems, principally in view of the connexion between them and the problems of the economic development of the under-developed countries,

Noting further the concern of the General Assembly with international commodity problems as expressed in its resolution 1324 (XIII) of 12 December 1958.

Ι

- 1. Approves the program of work submitted by the Commission on International Commodity Trade including the study of national and international measures to deal with fluctuations in primary commodity markets, 4/
- 2. Recommends that, in dealing with problems of a specific commodity, Governments should take into account the views of the interested countries, particularly the less developed countries and countries dependent to a high degree on the export of a narrow range of primary commodities, which are producers of such commodities and the possible harmful effects on them of any contemplated action;

II

3. Requests the Secretary-General:

(a) To bring to the notice of the Director-General of the Food and Agriculture Organization of the United Nations before the opening of the latter's tenth annual Conference, the question of a joint session of the Commission on International Commadity Trade and

^{1/} Official Records of the Moonomic and Social Council, Twenty-eighth Session, Supplement No.6 (M/3225)

^{2/} E/3269

^{3/} United Nations publication, Sales No. 59.II.C.1,

^{4/} Official Records of the Meonomic and Social Council, Twenty-eighth session, Supplement No.6 (E/3225), Chapter IV.

the Committee on Commodity Problems of the Food and Agriculture Organization of the United Nations, for the purpose of studying the first substantive report on prospective production of, and demand for, primary commodities;

(b) To submit to the Council at its thirtieth session, taking account of the views of the Commission on International Commodity Trade and the Food and Agriculture Organization of the United Nations, a report on the advisability of, and, if appropriate, on the practical arrangements for, such a joint session.