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Report of the ~~forty-fourth~~ session
and of the resumed forty-fourth session of the

COMMITTEE ON COMMODITY PROBLEMS

to the fifty-third session of the Council of FAO

Rome, September-October and November 1969



FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS



FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS

ORGANISATION DES NATIONS UNIES POUR
L'ALIMENTATION ET L'AGRICULTURE

ORGANIZACION DE LAS NACIONES UNIDAS
PARA LA AGRICULTURA Y LA ALIMENTACION

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COMMITTEE ON COMMODITY PROBLEMS

REPORT OF THE FORTY-FOURTH SESSION
AND OF THE RESUMED FORTY-FOURTH SESSION

This document incorporates corrections of the
earlier issue of the report.

COMMITTEE ON COMMODITY PROBLEMS

Report of the Forty-Fourth Session

29 September - 10 October 1969

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1 November 1969

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Report of the Forty-Fourth Session

INTRODUCTION

1. The Committee on Commodity Problems (CCP) held its forty-Fourth Session from 29 September to 10 October 1969 at FAO Headquarters, Rome. The Session was attended by representatives of 31 of the 34 Member Governments of the Committee and by observers from 28 Member Governments of FAO and from 21 international organizations ^{1/}.
2. The Session was presided over by Mr. M.W. Oakley (Australia), Chairman, assisted by Prof. G.U. Papi (Italy), Second Vice-Chairman.
3. At the commencement of the Session, the Committee was addressed by Mr. O.V. Wells, Deputy Director General, on behalf of the Director General of FAO.
4. The Committee adopted the Provisional Agenda for its Forty-Fourth Session (CCP 69/1).
5. The Committee was assisted during its Session by a Drafting Group under the chairmanship of Mr. N.R. Woods (New Zealand), and by a Working Party which considered the Report of the Working Group on CSD Functions (CCP 69/13/1) under the Chairmanship of Mr. A.A.W. Landymore (United Kingdom).
6. The reports of the following subsidiary bodies of CCP were presented to the Committee as indicated below:

Consultative Sub-Committee on Surplus Disposal	Mr. J.R. Sanchis-Muñoz (Argentina), Vice-Chairman
Working Group on the Functions of the Consultative Sub-Committee on Surplus Disposal	Mr. A.A.W. Landymore (United Kingdom), Chairman
Study Group on Grains	Mr. T.N. Saraf (India), Chairman
Study Group on Oilseeds, Oils and Fats	Mr. R.C. Bolduan (Australia), Chairman
Study Group on Citrus Fruit	Mr. F.J. Garcia-Ramos (Spain), Vice-Chairman
Consultative Committee, Study Group on Jute, Kenaf and Allied Fibres	Mr. R.C. Bolduan (Australia), Chairman
Study Group on Hard Fibres	Mr. A. Regnier (Belgium), Chairman

7. The Deputy Executive Director of the UN/FAO World Food Programme reported on the activities of the Programme.
8. The Committee heard a statement by Mr. B.T.G. Chidzero, Director, Commodities Division, on behalf of the Secretary General of UNCTAD.

Retirement of staff members

9. The Committee was informed of the retirement, since its last session or prior to its next session, of three senior members of the Secretariat: Mr. C.W. McLean,

^{1/} A list of participants is given in the Appendix to this Report.

Secretary of the Consultative Sub-Committee on Surplus Disposal, Mr. M. Lamer, Chief, Livestock Products and Oils Branch, and Mr. B. Habjanic, Chief, Meat and Poultry Section. It expressed its warm appreciation of the valuable services rendered by these staff members to the Committee and to FAO and extended to them its best wishes for the future.

I. REVIEW OF WORLD AGRICULTURAL COMMODITY SITUATION, PROBLEMS AND POLICIES

1. General Situation and Outlook

10. The Committee reviewed the world agricultural commodity situation and outlook on the basis of information supplied in the FAO Commodity Review and Outlook 1968-1969, in a supplementary document summarizing recent developments (CCP 69/22), and in the statements made by delegates. The Committee noted that while world output of most agricultural commodities, especially grains, milk and milk products, meat, fats and oils and some tropical crops, was larger in 1968 than in 1967 and had attained new record levels in several cases, the value of exports of the principal agricultural commodities had shown a slight decline in 1968, as compared with 1967. Supplies of a number of commodities, in particular wheat, milk and milk products and fats and oils were in excess of effective demand and for several others, such as rice, bananas and citrus fruit, there was potential over supply. The value of trade in several agricultural raw materials and in coffee and cocoa, however, was larger. The decline in the overall value of trade was the result of a drop in export prices which more than offset a slight increase in volume, and affected principally the developed countries, the value of whose exports fell by about 3 percent. The export earnings of developing countries, however, had gone up by about 2 percent, although this was less than the average rate of growth of 3 percent experienced during the years 1962 - 1966 and was quite inadequate for the development needs of these countries.

11. International prices of most agricultural products were lower as reflected in the 2 percent fall in the United Nations export prices index for agricultural commodities. Carryover stocks of a number of commodities, especially wheat and milk products, were considerably larger than before with consequently increased pressure on prices. The prices of a number of agricultural raw materials, however, improved, reflecting the high level of economic activity in the industrialized countries, as for cotton, or shortage of supplies on account of unfavourable weather, as for jute, or as a result of an increase in demand, as for rubber.

12. Preliminary indications for 1969 suggested that the output of most agricultural commodities would probably be as large as, or larger than, in 1968. World supplies of wheat, rice, tea, citrus fruit, cotton, rubber, hides and skins were expected to increase further while those of jute, cocoa and coffee were likely to recover from the low levels of 1968. World agricultural trade, however, was unlikely to be much different with exports of grains, milk and milk products, fats and oils and a number of tropical crops likely to go down further and exports of citrus fruit, extra-long staple cotton, carpet wools and jute expected to be maintained or to rise. Prices in general were likely to remain under pressure, although for some products such as groundnut oil, fish oil and sunflowerseed oil and rubber, likely shortages of supplies might result in price increases. Trade in basic foodstuffs, particularly wheat and rice, was likely to decline further in value and stocks would become larger. Surpluses of several other commodities might also develop. Growth of import demand for agricultural raw materials was unlikely to be as rapid as it was in 1968, principally due to the anticipated slowing down of economic growth in most developed countries and to continued competition from synthetic substitutes.

13. The Committee noted in particular that world grain production in 1968/69 reached a new record. With considerable output increases and growing self-sufficiency in several developing countries, mainly due to the increasing use of the high-yielding varieties and improved farming techniques, exports of wheat from the developed countries

had declined significantly. Carryover stocks in mid-1969 in the principal exporting countries (excluding Argentina) had risen close to the peak level of 1961 and competition for markets had brought prices down below the minimum levels agreed in the International Grains Arrangement ^{1/}. There was another large crop in 1969 and the prospect was for a further increase in stocks in mid-1970. Stocks of coarse grains were somewhat smaller and world trade in 1969 was likely to be sustained at the previous year's level. However, increased use of surplus wheat as livestock feed and cutbacks in wheat acreage in some major exporting countries and shifts in favour of feedgrains could affect markets in the future.

14. Exportable supplies of rice were bigger and carryover stocks in both importing and exporting countries higher than in 1968. This fact had intensified competition among exporters and reduced prices generally (except for better grades of Thai rice which had recently been scarce). Progress of the 1969 crop in the Far East was good and the volume of trade in 1969 was likely to be lower for the fourth successive year.

15. The Committee expressed its appreciation of the wide coverage and objective analysis of the world commodity situation and outlook contained in the FAO Commodity Review and Outlook, 1968-1969. The Committee appreciated the inclusion of a note on hides and skins as a regular feature and expressed the hope that the commodity coverage would be maintained and, if possible, extended. The special feature on the world market for oilcakes and meals was also welcomed. Some delegates hoped that in future more attention would be given to structural problems, including trade barriers, affecting agriculture. It was also suggested that FAO studies should examine the causes for the low level of agricultural incomes in relation to other sectors of the economy.

16. One delegate regretted the omission of eggs from the Review and suggested that this commodity should continue to be covered. The Secretariat pointed out that this omission reflected a policy decision to give a lesser priority to certain parts of the programme of work on commodities as part of the adjustments involved in the Director-General's Programme of Work and Budget for 1970-71. The question of priorities would be discussed at the forthcoming session of the FAO Conference.

17. In its review of the agricultural situation and outlook, the Committee considered that the root causes of current trade problems lay in the actual or potential excess of supply over effective demand for many commodities. For the richer countries, surpluses meant heavy expenditure in the form of storage costs, price supports, deficiency payments or export subsidies. For the poorer countries, surpluses meant increased competition in export markets and loss of vitally needed export income, with consequent inability to import essential development goods. Solutions to the problems of excess supply were to be sought, in part, through adjustments of production to foreseeable demand, domestic and foreign, that is, through supply management, although it was recognized that such adjustment presented formidable difficulties since agricultural production was distributed over millions of small farmers whose standards of living and welfare would be affected by curtailment of production. International agreements or arrangements also had an important part to play in helping to regulate international markets. Some delegates suggested that specialization of production at national and regional levels could also provide a partial solution.

^{1/} In this connection, it was pointed out by the Delegation for Canada that, in their view, paragraph 649 of the FAO Commodity Review and Outlook 1968-1969 could give rise to misinterpretation. The Secretariat confirmed that the Canadian action to meet competition followed a period in which there had been a deterioration in international prices for wheat from other sources, in some instances to levels below the minima of the International Grains Arrangement.

18. A number of delegates described the measures taken in their countries to reduce surpluses and adapt output to effective demand ^{1/}. Some delegates stressed that provision would have to be made to expand outlets for developing countries. Many developing countries were making efforts to increase the production of foodgrains and other agricultural products through larger investment and the application of modern methods. Delegates representing developing countries felt that readjustments in the existing patterns of world production and trade of agricultural commodities would be required, so as to provide these countries with an increasing share of the world market for agricultural products in the production of which they had a comparative advantage.

19. In this connection the Committee's attention was drawn to some basic structural factors which placed restraints on the expansion of world trade in agricultural commodities, particularly of the developing countries. In the opinion of some delegates, these restraints arose from the protectionist policies of many countries, especially those with highly developed and diversified resources capable of producing a wide variety of alternative forms of wealth. According to them, the discriminatory tariff and non-tariff barriers on agricultural imports aggravated the problems of market access, while the growing use of export subsidies and incentive payments accentuated pressures on international prices, resulting in reduced export earnings and instability of markets for other countries.

20. The Committee expressed its concern at the persistence of these problems and reiterated the need for sound national agricultural policies and international cooperation. It noted with satisfaction the progress made in the year under review in finding solutions to the problems of some specific commodities, in particular sugar, coffee and sisal, through international arrangements. With respect to the International Sugar Agreement, some delegates expressed the hope that those countries which had not yet subscribed to it would reconsider their position, with a view to increasing membership in a further endeavour to stabilize prices. The recent experience of the International Grains Arrangement, however, demonstrated the importance of appropriate national policies to the success of such international agreements. The Committee stressed the importance of continuing efforts towards finding international solutions for the persistent problems of other commodities, and expressed the hope that governments would fully bear in mind the interdependence of countries in matters of agricultural trade and the serious effects which national decisions could have on the export earnings and internal economies of other countries.

2. NATIONAL AGRICULTURAL PRICE STABILIZATION AND SUPPORT POLICIES

21. The Committee reviewed developments in price stabilization and support policies in the period 1963-68, and considered suggestions for possible modifications in future work on this subject (documents CCP 69/17/1 and CCP 69/17/2).

22. The review suggested that stabilised and supported prices had tended to rise only moderately over the period 1963-68 and in the past year. As the cost of living had also risen in most countries, the real value of price guarantees had thus changed little. For commodities produced predominantly for export, such as cotton, cocoa and oilseeds, the movements in the supported price levels had tended to be more closely related to international market prices.

^{1/} It was pointed out by the Delegation for France that the reference to the expansion of acreage under sugarbeet in France during 1968 in paragraph 289 of the FAO Commodity Review and Outlook 1968-1969 tended to give a misleading implication. The Secretariat confirmed that the expansion in question in 1967/68 and 1968/69 followed two years of substantially reduced acreage and the resulting level was within the range which had prevailed in earlier years.

23. Information on total expenditure on price stabilization and support, included in the review for the first time, had been reported by 23 countries (out of 59 countries replying by 15 July 1969). There were, however, many difficulties in the way of using these figures for international comparisons of support levels.

24. The Committee was in broad agreement with the proposals put forward by the Secretariat regarding future work in this field, namely to present to the Committee, in alternate years between the regular five-year reviews, analytical studies of specific aspects of price support and stabilization policies. Many delegates emphasized the value of the data collected and urged that they should continue to be presented regularly, although the amount of accompanying commentary might be reduced and, in the case of the short-term reviews presented in alternate years, entirely eliminated. Some delegates suggested that the data might well be incorporated in some printed publication, such as the FAO Production Yearbook, and the Secretariat was asked to consider this and other possibilities. Regardless of any arrangements that might be made for publication, however, the price statistics should continue to be presented to the Committee as soon as they were collected and tabulated.

25. In commenting on the information concerning government expenditures on price stabilization and support, the Committee expressed the view that some breakdown of these expenditures by categories would both facilitate the task of governments in replying to the questionnaire, and render the data for different countries somewhat more comparable. The Secretariat would attempt to arrive at an acceptable classification in time for use in the next questionnaire.

26. The Committee took note of the suggestions made by the Secretariat on aspects of price stabilization and support which might be the subject of more detailed studies in alternate years. These had not been intended as constituting a programme of work, but rather as an indication of the type of problems that might deserve closer attention. In the discussion, all these items were stated to be of interest by one or more delegations. It was noted, however, that some of them were in part concerned with questions already being studied by other international organizations such as OECD and GATT, and that duplication with such work should be avoided. Some delegates therefore suggested that it might be advisable to orient FAO studies towards problems of developing countries, on which fewer studies of the kind envisaged were being carried out at present. The Committee suggested that studies on either the role of price policies in promoting the adoption of high-yielding cereal varieties and related inputs, or price policy as an instrument of supply management (or possibly a combination of the two) might be undertaken in 1970 or 1971. Subjects to be dealt with in subsequent years would be proposed by the Secretariat for approval by the Committee, perhaps beginning with a study on the relationship between stabilized and supported prices and world prices for selected commodities.

II. REVIEW OF ACTIVITIES OF COMMODITY STUDY GROUPS AND RELATED COMMODITY MATTERS

1. Grains

27. The Committee took note with appreciation of the report of the Twelfth Session of the Study Group on Grains. It welcomed the Group's re-appraisal of its future programme of work to bring it into line with changing requirements and endorsed the Study Group's intention to concentrate its activities on three broad areas: (1) the regular review of the grain situation and national policies; (2) the study of trends and medium-term outlook; (3) the consideration of selected problems with special reference to developing countries. The Committee also agreed that greater emphasis should be given to coarse grains in the Study Group's programme of work. While account would also continue to be taken of the wheat situation, the CCP noted that the Study Group's activities in this field would complement, and not duplicate, the work of the International Wheat Council and that the Secretariats of the two organizations co-operated closely in their work.

28. The Committee recognized that the Study Group provided an established forum for the analysis of national grain policies with the aim of achieving a greater rationalization of policy measures. A number of delegates drew attention to the serious difficulties being encountered by the International Grains Arrangement and suggested that thought should be given to ways of improving the effectiveness of future agreements on grains.

29. Several delegates suggested that the Group should pay increased attention to problems of storage, transportation and handling of grains, especially in view of the rapid rise in grain production in developing countries. The analysis of the growth potential of the export markets for coarse grains was another subject for further study, which would be also of growing interest to the developing world where exportable supplies had appeared in an increasing number of countries. The Committee recognized that these were specialized matters and recommended that governments include appropriate specialists in their delegations.

2. Rice

30. The Committee noted the report of the Thirteenth Session of the Study Group on Rice which was held in March 1969 in Manila, Philippines, and expressed appreciation for the Group's efforts to develop proposed solutions to the problems facing trade in rice. The Committee's discussion was mainly focussed on the Study Group's suggestions to the Director-General regarding the lines of action needed to avoid the likely emergence of instability in world trade in rice. The Committee took note of the Secretariat document (CCP 69/12) which set out possible follow-up action on the Study Group's suggestions in the light of the recent developments in the rice market situation.

31. The Committee generally agreed that the pattern of world trade in rice was rapidly changing, partly reflecting the introduction of high-yielding varieties, and some complex problems were emerging. Many delegates expressed the willingness of their governments to participate fully in any future discussions which might take place on possible international action to stabilize world trade in rice. Delegates of some developing exporting countries expressed deep concern at the present trends in the world rice trade which they felt could have an adverse impact on their efforts for economic development.

32. Some delegates of both exporting and importing countries favoured an early meeting of a sub-group, on the lines suggested by the Study Group, to consider the drafting of a Code of Behaviour for world trade in rice and to examine the proposals for international arrangements put forward by the Governments of the Philippines and Thailand at the Thirteenth Session of the Study Group. They felt that, although the situation had not yet become critical, there were several factors, including the build-up of stocks in some countries, which clearly indicated the potential dangers. In their view, the consideration at this stage by a sub-group of possible action and machinery might help to prevent a serious deterioration in world market conditions. On the other hand,

other delegates considered that discussions on an international agreement would be premature because the current rice situation was volatile and the direction of future change was not clear. Also, several of them felt that the efficacy of an international agreement might be very limited in the absence of complementary national policies.

33. The Committee noted that interested governments would have an opportunity to take up the question of international action at the regular session of the Study Group which would normally be held in April/May 1970. In view of this, and the lack of general support for an earlier meeting, the Committee felt that the formation of the proposed sub-group would not be justified at this stage in the absence of any serious deterioration in the world rice situation. The Committee requested the Secretariat to keep close watch on rice developments in order to clarify as much as possible the nature of the problems likely to be faced by exporters.

34. The Committee suggested it would be useful for the Study Group to undertake a comprehensive analysis of the rice situation and likely future trends and patterns of trade, with a view to identifying all the major economic problems affecting trade, and to indicate the lines of action, taking into account, inter alia, those suggested in paragraph 32.

35. As regards the desirability of the proposed Code of Behaviour for the World Rice Trade, several delegates pointed out that recently transactions had taken place in rice which, in their view, were not in conformity with the FAO Principles of Surplus Disposal and the established procedures for consultations. There was general agreement that some action should be taken to remedy this unsatisfactory situation. For this reason, some delegates supported the drafting of a Code of Behaviour for rice trade. Most delegates felt, however, that the FAO Principles and Guiding Lines were fully relevant to this situation and that a separate code for rice would not be needed if the existing machinery of the Sub-Committee on Surplus Disposal was used effectively. The Committee, therefore, emphasized the importance of greater participation on the part of rice exporting countries in the activities of the Sub-Committee on Surplus Disposal. It felt that the desirability of a separate Code of Behaviour on rice might be considered later in the light of the progress made in this respect.

3. Oilseeds, Oils and Fats

36. The Committee considered with interest the report of the Fourth Session of the Study Group on Oilseeds, Oils and Fats which had been held in Rome from 2 to 11 December 1968, appreciating particularly the complex and difficult problems which the Group faced.

37. In accordance with the recommendation of its previous Session, the Group had considered specific lines of action, including trade liberalization measures, compensatory arrangements for developing exporters, internationally financed food aid shipments and buffer stocks for particular oils. No general consensus had emerged on any one particular approach, but several governments were not opposed to the development of helpful action as regards one or other type of particular measures. In fact, it seemed clear that such action would need to include a number of different measures in order to reach the agreed objectives as identified at the Second Session of the Group.

38. The Fourth Session had also considered establishing, as it was empowered to do, a consultative committee of the Group to consider in particular short-term action and carry forward its initial discussion. In the absence of a sufficient measure of agreement about the scope and function of this consultative committee, it was decided not to take action at that session.

39. The Committee was also informed of the consultations which had taken place since the Fourth Session and considered a joint note prepared by the Director-General of FAO and the Secretary-General of UNCTAD for submission to both the Fourth Session of the Committee on Commodities of UNCTAD and the Forty-Fourth Session of the CCP. The CCP

noted that at the UNCTAD Committee on Commodities there had been a large measure of agreement for the convening of a special session of the Study Group as suggested in paragraph 26 of the joint note.

40. The Committee endorsed the proposal to convene such a special session, which would have the specific purpose of undertaking further consultations in accordance with resolution 16 (II) C of the Second UNCTAD, and, to the extent possible, of making practical proposals for short-term action and long-term measures, as well as considering whether any additional continuing machinery was required.

41. The Committee noted that the Special Session would be convened by the Director-General, with the cooperation of the Secretary General of UNCTAD, and urged that all member governments of both organizations interested in oilseeds, oils and fats should participate fully in the Special Session.

42. The CCP expressed its appreciation of the United Kingdom's readiness to act as host government and noted that arrangements were being made to hold the Special Session in London from 26 January to 6 February 1970.

43. The Committee noted that the Special Session would be jointly serviced by the Secretariats of FAO and UNCTAD and welcomed the close cooperation that they had established in this field.

44. The Committee stressed the importance and complexity of the questions to be considered and the need for the special session to be action-oriented. Many delegates considered it was important that governments should be represented at a high level so that policy decisions could be taken. The Committee also stressed the need for governments to ensure the participation of representatives of trade and industry and also the importance it attached to adequate preparation, as well as to thorough documentation by the Joint Secretariat on possible lines of action. In this connection, it was important to build on the positive elements that had emerged from the discussions so far, including the consensus on objectives and the identification of potentially feasible measures. It was also agreed that informal consultations between the Secretariat and the representatives of interested governments attending the Fifteenth Session of the Conference would be useful.

45. It was agreed that problems related to oilcakes should be dealt with by the Study Group and that this should apply equally to the Special Session.

46. The Committee heard with interest the statement by the representative of the International Olive Oil Council about the work of that organization. He drew attention to the problems confronting producers and consumers of olive oil and the need for international financial assistance, particularly in relation to the technical improvement of production, compensatory exchanges between member countries, the holding of stocks and the development of additional storage capacity. This statement was supported by a number of countries particularly interested in olive oil.

4. Cocoa

47. The Committee heard a report on recent activities of the Committee on Statistics of the Study Group on Cocoa which had continued to meet twice a year and issue forecasts of world cocoa production and grindings. The Committee also heard a report on developments in the negotiation of an international cocoa agreement under the auspices of UNCTAD, with the cooperation of FAO.

48. The Committee was informed of the progress which had been made in elaborating international grade standards for cocoa beans at the Third Session of the Working Party on Grading of the Study Group on Cocoa which had been convened in Paris in May 1969. It noted the recommendation that the resulting International Cocoa Standards, as appended to the Report of the Working Party (CCP: CC/GWP 69/8), should be submitted

by the Director-General to governments for adoption. The Working Party had concluded that it should be reconvened in about five years to review the application of the standards in the light of new technological information.

49. The Committee was also informed that the Working Party had recommended that the Director-General should organize one or two regional training centres on grading practices.

5. Bananas

50. The Committee noted with appreciation the report of the Third Session of the Study Group on Bananas, in which was incorporated the report of the Second Session of the Committee on Statistics of this Study Group. It expressed its appreciation to the Government of Panama which hosted both meetings for the excellent facilities provided. The Committee agreed that the Panama meetings had marked a major step forward in identifying the problems confronting the world banana economy. Many delegates from producing countries as well as from some importing countries felt that the major problem was one of under-consumption and stressed that all possible measures should be taken to stimulate further consumption growth, pointing to the vast consumption potential of the centrally planned economies. They emphasized that the removal of all barriers, both tariff and non-tariff, would be the most appropriate means of promoting international trade in bananas and that measures to curtail or stabilize production would be premature in the present circumstances. In this connection, the representative of one importing country reiterated the intention of his government to maintain liberal market access.

51. Other delegates from importing countries noted that it might not be possible to expand banana consumption indefinitely and referred to the Study Group's conclusion that a surplus problem could emerge in the next four to five years. They felt that trade liberalization alone might not be sufficient to absorb forthcoming supplies and that producing countries might find it necessary in some instances to reconsider their production expansion programmes. In this connection, the Committee endorsed the recommendation of the Study Group that a study of diversification possibilities could be of great benefit to many producing countries and supported the request that the Director-General should consider how such a study could best be undertaken.

52. The Committee expressed its support of the programme of work of the Study Group and endorsed the conclusion that the Group provided an adequate forum for such international consultations on bananas and that additional international machinery was neither necessary nor desirable. It emphasized that the activities of the Committee on Statistics should be strengthened in order to help the Study Group to assess realistically the short, medium and longer-term outlook for production and trade as well as to obtain a better understanding of the structural problems of the industry. The Committee agreed that regular consultations among producing and consuming countries were a useful technique which could possibly lead, if necessary, to some coordination of marketing activities.

6. Citrus Fruit

53. The Committee expressed its appreciation of the report of the Fourth Session of the Study Group on Citrus Fruit, which was held in May 1969 at FAO Headquarters in Rome, and endorsed its conclusions and the programme adopted for future work. It noted that the Study Group had made a fresh assessment of the prospects for the citrus industry and had devoted considerable time to the discussion of developments in national and international citrus policies and their impact on trade in citrus fruit and citrus products. The Committee endorsed the conclusions of the Study Group that restrictive arrangements did not appear practical at this time but that the delicate market balance which existed could be easily upset and it was necessary therefore that regular consultations in the Study Group should be continued.

54. The Committee took particular note of the conclusions of a Secretariat study on competition between apples, bananas and oranges in major consuming countries. The main finding was that in the intermediate and longer term, markets for the three major fruits in the countries studied had been to a large extent independent and that consequently efforts to protect one type of fruit by measures aiming to curtail supplies of the other types were of limited value. These findings were of great interest and importance to all concerned with the determination of economic policies affecting fruit.

7. Wine and Vine Products

55. The Committee received the report of the First Session of the Study Group on Wine and Vine Products which was held in September 1969 in Bled, Yugoslavia, and expressed its gratitude to the Government of Yugoslavia for the excellent arrangements made for the session.

56. The Committee noted that surplus problems for ordinary wines were serious and might persist for some time, notably in North Africa, but that efforts were being made in these countries to adjust their production by reducing the vineyard areas and by diversifying into alternative vine products. In order to help overcome shortages in technical expertise, trained personnel and finance, the Committee endorsed the request of the Group to the Director-General that he should take steps to help these countries to obtain appropriate assistance.

57. The Committee endorsed the proposed programme of work and noted that the Group's proposals were of a positive character and that their implementation would contribute to the alleviation of surplus problems in some developing countries. Some delegates expressed the hope that further progress would be made in future sessions on the problems of surpluses and market access. These delegates pointed out that efforts to increase consumption should be concentrated in those developed countries where consumption was at present low.

8. Industrial Fibres

58. The CCP welcomed the results obtained from a further year's operation of the informal international arrangements on jute, sisal and henequen, and abaca by its Study Groups on Jute, Kenaf and Allied Fibres and on Hard Fibres, and their subsidiary committees, and endorsed the latest reports of these bodies.

59. Despite certain weaknesses, the technique of informal arrangements continued to be of great assistance in stabilizing the markets for jute and sisal, thanks largely to the efforts and goodwill of participants, and the flexibility provided under the arrangements themselves. The CCP felt that the technique continued to offer important possibilities for adaptation to other commodity markets where governments were also seeking greater stability.

60. The CCP noted that, both in the case of jute and of hard fibres, the Study Groups had recently extended their action into the fields of promotion and research. The Committee felt that such efforts were likely to be of the utmost importance for these fibres, given the continuing intense competition from man-made substitutes, and strongly endorsed the lines of action being pursued. In this connection, the Committee endorsed the recommendation of the Consultative Sub-Committee on Hard Fibres to initiate action designed to establish an international research centre for hard fibres.

61. The Committee noted the changing character of the subsidiary bodies of the Study Groups on Jute, Kenaf and Allied Fibres, and on Hard Fibres, resulting from their operation of the informal commodity arrangements for jute and hard fibres, and requested these two bodies to consider the question of their nomenclature at their next sessions in early 1970.

(i) Jute, Kenaf and Allied Fibres

62. The Committee welcomed the fact that jute export prices had now returned within the indicative target range, and hoped that every effort would be made to maintain them within this range during the present season.

63. With regard to the work on a possible international stabilization reserve policy for jute, the CGP hoped that the necessary detailed proposals for national buffer stocks would shortly be circulated by the three main producing countries, so that these could be examined at the next session of the Consultative Committee on Jute, Kenaf and Allied Fibres in early 1970.

64. The Committee welcomed the efforts being made to reach agreement on a single indicative price range for Thai kenaf and requested the Consultative Committee to continue its efforts with a view to making such a recommendation at the earliest opportunity.

(ii) Sisal and Henequen

65. The Committee noted that under the arrangements for this group of fibres a cut of nearly 10 percent had been made in export quotas for 1969. The arrangements had succeeded in stabilizing prices of the main grades of sisal for over a year, which was a highly commendable achievement, and the Committee now hoped that the cut in quotas might soon be reflected in a rise in prices towards the recommended indicative target level.

66. The Committee also noted that member governments of the Consultative Sub-Committee had carried out an authoritative assessment of the working of the arrangements in 1967-68. The Committee endorsed the Consultative Sub-Committee's proposal to continue to make such assessments annually.

67. The Committee recognized that the informal action on this group of fibres was serving a most important purpose in supporting the sisal market. The Committee noted that some \$25-30 million of foreign exchange earnings had probably been preserved for exporting countries in the two years since the arrangements had been agreed and felt that this was an achievement reflecting the extremely high returns which could be expected from a well-applied effort in the field of international commodity consultations and arrangements.

(iii) Abaca

68. The Committee noted that abaca prices had now risen beyond the indicative target ranges recommended by the Consultative Sub-Committee on Hard Fibres and that this had begun to halt the previous steady decline in production in the Philippines.

(iv) Coir

69. The Committee welcomed the inclusion of coir in the programme of work of the Consultative Sub-Committee on Hard Fibres. This body would now be in a position to maintain a continuous review of the market situation for this fibre and to develop recommendations for concerted action if and when required.

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III. REVIEW OF AD HOC COMMODITY CONSULTATIONS

1. Tea

70. The Committee reviewed developments in the world tea economy since its last Session. It noted that the pressure of supplies had continued on world markets and that the steady decline in the prices had become steeper in the last few years. Although the volume of exports had increased by about a quarter during the period, the total foreign exchange earnings from tea in 1968 were the lowest for 15 years and those of 1969 could well be even lower.

71. In the light of these developments, the Committee considered the Report of the Third Ad Hoc Consultation on Tea which had met in Kampala from 6-14 January 1969 (CCP 69/4) and, in particular, the recommendation that a continuing body should be established to give detailed consideration to the problems of tea and to develop proposals for international action.

72. The Committee noted further that the Director-General had convened, in accordance with the request of the Third Ad Hoc Consultation, an Ad Hoc Working Party to give detailed consideration to proposals for international action on tea for submission to governments, which met in Rome from 5-15 May. Delegates of countries accounting for some 90 percent of net exports of tea (outside the countries with centrally planned economies) and of about 60 percent of world imports had participated in this Working Party. The Committee noted with interest the Report of this Working Party and the draft of an export quota type of agreement which it had prepared for submission to governments (CCP 69/11/1 and 2).

73. The Committee heard statements by delegations of tea exporting countries supporting the establishment of a continuing body on tea and describing the action taken by their governments, in line with the discussions of the Ad Hoc Working Party, to develop an informal short-term scheme, in an effort to check the continuing price erosion, pending the conclusion of a long-term programme of action. At a meeting held in Mauritius, 14 tea exporting countries had agreed to remove from the export market in 1970 some 90 million pounds of black tea that might otherwise have been available for export. The report of the Mauritius meeting had been circulated by FAO, as agreed at the Ad Hoc Working Party, to all governments invited to the Kampala meeting, and it was necessary that the 1970 scheme should be discussed, as a matter of urgency, with importing countries.

74. Delegations of importing countries which participated in the discussion, also gave support to the recommendation of the Third Ad Hoc Consultation for the establishment of a continuing body on tea. These delegates affirmed their desire to see a stable market for tea with prices remunerative to producers and fair to consumers. They stated that in giving their support to the establishment of a continuing body to consider long-term arrangements, their governments did not commit themselves in advance to any particular form of agreement or any particular level of prices.

75. The Committee also took note of the recommendation of the Kampala Ad Hoc Consultation that the continuing body on tea be called "Consultative Committee" or "Consultative Group", as this nomenclature had become established in world tea circles since the First Ad Hoc Consultation in 1965.

76. Bearing these considerations in mind, the Committee approved the recommendation of the Third Ad Hoc Consultation and adopted the following Resolution:

Resolution 1/44

CONSULTATIVE COMMITTEE ON TEA

THE COMMITTEE ON COMMODITY PROBLEMS

Having considered the decline in the average export price of tea, which has affected the profitability of the tea industries of producing countries and resulted in a decline in foreign exchange earnings;

Taking into account the role played by changes in the quality of tea and by changes in consumer preferences in the process of price formation in the world market;

Having affirmed the desirability of achieving a stable market for tea with prices remunerative to producers and fair to consumers;

Having come to the conclusion that the danger of imbalance between the supply of, and the effective demand for, tea at prices remunerative to producers is likely to continue;

Having come to the conclusion that it is necessary to study short-term and long-term measures for dealing with the situation with a view to submitting recommendations for consideration by Governments of both exporting and importing countries;

Having considered Resolution 46/57 of the Ninth Session of the FAO Conference laying down principles to govern the constituent rules of the FAO bodies;

Having considered the CCP criteria for the establishment of Study groups;

Decides to establish a permanent body to be known as the Consultative Committee on Tea with the following terms of reference:

1. To provide a forum for consultations on, and studies of, all problems connected with tea. In particular, the work of the Consultative Committee shall include:
 - (a) The continuing review of short-term and long-term developments in:
 - (i) world production and consumption of tea;
 - (ii) trends in trade and prices;
 - (iii) consumer preference with regard to quality;
 - (b) The continuation of studies on market structures;
 - (c) The promotion of tea consumption;
 - (d) The improvement of tea statistics;
 - (e) The drafting or the approval of texts of proposals for further international action, subsequently to be submitted to all Governments concerned;
2. FAO rules on membership in Study Groups shall apply to the Consultative Committee and namely, membership in the Committee 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 this commodity. So far as participation of dependent territories is concerned, the provisions of Article 69 of the Havana Charter shall apply. Interested non-Member Nations of the Organization that are members of the United Nations may be admitted by the Council of the Organization to membership.

3. Attendance by non-Member Nations of the Organization at sessions shall be governed by the principles relating to the granting of observer status to nations, adopted by the Conference.
4. In order to ensure the effective discharge of the functions of the Committee, governments shall, as far as practicable, furnish all the information required for its work.
5. The Committee 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.
6. The Committee shall make arrangements for close liaison in its activities with other organizations especially interested in tea, and in particular the International Tea Committee, and shall avoid duplication of work being undertaken by such other organizations.
7. The Director-General shall keep the United Nations Conference on Trade and Development and the Economic and Social Council informed of the activities of the Committee.
8. The Committee, bearing in mind Resolution 21/67 of the FAO Conference, shall, in consultation with the Director-General, determine the dates and places of its sessions, keeping in mind the character and importance of the subjects under review, the number of governments interested in tea and the need for economy in the cost of meetings and travel.
9. The Committee 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 the Committee.

77. In view of the urgency of the problems facing the world tea economy, the Committee expressed the hope that the Consultative Committee on Tea would meet as soon as possible.

78. The Committee agreed that the name should be regarded as provisional pending its review of the question of the nomenclature of its subsidiary bodies at its next session.

2. Meat and Poultry

79. The Committee considered with great interest the Report of the First Ad Hoc Consultation on Meat and Poultry (Document CCP 69/15) which was held from 30 June to 4 July 1969 at FAO Headquarters in response to a request made by the Committee at its previous session. At that Session, considering Resolution No. 2/67 of the Fourteenth Session of the FAO Conference on the establishment of a Study Group on Meat and Poultry, the Committee had decided that additional studies and consultations on the serious and complex problems faced by the world meat economy would be useful. The task set for the Consultation was to review the current situation and the longer-term prospects for trade in meat and poultry and to advise the Committee in regard to the setting up of a study group with appropriate terms of reference.

80. The Committee endorsed the findings of the Consultation in respect to the major problems faced in the world meat trade, which was now of the order of U.S.\$4,500 million. There was broad agreement that, although the long-term prospects for a continuing expansion of the trade in meat appeared favourable, there were a number of specific problem areas associated with trade, particularly in relation to market outlets, market instability, increasing foreign exchange earnings, agricultural diversification programmes and veterinary regulations. The Committee was also aware that solutions to these problems

were urgent and had a direct bearing on two major areas of concentration proposed by the Director General in FAO's programme of work: increasing foreign exchange earnings and closing the protein gap in the developing countries.

81. The Committee's discussion centred mainly on the recommendation of the Consultation as regards the establishment of a Study Group. It noted that the majority of the delegations attending the Consultation, some of them representing countries with an important interest in the meat trade, had been of the opinion that all the CCP criteria for the establishment of a study group had been fully met and that these delegates had considered that the Committee should immediately establish a study group on meat and poultry. However, a substantial number of other delegates, representing countries accounting for the largest part of meat exports and imports had not considered that all the criteria had been met. The Consultation had concluded that the problem required further examination and that the establishment of a study group could be deferred until a further ad hoc consultation had enabled the CCP to better assess the role which such a group could play in the study of the world meat economy. The Consultation had requested that this further consultation be convened as soon as possible.

82. Many delegations on the Committee were of the opinion that the case for a study group on meat and poultry had been established and, in view of the importance of meat and meat products in world trade, the urgency of the current problems and the difficulties likely to arise in the future, there was no need to wait for a further ad hoc consultation. These delegations requested that the Committee should consider the immediate establishment of a permanent FAO body to deal with meat and poultry problems.

83. Other delegations did not feel that the case for a study group had yet been made. They drew attention to the favourable medium and long term demand outlook for meat and pointed out that some policy issues affecting international meat trade were currently being studied in the Agriculture Committee of the GATT.

84. In this connection, it was noted that the GATT Committee was also considering many other commodities for some of which there were already study groups in existence whose work was contributing to that of GATT. Moreover, there were a number of FAO member countries which were not parties to the GATT. Some delegates felt that the studies being carried out in the GATT were not a reason for precluding consideration of world meat problems in a permanent FAO body where these problems could be considered in a broader forum.

85. The Committee was pleased to note that the Codex Alimentarius Commission had assigned a high priority to the development of an international code of hygiene practice for meat and meat products and that a draft code would be discussed as the only substantive item of the next session of the Codex Committee on meat and meat products. The Committee also noted, however, that harmonizing of veterinary regulations was not a function of the Codex and was not generally regarded as being amenable to multilateral consultation and regulation. It was recognized that veterinary and hygiene regulations had a significant impact on international trade in meat and that, for this reason, the Committee would wish to be kept informed of the main developments in this field. In this connection, one delegate noted that in the report of the First Ad Hoc Consultation reference was made to the progress achieved in establishing disease-free areas in developing countries and called the attention of the Committee to the definition of disease-free areas in the International Zoosanitary Code of the OIE ^{1/}, and to the opinion of the OIE that exports from such zones should be acceptable from the zoosanitary point of view.

^{1/} The International Zoosanitary Code defines disease-free area as follows: "Free zone means an extent of territory which can be clearly defined where the animals are under official veterinary control and in which no cases of any disease in list A of the OIE have been confirmed for a defined period".

86. Since it was not possible to arrive at a consensus in regard to the immediate setting up of a permanent group, the Committee decided that another ad hoc consultation on meat and poultry should be convened as recommended by the First Consultation. The second consultation should continue to study the problems of the world meat economy along the lines recommended in the report before the Committee. In particular, the documentation prepared by the Secretariat for the Second Consultation should review current and planned expansion programmes for meat production and their likely impact on world meat trade, with emphasis on developing regions of the world where natural conditions are especially favourable for livestock development. It should also examine the current situation and prospects for production and consumption of meat and poultry, including cyclical and seasonal changes, their contribution towards fluctuations in prices and their bearing on market stability.

87. The Consultation should also take into account other matters called to its attention by the First Consultation including national price policies, the problems of market access, and relevant action taken in other international bodies. Its discussions should focus on problem areas where international cooperation appeared most feasible. In the light of the Consultation's report, the Committee would examine further the question of establishing a permanent consultative body on meat and poultry.

IV. ADDITIONAL COMMODITY ISSUES

1. Dairy products

(i) Review of national dairy policies

88. The Committee took note of the Review of National Dairy Policies prepared by the Secretariat covering the period 1967-69 (CCP 69/18). The most important policy feature according to the review had been the absence in the EEC of substantial policy reactions to a dramatic increase in stocks and growing marketing difficulties on national as well as international markets. Since the preparation of the review, the EEC and the member countries had introduced some policy measures aimed to reduce surpluses and to adapt output to effective demand. Some other countries also confronted with surplus problems had introduced policy changes in order to help resolve imbalances between supply and demand. It was noted that in the United Kingdom, in order to prevent any further increase in stocks, butter import quotas for 1969-70 had been reduced and that an agreement to restrain supplies had been reached with its main suppliers of cheddar cheese.

89. Delegates stressed the usefulness of the report, especially in view of the difficulties being experienced on international dairy markets and the Committee requested that the reviews be continued. It was suggested that the next issue should give more information on the experience with price reductions as affecting domestic demand of dairy products and margarine.

(ii) GATT negotiations

90. Concerning the negotiations in GATT on an international dairy agreement, the Secretariat presented a short progress report (CCP 69/25). The representative of GATT informed the Committee that, after a lapse of eight months, negotiations would be resumed on 16 October 1969, on the joint initiative of New Zealand and Australia. The urgent need for an international agreement was stressed by several delegates.

(iii) International Dairy Development Scheme

91. The Committee gave preliminary consideration to a note by the Director-General (CCP 69/26) circulated during the session proposing the establishment of an International Dairy Development Scheme as a cooperative effort among donor and recipient countries with the assistance of FAO, of the WFP and other international agencies as required. The purpose of the Scheme would be to foster dairy development in developing countries and to increase the consumption of milk products, as an objective of high priority in one

of the five areas of concentration in FAO's strategy of agricultural development, namely Filling the Protein Gap.

92. The Director-General had envisaged that resources for dairy development under the Scheme would include supplies of milk products, technical assistance, equipment and finance, according to the preferences of individual recipients and donors in the context of particular national programmes. In particular, the Director-General considered that it should be an important international objective to put the existing large surpluses of butter and skim milk powder to constructive use as a development resource while they were available. The principal role of FAO under the Scheme would relate to project planning and the technical assessment of projects. The Secretariat, in collaboration where necessary with other agencies, would assist potential recipient countries, at their request, to prepare integrated medium-term plans for domestic dairy development, milk distribution and dairy imports.

93. As regards implementation, the Director-General believed it would be simplest if aid resources in the form of milk products were handled by the WFP. However, bilateral channels could also be used and these might be most important for resources required in other forms. The proposed Scheme would essentially operate in a flexible framework of multilateral consultation and cooperation. The Director-General did not regard the proposed Scheme as an alternative to the negotiation of a commercial agreement on dairy products, but rather as supplementary to and supporting such action.

94. The Director-General had recognized that the details of the Scheme would have to be worked out further. He envisaged that if some member governments were sufficiently interested in the proposal he would be expected to convene an ad hoc consultation which would enable such Governments to explore the proposal in greater detail and to make a start if desired.

95. Although delegates who spoke on the subject indicated that their governments had not yet had time to consider the Note, they expressed interest in the proposal. It was pointed out by several delegates that the proposed Scheme would provide the means of linking the utilization of current surplus stocks of milk products in developed countries with the need for larger supplies of protein in developing countries through an integrated effort to expand their imports of milk products and promote the expansion of their dairy industries. Such a Scheme, providing an informal framework for consultations among interested parties and various agencies, could contribute to better coordination of aid for this purpose. It was pointed out that the Director-General's proposal could be regarded as being complementary to the proposals for dairy products, including provisions relating to food aid which were being discussed in GATT. The Committee noted that an agreement on minimum prices alone might not accomplish the desired objective of improving the world dairy markets unless accompanied by some mechanism involving food aid in milk products. In this connection, the Committee noted with interest the recent pledge by the EEC countries of 35,000 tons of butter oil and 120,000 tons of skim milk powder to the World Food Programme. The need to safeguard the development of commercial trade and to ensure that food aid did not hamper the progress of domestic dairy development in the recipient countries was stressed. Some delegates emphasized that any proposal to increase resources allocated to this sector raised important questions of aid priorities which would need very careful consideration. One delegate, however, felt that the proposed Scheme need not involve raising the total amount of aid or re-allocating the priorities in overall aid programmes.

96. The Committee agreed that the ideas put forward in the Director-General's Note merited further consideration. To this end, the Secretariat was requested to revise and expand the paper somewhat to take into account questions raised in the Committee, especially as regards the manner in which the scheme might operate, the nature of the support required from FAO and other agencies concerned as well as from governments, budgetary implications, if any, for FAO and the manner in which further steps might be taken to initiate the scheme. The revised Secretariat paper would be made available as a document for the forthcoming FAO Conference at which the proposal could be given further

consideration both in the Technical Committee on Areas of Concentration and during the discussion on commodity problems in Commission I. The Secretariat pointed out that the earlier FAO study presented to the Committee at its previous session, "Milk Products as Food Aid" (CCP 68/8/1) provided background information and analysis relevant to the further consideration of the proposal.

2. Pepper

97. The Committee noted that in the paper before it, CCP 69/19, the Secretariat had been able, as a result of field surveys, to widen its statistical coverage of the commodity and to make a more complete analysis of its problems, as requested by the Committee at its previous Session. There were still, however, serious gaps in the basic statistics.

98. Delegates of producing countries affirmed their support in principle for an international arrangement designed to secure a stable market for pepper with prices at a reasonable level for both consumer and producer but felt that the time was not yet ripe to initiate international discussions. Much work had still to be done on the commodity, particularly on the long-term prospects for consumption. At the same time, the main producing countries were engaged in bilateral discussions on marketing and in some cases were in the process of overhauling their own systems. They felt that further opportunity should be given to them to work out proposals for the commodity. The assistance of the Secretariat would be welcome in this regard. Importing countries noted with satisfaction that the producing countries were continuing their discussions; when further progress had been made, they would welcome information about the outcome of these discussions and the opportunity of discussing the commodity again.

99. The Committee therefore agreed that the Secretariat should continue its studies on pepper and to give what assistance it could to the producing countries in their efforts to improve statistics and work out proposals for stabilizing the market and increasing the trade in this commodity. When these proposals were ready, the matter should come back to the Committee for further consideration.

3. Tobacco

100. The Committee reviewed developments in the world tobacco economy, in the light of document "Review of Trends and Problems in the World Tobacco Economy" (CCP 69/20). It noted that production, trade and consumption had expanded in recent years and that prices had been relatively stable. However, marketing problems existed for oriental and cigar leaf types, and various delegations expressed apprehension that marketing difficulties could arise in the future for other types as well. Reference was made to state monopolies and preferential purchase policies pursued by EEC countries which affected the trade for some exporting countries. Some delegates expressed their concern about further measures of a protectionist nature that were being envisaged by the EEC and that would seriously affect the position of tobacco exporters in the European market. The Committee concluded that the Secretariat should continue its studies of tobacco and should keep the tobacco situation under continuous and close review and bring to the attention of CCP any problems that might develop.

4. Rubber

101. The Delegation for Indonesia informed the Committee on the efforts being made in that country to improve rubber quality and on the introduction of new types called "block" rubbers. The production of these new types had begun on a large scale early in 1969 and by 1973, 30 percent of Indonesia's total production was expected to be of these types.

V. INDICATIVE WORLD PLAN FOR AGRICULTURAL DEVELOPMENT

102. The Committee had before it the Provisional Indicative World Plan for Agricultural Development (C 69/4), but many countries had received this only during the course of the meeting and no country had had adequate time to study it. Chapter 14, namely "Commodity Balances and Trade Policy Issues", had been sent to member governments as a CCP document (CCP 69/21) at a somewhat earlier date, but in view of the time limitations comments even on this document were inevitably of a preliminary nature.

103. The Committee's discussions were not limited to Chapter 14 of the Indicative Plan, recognizing the close inter-dependence between Chapter 14 and the rest of the IWP study. It felt that the whole Indicative Plan warranted much fuller and deeper study on the part of all governments than had yet been possible; for this reason, the comments expressed were to be considered as provisional. Delegations would be able to provide a very much more complete and considered opinion at the Conference.

Secretariat Introduction to the IWP

104. In setting the background for the discussion, the Secretariat gave a brief account of the contents of the Provisional World Study. Attention was drawn to the more explicit sub-title of the world document ("a synthesis and analysis of factors relevant to world, regional and national development") and also to the fact that it was never intended to deal with the technical, institutional and economic problems of agricultural production in either developed countries or the centrally planned countries; the emphasis was on the developing countries of Asia, Latin America, Africa and the Near East. The exercise was oriented towards the selection and achievement of certain goals in the developing regions and concentrated on inputs and policies which were considered necessary if these goals were to be achieved. But it was not a blueprint at either the world, regional, or national level; in fact the figures included in the Plan were there more to provide the necessary quantitative frame than to be considered as definitive results.

105. Summarizing some of the major points of Chapter I, which attempted to measure the magnitude of the task facing developing countries, the Secretariat pointed out that between 1967 and 1985 the annual growth in demand for food in developing countries would be 4.3 percent - if the assumptions on growth of income and population proved realistic - and the increase in production entering the market sector would need to be about 6 percent a year. If this growth in production could not be achieved, developing countries would need to import more food than they can afford to pay for and the opportunity provided by rapid urbanization and the growth of monetary demand for the stimulation and development of the world rural economy would be lost.

106. The concern of IWP was not limited to food but extended also to the distribution of the agricultural sector to overall economic and social development. The problem of employment was particularly serious. In spite of the anticipated decline in the relative importance of the agricultural population in developing countries from 67 to 55 percent over the period to 1985, the absolute numbers of people dependent on agriculture might well be 50 percent higher in 1985 than in the base period. It was one of the principal conclusions of the IWP that the problem of employment in the agricultural sector may be more intractable than that of raising production.

107. The study concluded that policies could be devised which would be within the reasonable possibilities of implementation to increase food production in developing countries by nearly 4 percent a year. But, since this rate would be nearly half as fast again as had been achieved in the last decade, drastic changes would be needed in inputs, investments and policies. Changes in policies would also be needed in the developed countries which are able to influence, to a considerable extent, the economic climate in which developing countries must try to reach economic take-off.

108. In introducing Chapter 14 of the document dealing with international trade issues, the Secretariat noted that the IWP did not lead to the setting of trade figures which were reliably indicative for any one individual country. But a contribution to trade analysis was possible at more aggregate levels, since the Provisional World Report of the IWP provided a preliminary frame of reference for, and some orders of magnitude of, the future agricultural trade of developing countries as a whole.

109. Two basic points emerged from the Provisional IWP analysis: (a) exports from developing countries were not likely to be limited by lack of production; (b) turning the "export availabilities" from developing countries into actual exports would have substantial implications for production and trade policies in the developed and centrally planned economies.

110. The possible situation emerging from the tentative proposals in the regional studies had been analyzed for 15 major product groups, classified according to the degree and type of competition faced by developing countries. Competing products account for about half the value of the agricultural exports of developing countries. The IWP considered that a marked acceleration in the quantities of export availabilities from developing countries would be possible for such commodities as cereals, fats and oils, sugar and cotton, but acceptance of such quantities in Zones A and B^{1/} would require the reversal of the continuing trend towards higher rates of self-sufficiency in high income countries which had been stimulated in some cases by protective measures. For beef the IWP suggested that, given certain conditions, there was scope for an increased flow from developing to developed countries.

111. As for commodities competing with synthetics, the trade analysis at the world level showed that the provisional production objectives for some of these commodities (e.g. jute and probably sisal) would need to be revised downward. As regards tropical products - coffee, tea, cocoa, bananas - the removal of constraints on trade and consumption might increase demand marginally in developed countries but the largest potential for increased exports of these products to the higher income zones lay in a growth in consumption in centrally planned economies.

112. The last section of Chapter 14 analyzed trade policy issues in terms of three flows: (a) exports from developing to high income countries, (b) imports from high income to developing countries, and (c) trade amongst developing countries themselves. The last was the smallest of the three flows, but the IWP considered there was potential scope for large increases in trade amongst developing countries over a wide range of products.

113. A main conclusion of the IWP was that the trend towards more organization of international commodity trade was necessary and that this could usually best be approached on an individual commodity basis. The possible changes put forward by the IWP for examination could lead towards a more economically rational pattern of resource use in industrialized countries as well as opening up greater opportunities for developing countries.

Discussion of the IWP

114. The Committee recorded its appreciation of the work which had gone into the preparation of the Provisional Indicative World Plan. It congratulated the Director-General on bringing the work to its present stage, which it considered to be a major achievement. Although subject to some criticism, the document was considered to be of very great importance and could have a significant influence on both national and international understanding of the problems of development of the agricultural sector of low-income countries. Its main use would probably lie in the provision of a global background for national planning, but it could also afford a deeper understanding and long-term perspective for international commodity discussions.

^{1/} In the UNCTAD classification of countries, Zone A comprises the developed countries and Zone B the centrally planned countries.

115. The Committee noted that the Director-General regarded the IWP in many respects more as a global framework for national and international discussion and action rather than as a plan in the strict sense of the word. The Committee shared this point of view.

116. It was noted that the Provisional Indicative Plan had gone some way towards meeting a number of criticisms that had been made in previous discussions in the Conference, Council and CCP. In particular there had been some relaxation of the constant price assumption in a number of respects. However, some delegates thought that this had not gone far enough and that it was essential that the IWP should take account of the direction and possible magnitude of price changes that were implied by the logic of the analysis. On the other hand, some others thought that a Plan which was distinctly different from projections should normally be formulated on a basis of constant prices.

117. The delegates of most developing countries considered that the Indicative Plan would be of benefit to them, particularly in the preparation of their own national plans. Delegations of both developed and developing countries, while recognizing that certain inevitable defects remained, were unanimous in underlining the importance of the document. The Committee emphasized the need for considerably more time to read and analyze it.

118. Representatives of the Latin American countries felt strongly that the growth rates proposed in the provisional regional study of South America were quite inadequate and pointed out that this might be the case for other regions. They asked that these be re-examined in consultation with the countries concerned. The Committee was assured that these matters would be looked into in consultation with ECLA and the major countries involved.

119. A large number of delegations raised the issue of differences between the postulates of gross domestic production used in the Indicative Plan and those under consideration for the Second Development Decade. It was felt by these countries that a higher variant should be introduced in the Plan in accordance with the Second Development Decade. The Committee was informed that the Director-General had in fact undertaken to provide projections of the demand for food and other agricultural products in line with the GDP targets of DD2 and to indicate at an appropriate level of aggregation the overall adjustments that would be required in the Indicative Plan to conform with DD2 objectives.

120. A number of developed countries expressed concern that the Indicative Plan implied that they would be expected to bear the full brunt of accommodating whatever agricultural export availabilities developing countries could have available. The representative of the Director-General replied that the thesis put forward for consideration in the Indicative Plan was that in addition to a large volume of low-cost and highly competitive agricultural production in Zones A and B, there was also a substantial amount of high-cost protected agriculture in some commodities and in some countries. He felt that developing countries as a whole, as well as some developed countries, would benefit if international exchange of agricultural products, including processed products, were related more closely to the principles of comparative advantage.

121. The representatives of a number of developed countries drew attention to the important and difficult structural adjustments that would be needed in respect both of agricultural and processing industries if major modifications were to be made in present policies. They stressed that such modifications would represent an additional burden on their economies and, if acceptable, would require considerable time to be

implemented. Several delegates also queried whether, in fact, developing countries were likely to obtain the production levels postulated. Developing countries' representatives, however, emphasized that the developed countries should consider changing their production and trade policies so that the export availabilities of developing countries could find markets and the objectives of the IWP could be achieved.

122. Several delegates pointed out the necessity for a continued use of a commodity-by-commodity approach to the agricultural trade problems of developing countries. This approach, the results of which were in some cases embodied in a formal or an informal commodity arrangement, could also be combined with trade liberalization of the product concerned.

123. Many delegates emphasized the growing importance of the expansion of trade, which included agricultural products, amongst developing countries. There was need for vigorous action to establish the conditions which would encourage this trade. However, other delegates referred to the limitations of extending such trade beyond a certain point, as had been indicated in Chapter 14, and emphasized the developing countries' dependence on the economic policies of the developed countries.

124. It was the general view of the Committee that there should now follow a period of consideration and analysis of the Plan document and its implications, without prejudice to the views to be expressed at the Conference. Among the possible lines of action proposed were:

- 1) further examination of the Plan by governments;
- 2) discussions by the FAO staff with Member Governments and regional organizations;
- 3) examination of the commodity estimates highlighted in Chapter 14 by the various study groups of the CCP and other appropriate commodity bodies;
- 4) the inclusion of a higher variant of economic growth in the Plan.

125. Some delegates referred to the possibility of extending the IWP to include developed and centrally planned countries, noting that the high-income countries and their agricultural problems had not been studied in depth. Other delegates doubted whether it would be practical to extend the country studies of the IWP to high income countries particularly in view of the time and resources required.

126. The Committee did not favour any major new work aimed at further refining the IWP analysis. However, this would not preclude re-examination of specific aspects in order to improve the quality of the study, taking into account the points raised in the Committee's discussion, including a higher variant of GDP.

127. The need was pointed out for cooperation between international bodies in order to achieve integration of the Plan into overall plans for economic and social development and the implementation of the recommendations of the Indicative Plan. Many delegates urged a mutual understanding of the efforts being made by all countries and especially the efforts of the poorer ones to attain higher standards of living for their populations.

128. In conclusion, the Committee agreed that the Plan should enable developing countries to see more clearly the whole process of economic development and give a clearer view of the respective responsibilities of all member countries and the international organizations, particularly including FAO. In particular, where countries sought assistance in connection with their agricultural plans, this assistance could be given within the global framework of the IWP.

VI. MATTERS RELATING TO FOOD AID

1. Consultative obligations of Member Nations under FAO Principles of Surplus Disposal:

Report of the Working Group on the Functions of the Consultative Sub-Committee on Surplus Disposal

129. The Committee considered the report of the Working Group which it established at its Forty-Third Session on the functions of the Consultative Sub-Committee on Surplus Disposal (CCP 69/13/1).

130. In its report, the Working Group had concluded that there was a mounting concern over the indiscriminate growth of transactions with special terms which might have the effect of undermining regular commercial trade to the detriment of both developed and developing countries. The growth of those transactions and the changing circumstances within which they were taking place had created serious difficulties in determining the extent to which Member Nations were observing the FAO Principles of Surplus Disposal and their consultation and reporting obligations, both in the Consultative Sub-Committee on Surplus Disposal and in other international bodies.

131. The Working Group had reviewed the existing procedures and consultative obligations of Member Nations in respect of surplus disposal and other transactions in FAO, GATT, WFP, International Grains Arrangement and International Sugar Agreement.

Transactions in international trade in agricultural commodities

132. Adopting the proposal put forward by the Working Group, the Committee identified the following twenty types of transactions in international trade in agricultural commodities, with a view to determining those which should be subject to consultations and/or reporting in order to avoid harmful interference with the normal patterns of production and international commercial trade:

List of Transactions

1. Gifts or donations of commodities from a government to a government of an importing country, an intergovernmental organization ^{1/} or a private institution for free distribution directly to the final consumers in the importing country;
2. Gifts or donations of commodities from a government to a government of an importing country, or an intergovernmental organization ^{1/} or a private institution for distribution, by means of sale on the open market of the importing country;
3. Monetary grants by the government of an exporting country to an importing country, for the specific purpose of purchasing a commodity from the exporting country;
4. Monetary grants by a government either to a supplying country (or countries) or to a recipient country for the specific purpose of purchasing a commodity from the exporting country (or countries) for delivery to the specific recipient country;

^{1/} Excluding World Food Programme which is covered in 6.

5. Monetary grants by a government to an intergovernmental organization 1/ for the specific purpose of purchasing commodities in the open market for delivery to eligible importing countries (developing countries);
 6. Transfers of commodities under the rules and established procedures of the World Food Programme;
 7. Sales for the currency of the importing country which is not transferable and is not convertible into currency or goods and services for use by the contributing country;
 8. Sales for the currency of the importing country which is partially convertible into currency or goods and services for use by the contributing country;
 9. Government sponsored loans of agricultural commodities repayable in kind 2/;
 10. Sales 3/ on credit in which, as a result of government intervention, or of a centralized marketing scheme, the interest rate, period of repayment (including periods of grace) or other related terms do not conform to the commercial rates, periods or terms prevailing in the world market. In particular with respect to period of repayment, credit transactions are distinguished as follows:
 - a) 10 years or more;
 - b) Over 3 years and under 10 years
 - c) Up to 3 years 4/
 11. Sales 3/ in which the funds for the purchase of commodities are obtained under a loan from the government of the exporting country tied to the purchase of those commodities, distinguished as follows with respect to period of repayment:
 - a) 10 years or more;
 - b) Over 3 years and under 10 years;
 - c) Up to 3 years 4/
 12. Transactions under categories 1 to 4 and 7 to 11 subject to tied usual marketing requirements or to tied offset purchasing requirements;
 13. Transactions under categories 1 to 4 and 7 to 11 tied to the purchase of fixed quantities of the same or another commodity from the exporting country;
 14. Sales in which, as a result of government intervention or of a centralized marketing scheme: (a) prices are inconsistent with price provisions of an international agreement for the commodity concerned or (b) prices are lower than prevailing world prices 5/; or (c) sales made in such ways as to disrupt prevailing world prices or the normal patterns of international trade;
 15. Subsidized exports and imports, including special transport arrangements;
-
- 1/ Excluding World Food Programme which is covered in 6.
2/ The delegate of Japan reserved his Government's position on the inclusion of this item.
3/ The delegate of India reserved his Government's position on the inclusion of this item.
4/ Category c) would include commercial and quasi-commercial transactions.
5/ Or, in the case of multi-year contracts, at prices lower than can be reasonably expected to prevail in international markets for the duration of the contract.

16. Barter transactions not involving price concessions: (a) government sponsored; (b) not government sponsored 1/;
17. Barter transactions involving price concessions: (a) government sponsored; (b) not government sponsored 1/;
18. Sales for non-convertible currency: (a) involving price concessions; (b) not involving price concessions;
19. Any other categories of government sponsored transactions which may interfere with normal commercial trade;
20. Transactions which conform to the usual commercial practices in international trade and which do not include those transactions listed above.

Procedures for notification, consultation and establishment of Usual Marketing Requirements

133. The Committee agreed to recommend the procedures in A, B and D below as applying to those Member Nations which have adhered to the Principles of Surplus Disposal recommended by FAO. It took note of the considerations set out in E below. Since some delegates were not in a position to commit their governments with respect to the recommended procedures on usual marketing requirements in Section C below, the Committee agreed to take a final decision on this section at a resumed session to be convened on 1 November 1969 by which time it hoped that all its members would have received instructions from their governments 2/.

134. The Committee recognized that in relation to the transactions listed above in paragraph 132, Member Nations may also have incurred obligations in other organizations and under international agreements, and that nothing recommended below in any way diminished these obligations or commitments. Likewise, nothing recommended below detracted from the generality of the FAO Principles of Surplus Disposal.

A. Notification and consultation

- (1) All reporting and consultative obligations and procedures shall be based on the principle of reciprocity among Member Nations and Associate Members.
- (2) Before carrying out any transaction in agricultural commodities 3/ in categories 1 to 13, other than 10(c) and 11(c) in the List of Transactions, and taking into account the special situations covered in paras. (3), (4) and (5) below, the supplying country shall:
 - (a) undertake bilateral consultations with countries substantially interested by reason of their exports of the commodity concerned to the recipient country;
 - (b) notify the CSD of the main features of the proposed transaction in order to provide other countries directly interested in exports of the commodity an opportunity for bilateral consultations, it being understood that this would not result in any lengthening of the total period of consultation.

1/ The delegate of Pakistan reserved his Government's position on the inclusion of this item.

2/ See paragraphs 6-9 of the Report of the Resumed Forty-Fourth Session of the Committee, page 49.

3/ Excluding transactions involving small quantities of seed and planting material supplied to developing countries.

(3) The above procedures shall not apply to:

- (a) Transactions effected through intergovernmental organizations (including WFP) whose commodity transfers are already subject to special consultative rules or through intergovernmental organizations (including UNICEF and UNRWA) whose operations are of such a nature and volume as not to constitute a substantial danger of harmful interference with normal patterns of production and international trade;
- (b) Emergency transactions. In such cases, donor countries shall notify the CSD ex post facto.

(4) Government-to-government transactions of relatively small size and not involving sales in the local markets of the recipient country and therefore not likely to result in harmful interference with normal patterns of production and international trade shall be notified to CSD ex post facto as soon as practicable.

(5) FAO Member Nations which effect transactions through private charitable institutions shall periodically notify the members of CSD using the CSD distribution machinery in a reasonably comprehensive form, of the relevant data on the current pattern of programmes and projects, so that a Member Nation which considers its commercial trade endangered may request bilateral consultation.

B. Modifications to the List of Transactions and to the Catalogue of Transactions annexed to the Terms of Reference of CSD

(6) There was general agreement that the lists of transactions were not exclusive and that some new types of transactions might be identified in the future. The Committee considered that the CSD should be prepared to examine proposals by Member Nations for additions to or deletions from the list of transactions in para. 132 and modifications to the catalogue of transactions in the Annex to the terms of reference of CSD. If the CSD, after taking account of arrangements in other international organizations, concluded that the type of transaction concerned fell within the scope of the FAO Principles of Surplus Disposal, it could request the CCP to decide whether it should be added to the categories of transactions subject to consultations and/or reporting.

C. Usual Marketing Requirement (UMR)

(Paragraphs (7) to (12) below are subject to the agreement reached by the Committee and referred to in paragraph 133 above that a final decision on this Section C should be taken at the resumed session to be convened on 1 November 1969)

[(7) The Committee reaffirmed the need for safeguarding usual commercial trade and for this purpose, the need to establish safeguards with the objective that the recipient country maintained at least the usual global commercial imports of the commodity concerned or related commodity in addition to the imports under the concessional transaction.

(8) The Committee agreed that the establishment of UMR was a useful and necessary technique in order to ensure observance of the FAO Principle of additionality. The Committee therefore recommended that any transaction undertaken by governments in categories subject to prior consultation under (2) above shall be subject to the establishment of a UMR, as appropriate to the specific situation in order to ensure that the transaction resulted in additional consumption and did not harmfully affect normal patterns of production and trade. The UMR should be defined as the specific agreement by the recipient country to maintain at least a specified level of commercial imports in addition to any imports of the same or related commodities under the concessional transaction.

(9) In principle, the UMR should reflect the traditional commercial imports of the recipient country.

(10) The following steps will be taken to arrive at a UMR for a particular receiving country for a specified period:

- (a) As a point of departure, the supplying country approached will attempt to calculate the statistical figure representing the total commercial imports of the commodity concerned by the requesting country (and, where appropriate, related commodities) in a representative period of years, which should normally be the preceding five years. To help arrive at an as accurate a statistical basis as possible, the FAO will be prepared to furnish Member Nations with basic trade statistics including a breakdown according to types of transactions ^{1/} relating to the commodity and country concerned. To this end, Member Nations are requesting to extend full cooperation in supplying the data required to facilitate the task of the secretariat.
- (b) The Committee recognized that the statistical figures of the total commercial imports of the receiving country in a representative period might need to be modified by special factors such as the following:
 - (i) A substantial change in production in relation to consumption of the commodity concerned in the receiving country;
 - (ii) A substantial change in the balance of payments position or general economic situation of the receiving country;
 - (iii) Evidence of a significant trend in the reference period in the commercial imports of the commodity concerned of the receiving country;
 - (iv) Any exceptional features affecting the representativeness of the reference period for the receiving country;
 - (v) Any other special considerations, including those which the government of the receiving country may raise.
- (c) The proposed figure, with appropriate explanation in cases where it differs from the basic statistical figure (which shall also be notified), will be the subject of bilateral consultation with those Member Nations whose normal commercial exports may be affected by the transaction;
- (d) The proposed UMR, as determined by the supplying country in the light of the bilateral consultations, will be included in the prior notification to CSD of the main features of the transaction, as provided in para. (2)(b) above.
- (e) The final step in establishing the UMR will be the negotiation between the supplying country and the receiving country.

(11) Some delegates considered that where there is more than one supplying country, the major supplying country should be responsible for negotiating the UMR and that, in case of doubt as to which was the major supplying country, this should be established by consultations among the prospective supplying countries.

(12) The Committee agreed that discussions should continue in the CSD on measures to improve procedures for establishing the UMR to help further consideration of the problems by the CCP. ⁷

^{1/} Transactions included in the Annex of the terms of reference of the Consultative Sub-Committee on Surplus Disposal, on the one hand, and all other transactions on the other.

D. Position of developing countries

(13) The Committee reaffirmed that, as agreed by the Council at its Twenty-Ninth Session, the governments of recipient countries continued to be under no obligation to take steps for prior consultation or reporting. The Committee agreed that, in keeping with the spirit of the FAO Principles of Surplus Disposal and Guiding Lines, the recommended procedures for consultations, reporting and usual marketing requirements should not constitute an obstacle to, or cause undue delay in, the provision of food aid which was urgently required by a developing deficit country.

(14) The Committee agreed that special consideration should be given to the interests of developing exporting countries which depended heavily on export earnings from agricultural commodities. It also agreed that special consideration should be given to the safeguarding of local production and markets of developing countries.

E. Other considerations

(15) Some delegations recorded their reservations concerning the omission from the recommendations covering consultative obligations in Section A above, of certain other categories of transactions among those listed which they considered to have clearly identifiable concessional elements or could otherwise adversely affect usual commercial trade. Further, these delegations expressed concern that the non-inclusion of these transactions under the procedures recommended could undermine the effectiveness of the latter and weaken the concepts of reciprocity and equivalent advantages on which such procedures should be based.

(16) The Committee noted, in this connection, that many of the transactions in the categories omitted were subject to reporting in the GATT and to consultation on request. It welcomed the fact that the relevant procedures were currently under review in the GATT Agriculture Committee.

(17) Some delegations recorded their reservations concerning the inclusion of certain categories of transactions in the List of Transactions in paragraph 132 above. These reservations are noted in footnotes to that paragraph.

Revised terms of reference of the Consultative Sub-Committee on Surplus Disposal

135. The Committee considered that the terms of reference of the Sub-Committee needed to be amended in the light of the above recommended changes in consultation and reporting procedures.

136. The Committee unanimously adopted the following resolution:

Resolution No. 2/44

TERMS OF REFERENCE OF THE CCP CONSULTATIVE SUB-COMMITTEE ON SURPLUS DISPOSAL

THE COMMITTEE ON COMMODITY PROBLEMS:

Considering the Terms of Reference of the Consultative Sub-Committee on Surplus Disposal as determined by the Twenty-Third Session of the Committee in June 1954, the Twenty-Seventh Session of the Committee in June 1956 and the Thirty-First Session of the Committee in June 1959, and

Considering Resolution 46/57 of the Ninth Session of the FAO Conference laying down principles to govern the constituent rules of FAO bodies,

Decides in the light of Rule XXIX of the General Rules of the Organization and of the principles referred to above to re-state the Terms of Reference of the Consultative Sub-Committee on Surplus Disposal as follows:

1. The functions of the Sub-Committee shall be:
 - (a) to keep under review developments in the disposal of agricultural surpluses, and to assist Member Nations and Associate Members of the Organization in developing suitable means of surplus disposal;
 - (b) to provide a forum for consultations and notifications, including usual marketing requirements, of transactions of Member Nations and Associate Members of the Organization of the types in the attached catalogue and any other types of transactions as may be subsequently agreed by CCP, in the light of the Guiding Lines and Principles of Surplus Disposal endorsed by the Conference;
 - (c) and more generally to provide a forum for the examination of any difficulty that may arise in the light of the Guiding Lines and Principles of Surplus Disposal endorsed by the Conference, and to promote observance of the Principles, it being understood that these Principles and Guiding Lines should not be interpreted as applying only to surplus disposal in the narrow sense; and
 - (d) to consider any other matters arising from the recommendations of the CCP at its Forth-Fourth Session on procedures for consultation and notification.
2. In carrying out its mandate, the Sub-Committee shall bear in mind the continuing need for steps to raise consumption levels, particularly in areas in need of development and among vulnerable and low-income groups, taking fully into account the special considerations embodied in the Guiding Lines affecting this aim; and shall also take into account policies of selective expansion of agricultural production and trade. The Sub-Committee shall interpret its mandate in a flexible way.
3. Membership in the Sub-Committee shall be open to all Member Nations and Associate Members of the Organization that wish to contribute actively, and on a regular basis, to carry out the Sub-Committee's mandate. Membership shall comprise such eligible nations as have notified the Director-General of the Organization of their desire to be considered as members.
4. Since governments remain free as to whether or not they accept any conclusions reached by the Sub-Committee in its reviews of proposed or adopted measures, the main value of the work of the Sub-Committee lies in the opportunity offered for the exchange of information and for consultations. The value and effectiveness of this consultative machinery will depend primarily on the cooperation given to it by Member Nations and Associate Members of the Organization, in respect to both the communication of information and the consideration of the Sub-Committee's conclusions.
5. In order to ensure the effective discharge of the functions of the Sub-Committee, Member Nations and Associate Members of the Organization shall, as far as practicable, furnish at the earliest possible date all the information required for the work of the Sub-Committee, and in particular all plans and programmes for disposal of surplus agricultural commodities through exports on concessional terms and information on transactions included in the attached catalogue.

6. Bearing in mind that Member Nations and Associate Members may have incurred obligations in other organizations and under international agreements, international organizations who are entitled to send observers to the CCP shall also be entitled to send observers to the Sub-Committee. On matters of primary concern to other intergovernmental bodies, the Sub-Committee should request the Director-General to invite the assistance of these bodies, and shall cooperate with them in avoiding the overlapping of functions.
7. The Sub-Committee 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.
8. The Sub-Committee 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.

Annex to Resolution No. 2/44

Catalogue of Transactions

1. Gifts or donations of commodities from a government to a government of an importing country, an intergovernmental organization or a private institution for free distribution directly to the final consumers in the importing country;
2. Gifts or donations of commodities from a government to a government of an importing country, or an intergovernmental organization or a private institution for distribution, by means of sale on the open market of the importing country;
3. Monetary grants by the government of an exporting country to an importing country, for the specific purpose of purchasing a commodity from the exporting country;
4. Monetary grants by a government either to a supplying country (or countries) or to a recipient country for the specific purpose of purchasing a commodity from the exporting country (or countries) for delivery to the specific recipient country;
5. Monetary grants by a government to an intergovernmental organization for the specific purpose of purchasing commodities in the open market for delivery to eligible importing countries (developing countries);
6. Transfers of commodities under the rules and established procedures of the World Food Programme;
7. Sales for the currency of the importing country which is not transferable and is not convertible into currency or goods and services for use by the contributing country.
8. Sales for the currency of the importing country which is partially convertible into currency or goods and services for use by the contributing country;
9. Government sponsored loans of agricultural commodities repayable in kind;

10. Sales on credit in which, as a result of government intervention, or of a centralized marketing scheme, the interest rate, period of repayment (including periods of grace) or other related terms do not conform to the commercial rates, periods or terms prevailing in the world market. In particular with respect to period of repayment, credit transactions are distinguished as follows:
 - a) 10 years or more;
 - b) Over 3 years and under 10 years
11. Sales in which the funds for the purchase of commodities are obtained under a loan from the government of the exporting country tied to the purchase of those commodities, distinguished as follows with respect to period of repayment:
 - a) 10 years or more;
 - b) Over 3 years and under 10 years
12. Transactions under categories 1 to 4 and 7 to 11 subject to tied usual marketing requirements or to tied offset purchasing requirements;
13. Transactions under categories 1 to 4 and 7 to 11 tied to the purchase of fixed quantities of the same or another commodity from the exporting country.

Information Service on Food Aid

137. The Committee agreed that it would be useful to set up a central information service with the general objective of providing the international community with detailed and timely data on food aid.
138. Such a Service should concentrate on assembling and disseminating such information, with analysis limited to the minimum required for making it useful and comparable.
139. The task of organizing this Service should be performed by the FAO Secretariat rather than by an intergovernmental committee such as the Sub-Committee. The Committee stressed the importance of avoiding placing any responsibility on the CSD which would detract from its primary function of ensuring the observance of the FAO Principles of Surplus Disposal and of safeguarding normal commercial trade.
140. As to the scope of the information to be collected, the Committee agreed that the Service should cover each of the transactions which would fall within the CSD consultation and reporting procedures (i.e. types 1 to 13, excluding 10(c) and 11(c)). This coverage was without prejudice to any definition of food aid which might be adopted by FAO.
141. As to commodity coverage, some delegates proposed that the Service should cover all agricultural commodities, since the FAO Principles of Surplus Disposal were comprehensive in coverage, and agricultural raw materials were sometimes important items in the transactions listed above. However, the Committee agreed that initially the Service should be limited to basic foodstuffs including cereals (wheat, maize, barley, sorghum, oats, rice); livestock and dairy products (meat, butter, milk and milk products); and other basic foodstuffs (oilseeds, oils and fats, sugar, fish and other miscellaneous foods). It was understood that the commodity coverage would be open to extension if the CCP so decided at a later date.
142. As regards categories of food aid operations to be covered, the Committee agreed that the Service should concentrate initially on assembling data on current transactions and programmes carried out by governments and projects undertaken by international organizations.

143. The principal source of information would be the notifications by governments and the World Food Programme to the Sub-Committee. To provide direct advice and possibly supplementary information, if required, the governments concerned should be invited to nominate an official "correspondent" with whom the secretariat could correspond direct on these matters.

144. The Secretariat should also be authorized to assemble and disseminate information on prospective food aid programmes to the extent this was available from published or other sources, since knowledge of food aid availabilities would be particularly useful to developing countries in planning their programmes. The Committee noted that the Organization for Economic Cooperation and Development (OECD) had initiated, in co-operation with the International Bank for Reconstruction and Development (IBRD), the systematic and detailed collection of data on loans and grants to developing countries. It invited the secretariat to explore with the OECD the possibility of obtaining access to those data in so far as food aid operations were concerned. The Secretariat should also invite intergovernmental organizations and commodity councils, as well as governments, to provide such data as were already assembled by them on shipments of food, classified by types of transactions, with a view to publishing annual reports on shipments.

145. The information should be issued in a quarterly bulletin to be distributed to all Member Nations and interested international agencies.

146. The operation of the Information Service should be subject to review by the Committee on Commodity Problems. The Committee proposed that the CCP should review the general functioning of the Service a year after it entered into operation in order to examine whether any changes in its organization were desirable.

147. Some delegates stated that it would also be useful for donor countries to obtain systematic information on the food aid requirements of developing countries. Some delegates stated that it might be advisable to include other relevant information available in other FAO publications. The Committee noted that the question of ways of assessing food deficits and food aid requirements was under consideration by the FAO Council in line with General Assembly Resolution No.2462 (XXIII) on Multilateral Food Aid, and that the Director-General was preparing some proposals on this matter in consultation with other international agencies concerned.

148. As regards financial implications, the Committee noted that on the assumption that the work involved in supervision would be absorbed in an existing unit at FAO Headquarters, the direct additional resources required to meet the costs of tabulating data, and of translation, typing, printing and distribution were estimated at \$14,750 per biennium. The Committee suggested that this cost should be met within the limits of the proposed budget for 1970-71 which will be presented by the Director-General to the FAO Conference as far as possible without subtracting from the resources available for other commodity work.

Basic trade statistics

149. Section C of paragraph 134 on usual marketing requirements states that FAO will be prepared to furnish Member Nations with basic trade statistics including a breakdown according to types of transactions relating to the commodity and country concerned. In the event that this section is adopted, the Committee requested the Director-General to make arrangements to obtain the necessary information from governments and international organizations in the light of advice to be obtained from the CSD.

Location of the Consultative Sub-Committee on Surplus Disposal

150. The Committee agreed that no change should be made in the location of the Consultative Sub-Committee on Surplus Disposal.

2. (i) Nineteenth Report of the Consultative Sub-Committee on Surplus Disposal

151. The Nineteenth Report of the Consultative Sub-Committee on Surplus Disposal (CCP 69/13/2) and the Report on "Tied Sales" (CCP 69/13/3) were introduced by the Acting Chairman of the CSD, Mr. J. Sanchis Muñoz (Argentina). The Committee was informed that two Member Nations had joined the CSD as members so that total membership was now 43.

152. The report was an account of the main issues which had concerned the Sub-Committee during the 12-month period ending July 1969. In addition to "tied sales" provisions in food aid agreements (discussed below), these included the extension and amendment of U.S. Public Law 480 and certain transactions undertaken under that law; the procedures and policies for reporting and consultation on Food Aid Convention transactions under the International Grains Arrangement (IGA); the World Food Programme sales policy; and the results of the discussions of the CCP Working Group on CSD Functions. In commending the report, the Committee believed that the factual account of current concerns and operations of the CSD gave further significance to the concurrent discussions on the Report of the CCP Working Group on CSD Functions.

(ii) Report on "Tied Sales"

153. The Committee considered with much interest the special report submitted by the CSD on "tied sales" following more than three years of careful study.

154. This report dealt mainly with the United States practice of requiring in some cases that part of the usual marketing requirements (UMR's) of a food aid transaction be reserved to imports from the United States. The report also covered the subject of "unrestricted tied sales" where the supply of food aid was made contingent on a given commercial import not limited to the normal level of commercial imports from the supplying country and without provision for safeguarding the normal commercial trade of exporting countries. The Committee noted the point made by the Chairman of the Sub-Committee in the cover letter that the "tied sales" report contained material not previously or elsewhere available about certain aspects of the impact of aid on trade which were generating concern among CSD members, and that the report raised substantive issues which needed attention.

155. The use of "tied sales" provisions in food aid agreements had been questioned periodically for several years by some members of the CSD both in terms of specific transactions and on general principle. While the bulk of the CSD report dealt with U.S. practices and policy, i.e. the use of provisions for "tied usual marketing requirement" and "tied offset purchasing requirement", it also included discussion of other categories of tying in connection with food aid. The Sub-Committee discussions had revealed a feeling on the part of some members that tied UMR's were becoming a permanent aspect of U.S. policy and that there was increasing use of these provisions as well as of the "tied offsets".

156. In order to review trends regarding "tied sales" provisions, the Sub-Committee had assembled and analyzed available commodity statistics of all Public Law 480 agreements which had been signed during the five-year period beginning with 1963. On the basis of summary tabulations slightly more than 10 percent by value of the UMR's established for commodities programmed under Public Law 480 was "tied" or about 25 percent when wheat and wheat flour was excluded. The data revealed no trends in either the number of Public Law 480 agreements containing tied UMR's or in the proportions of the UMR's for individual commodities which were reserved to the United States. It was noted that "tied" UMR's had not been imposed on wheat and wheat flour since 1959.

157. During the five-year period under review the number of "tied offset purchasing requirements" contained in Public Law 480 agreements averaged about 15 per year. The CSD was not able to determine the amount of trade which actually took place under the "offset provisions" since these provisions in most instances related to future possibilities rather than firmly programmed transactions.

158. Some delegates considered that the setting aside or tying of part of the UMR for maintenance of commercial imports from the country supplying food aid was in conflict with the FAO Principles of Surplus Disposal. They were of the view that if tied UMR's were adopted by other countries, this could result in dividing up of a large part of the recipient country's market by donor countries, to the disadvantage of exporting countries which did not seek or were unable to supply food aid. The Delegate of the United States, on the other hand, reaffirmed the U.S. view that tied UMR's were not in conflict with FAO Principles so long as they were merely designed within the framework of a global UMR to protect normal commercial sales. The United States also considered that tying was justified in certain situations by the widespread presence of special export promotion practices which distort international trade.

159. In respect of other forms of "tied sales", the Committee agreed that those which were not established on the basis of normal commercial sales were contrary to the FAO Principles, because of their potential use as an instrument of market preemption and because they provided no protection for commercial exports of third countries.

160. The Committee, while noting that the factual material related almost entirely to U.S. disposals under Public Law 480, stressed again that the number of governments providing food aid on a bilateral basis had increased significantly and there was evidence of mounting pressure to make disposals on near-commercial terms. There was danger that the convergence of these developments might blur and in time obliterate the distinction between food aid and commercial trade. As concessional terms were extended into the commercial sphere, competition among exporters would have little relevance to efficiency of production or to the needs of recipients.

161. The Committee agreed with the CSD that in order to avoid escalation of such trading practices, the first requirement was reporting; the second requirement was consultation in advance; and the third requirement was for the development of techniques to ensure so far as possible that food aid and other concessional transactions were additional to and not in substitution for the normal level of commercial trade of recipient countries. The Committee felt that the decisions on consultation and reporting procedures would be a step towards meeting these requirements.

162. The Committee commended the CSD for its report as a timely contribution to the clarification of the complex issues in regard to "tied sales", and agreed that the CSD should continue in its watchful role over "tied sales", particularly in the light of the above mentioned decisions taken by the Committee.

3. General Assembly Resolution No. 2462 (XXIII)

163. The Committee took note of the action being taken by the Intergovernmental Committee of the World Food Programme and by the Director-General to implement General Assembly Resolution No. 2462 (XXIII) on Multilateral Food Aid, adopted after the Assembly's consideration of the second report of the Inter-agency Study on Multilateral Food Aid (CCP 68/17 or E/4538) which had been before the Committee at its previous session.

164. Paragraph 6 of the General Assembly Resolution was addressed to the Intergovernmental Committee which had made arrangements to analyze the subjects that were referred to it bearing especially on the improvement of its own activities, but also covering some general questions in the food aid field. A seven member Working Party of experts acting in their personal capacity, supported by Secretariat staff from the WFP, FAO and the UN, was currently preparing a draft report for consideration and adoption by the Intergovernmental Committee at its Seventeenth Session in April 1970. This report would go to the FAO Council and to the Economic and Social Council.

165. The Director-General had been given some specific tasks in paragraph 5 of the General Resolution. He was invited, in consultation with the executive heads of other interested organizations, to give consideration to the possible ways, including the

suggestions contained in the Inter-agency Study, of making appraisals of prospective food deficits and food aid needs and of ensuring that sufficient foodstuffs were made available to cope with unforeseen urgent situations. He was to report as appropriate to the FAO Council and the ECOSOC. The Committee was informed that the Director-General had already made a preliminary report to the FAO Council at its Fifty-Second Session indicating the approach he was adopting. As regards appraisals of prospective food deficits, the Director-General felt that FAO was already undertaking a good deal of forward assessment work through commodity projections, under the IWP and in its studies of nutritional improvements. These types of work would be continued and their relevance for this purpose could no doubt be improved. However, the Director-General considered that the assessment of food aid needs went beyond the scope of Secretariat studies and called for the participation of governments. He envisaged that an existing body such as the CCP or the IGC could provide an appropriate forum, and the Council had recognized that governments working through FAO could go far in the formulation of criteria and the assessment of food aid requirements.

166. As regards emergencies, the main question was how the Director-General could act in the event of an emergency arising which was too large to be met by the resources already available to him under the WFP. The Inter-agency Study had envisaged some earmarking of normal stocks held by developed countries against this kind of contingency to give a minimum assurance, and the Director-General was examining this possibility in consultation with other agencies.

167. The Committee noted that pragmatic action was proceeding in various fora which had a bearing on the evolution of international activity in the whole field contemplated in the General Assembly's Resolution. One delegate pointed out that the FAO medium-term food outlook review work could be made more relevant to the forward assessment of emergency food aid requirements if an analysis were introduced identifying countries subject to the greatest risk of supply failures and the range of the resultant food deficits.

4. World Food Programme activities

168. The Deputy Executive Director of the World Food Programme informed the Committee that WFP operations were continuing much as formerly but that during the past three months the Programme had for the first time received pledges exceeding the target for the current pledge period. Whereas during 1963-65 pledges had reached about 94 percent of the target and during 1966-68 about 68 percent, they had stood at only about two thirds of the 1969-70 target of \$200 million early in July. Since then, however, with more than one half of the period between the January 1968 Pledging Conference and the end of the pledging period on 31 December 1970 already having passed, a very large pledge of butter oil and dried skim milk from the European Economic Community, together with supplementary pledges by Canada, the Netherlands and Norway and the increase of the United States commodity pledge consequent on these additional pledges, had resulted in total 1969-70 pledges reaching over \$255 million, or over 27 percent above the target. In addition, over U.S.\$32 million of wheat, cash for the purchase of wheat and other cash, had been channelled through the World Food Programme by signatories to the Food Aid Convention.

169. Before these recent pledges were received, the Programme had been committing resources to projects at a rate which would have resulted in no more resources in cash, commodities and services being carried over into 1970 than had been carried into 1969. However, it would be possible to use only a small portion of the additional pledges before the end of the year so that there would be a major increase in resources carried forward at the end of 1969. So far this year, about \$206 million had been committed to development projects and more would be committed at the coming session of the Inter-governmental Committee. Almost the entire \$10 million available for emergency operations had also been committed. Disbursements, which amounted to less than \$60 million in the previous year, would be between \$70-80 million in the current year and probably double that amount in 1970.

170. An increased rate of commitment was made possible by larger project requests coming forward from countries which had already executed small projects successfully. Two projects of more than \$40 million each were authorized by the IGC at its Fifteenth Session and an even larger project would be placed before the Committee at its coming session.

VII. OUTLOOK WORK

1. Commodity Projections

171. The Secretariat reported its provisional plans for the preparation of a new study on commodity projections as requested by the FAO Conference and the CCP. It was intended to prepare projections of demand and production of some twenty commodities of importance in international trade as well as projections of the food situation. The study would be presented in the first half of 1971 when some five years would have elapsed since the last projections study had been made.

172. The Committee expressed its general agreement with the work plans of the Secretariat as reported in CCP 69/23 and its Addendum and endorsed the specific objectives of the study, which were as follows:

- a) to identify and analyze past and present trends in production, consumption and trade of agricultural commodities;
- b) to project to 1980, on the basis of certain explicit assumptions, national and world production of, and demand for, major agricultural commodities;
- c) to assess the impact of current trends and projected developments on the prospective world food situation in 1980, with particular reference to nutritional levels in developing countries;
- d) to assess possible future trends in international agricultural commodity trade, with particular reference to implications for the earning and saving of foreign exchange by developing countries;
- e) to identify major problems likely to arise in the international trade of individual commodities on the basis of current production and trade policies.

173. The Committee agreed that it was desirable to hold the meeting of experts on projections scheduled for December of this year and noted the Secretariat's assurance that the Committee's discussion of projections at its present session would be reported in detail to the meeting. It was important that the meeting should be attended by experts from government service as well as by independent economists.

174. As regards the period which should be covered by the projections, the Committee, while appreciating certain advantages of extending the study to cover 1985, considered that it was preferable for the projections to relate to the time span of the UN Second Development Decade, i.e. from 1970 to 1980. The Committee also agreed on the desirability of utilizing as recent a data base and a projection base as possible. A number of delegates drew attention to important changes which had taken place in food production in recent years in some developing countries. Unless these changes were fully reflected in the time series used in projecting production, serious errors could result. In this respect, the proposed use of extrapolated trend data for 1970 so as to enable this year to be used as the projections base appeared to represent a worthwhile innovation.

175. The advantages and disadvantages of a uniform methodology applying to all countries was considered. The view of the Committee was that it was desirable that a basic, uniform treatment should be maintained for all countries in the interest of comparability and comprehensiveness. Nevertheless, there was no reason why this should preclude the application of more sophisticated analytical techniques to those countries for which data were adequate. This was, in fact, a particular application of a point which the Committee emphasized, i.e. the necessity for FAO work on commodity projections to employ the most advanced techniques wherever they gave promise of worthwhile results.

176. In this respect, there was general agreement on the need for the projections to advance in its basic technique beyond the use of constant prices. The Committee therefore learnt with interest that the Secretariat was engaged in the establishment and testing of a world equilibrium price model which, on an experimental basis, would enable analyses to be made of price implications of imbalances between supply and demand arrived at in the course of constant price projections. The Committee also heard with interest the views of the OECD Secretariat on the treatment of prices in commodity projections and noted that there was close collaboration between OECD and the FAO Secretariat in work on projections.

177. The Committee noted that various basic research studies, as listed in paragraph 19 of GCO 69/23, were being undertaken. Although delegates assigned differing priorities to these studies, the need for the Secretariat to pursue research into underlying factual and methodological aspects of projections was recognized. It was suggested that the results should be published as soon as they were available rather than being held until the full projections study was available.

178. The Committee suggested that the Secretariat should take adequate account not only of the relevant material in the Indicative World Plan study, but also of comments by member governments on that material. The Committee expressed its wish that the Secretariat should consult with governments to the fullest extent practicable on the selection of basic assumptions and the checking of preliminary results.

2. Reviews of medium-term food outlook

179. The Committee received a progress report on the work being carried out in the FAO reviews of the medium term food outlook (CCP 69/24). It noted that the current year's review, which contained forecasts to 1972 for 33 countries, had been made available to interested intergovernmental organisations, including the World Food Programme and the IBRD, as well as the interested member governments. A summary of the main highlights had been included in this year's State of Food and Agriculture. The Secretariat paper drew attention to a number of practical difficulties which had arisen as a result of the limited staff which could be assigned to the work, and the inadequacy of the basic statistics available for some countries. In its paper, the Secretariat proposed to orientate the reviews in two specific directions; first, towards responding to the requests of food aid donor countries and organizations (specifically the WFP and the Food Aid Convention) for periodic appraisals of the food situation in the main deficit countries; and second, towards providing a better basis for the assessment of the food outlook in the annual FAO report on the State of Food and Agriculture and, as appropriate, the Commodity Review.

180. Some delegates pointed out that the medium-term reviews would have only a limited value unless their coverage could be extended to exporting countries as had been done in the previous review, and to basic foodstuffs other than cereals. It was also suggested that the reviews might be linked more closely with the next commodity projections study and with the IWP work. Some other delegates states that their governments had found the reviews useful in their present form, particularly in helping to assess food aid requirements, and they supported the selective approach suggested by the Secretariat.

181. The Committee generally endorsed the proposals for future work contained in document CCP 69/24. It requested the Secretariat to endeavour to take into account the qualifications and additional suggestions made by various delegates, and in particular, to attempt to broaden the coverage of the reviews to the extent that this was possible within the present staff and budgetary resources.

VIII. ARRANGEMENTS FOR THE FORTY-FIFTH SESSION OF THE COMMITTEE

182. The Committee decided to hold its 1970 Session in the period September-October of 1970, preferably shortly before the Fifty-Fifth Session of the FAO Council which was expected to be held in October-November 1970, unless the FAO Council or Conference should decide that an earlier session of the Committee was necessary. Bearing this in mind, the Director-General would determine the exact dates of the Session in consultation with the Chairman.

183. The Committee drew up the following draft agenda for its next session:

- (a) review of the world agricultural commodity situation, problems and policies;
- (b) review of the activities of commodity study groups, consultations and other special commodity matters;
- (c) commodity projections - progress report;
- (d) the Indicative World Plan for Agricultural Development;
- (e) matters relating to food aid;
- (f) review of nomenclature of subsidiary bodies and other organizational matters.

184. The Committee recognized that the agenda of its next session would be influenced by the conclusions and decisions of the Council and the Conference and it requested the Director-General to amend the agenda above in the light of these conclusions and decisions in consultation with the Chairman.

185. The Committee requested that governments wishing to include items in the agenda or to propose changes in the Secretariat's suggested timetable should try to communicate their wishes in good time to the Secretariat to enable it to circulate such proposals in advance of the session.

IX. MATTERS REQUIRING THE ATTENTION OF THE COUNCIL

186. The Committee wished to bring the following matters in particular to the attention of the Council:

- (a) its decision to establish a study group on tea to be known as the Consultative Committee on Tea (paras. 70 to 78);
- (b) its decision to convene a second ad hoc Consultation on Meat and Poultry (paras. 79 to 81);
- (c) its preliminary consideration of the Director-General's proposal for a Dairy Development Scheme (paras. 91 to 95) and its suggestion that this proposal should be further considered by the Conference (para. 96);
- (d) its preliminary discussion of the provisional Indicative World Plan for Agricultural Development and of possible lines of action (paras. 114 to 128);
- (e) the results of its review (paras. 129 to 148) of the functions of its Consultative Sub-Committee on Surplus Disposal, viz.

- (i) its recommendations concerning the reporting and consultative obligations of member nations under the Principles of Surplus Disposal when entering into certain transactions;
 - (ii) the new terms of reference established for the Consultative Sub-Committee on Surplus Disposal; and
 - (iii) its recommendation concerning the establishment of a central information service on food aid operations.
- (f) its decision to resume its Forty-Fourth Session for one day to finalize the adoption of one section of the recommendations mentioned under (e) (1) above (para. 133).
- (g) its decision to hold its next regular session in September/October 1970 unless requested by Council or Conference to meet earlier (para. 182).

* * * * *

APPENDIX

LIST OF MEMBER NATIONS AND INTERNATIONAL ORGANIZATIONS
REPRESENTED AT THE FORTY-FOURTH SESSION

Chairman:
First Vice-Chairman:
Second Vice-Chairman:

M.W. Oakley (Australia)
A. Fatah bin Zakaria (Malaysia)
G.U. Papi (Italy)

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Direction générale de l'agriculture
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Chef de Division
Conseil de la CEE
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internationaux"
Direction générale de l'agriculture
Bruxelles

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Direction "Production et échanges commerciaux"
Direction générale de l'aide au développement
Bruxelles

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Direction générale du commerce extérieur
Bruxelles

INTERNATIONAL ORGANIZATIONS (cont.)

(i) Intergovernmental (cont.)

EUROPEAN ECONOMIC COMMUNITY (cont.)

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Direction générale des relations extérieures
Bruxelles

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Director
Agricultural Division
Geneva

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT

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Chief, Export Projections and Trade
Policy Division
Washington, D.C.

INTERNATIONAL COTTON ADVISORY COMMITTEE

K.E. Frick
Chairman
Washington, D.C.

INTERNATIONAL LABOUR OFFICE

Mrs. V. Semprini
Rome

INTERNATIONAL OLIVE OIL COUNCIL

B. Rekik
Chef de service
Madrid

INTERNATIONAL RUBBER STUDY GROUP

P.F. Adams
Secretary-General
London

INTERNATIONAL WHEAT COUNCIL

J.H. Parotte
Deputy Secretary
London

INTERNATIONAL ORGANIZATIONS (cont.)

(i) Intergovernmental (cont.)

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

M.A. Tracy
Chef, Division des politiques agricoles
Paris

ORGANIZATION OF AMERICAN STATES

G.J. Schamis
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European Regional Office
Geneva

UNCTAD and UNITED NATIONS

B.T.G. Chidzero
Director
Commodities Division
Geneva

A. Maizels
Deputy Director
Commodities Division
Geneva

(ii) Non-governmental

EUROPEAN COMMITTEE OF SUGAR MANUFACTURERS

M. de la Forest Divonne
Secrétaire général
Paris

INTERNATIONAL DAIRY COMMITTEE

E. Strauss
Secretary
Thames Ditton, Surrey

INTERNATIONAL EGG COMMISSION

D. Cummings
Honorary Secretary
Redhill, Surrey

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

M.P. Cracknell
Assistant Secretary-General
Paris

INTERNATIONAL ORGANIZATIONS (cont.)

(i) Intergovernmental (cont.)

UNCTAD and UNITED NATIONS (cont.)

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Deputy Executive Director
Rome

F.M. Ustûm
Director
Resources Management Division
Rome

D.E. Sintobin
Chief
Resources and Purchase Branch
Rome

(ii) Non-governmental (cont.)

INTERNATIONAL FEDERATION OF MARGARINE ASSOCIATIONS

F.B. Kitchen
President
The Hague

M.E.J. Hijmans
Secretary-General
The Hague

J. Sevenster
Agricultural Adviser
Rotterdam

WORLD FEDERATION OF TRADE UNIONS

G. Casadei
Représentant permanent auprès de la FAO
Rome

Report of the Resumed Forty-Fourth Session

(Prepared by Secretariat)

1. The resumed Forty-Fourth Session of the Committee on Commodity Problems was held on 1 November 1969 at FAO Headquarters, Rome. The resumed session was attended by representatives of 27 of the 34 Member Governments of the Committee and by Observers from 12 Member Governments of FAO and from 4 international organizations ^{1/}.
2. The Session was presided over by the Chairman of the Committee, Mr. M.W. Oakley (Australia).
3. The Committee adopted the Provisional Agenda for its resumed Forty-Fourth Session (CCP 69/29).
4. In the main part of its Forty-Fourth Session, held from 29 September to 10 October 1969, the Committee considered procedures for notification, consultation and establishment of Usual Marketing Requirements in connection with certain transactions taking place in international trade in agricultural commodities. The Committee agreed to recommend the procedures on Notification and Consultation (paragraph 134, Section A), Modifications to the List of Transactions (paragraph 134, Section B), and Position of Developing Countries (paragraph 134, Section D) and took note of the considerations set out in Section E of paragraph 134. Since some delegates were not in a position to commit their governments with respect to the recommended procedures on Usual Marketing Requirements in Section C of paragraph 134, the Committee agreed to take a final decision on this section at a resumed session which was convened on 1 November 1969.
5. After a general discussion, the Committee established a Working Group under the chairmanship of Mr. A.A.W. Landymore (United Kingdom), to consider paragraphs (7) to (12) of Section C, paragraph 134, Usual Marketing Requirements, of the Report CCP 69/28.
6. It became evident that the questions still at issue included some of fundamental importance. The Committee was therefore unable to reach agreement on Section C at this Session.
7. The Committee agreed that further consideration was necessary and decided to continue the discussions with a view to adopting an agreed procedure on the establishment of usual marketing requirements at its next session. To facilitate this, the Committee agreed that the Working Party referred to above should be reconvened, it being left to the Director-General to extend the membership, keeping in mind the necessity to have a balanced representation of the main interests involved. It appointed Mr. A.A.W. Landymore (United Kingdom) as Rapporteur to undertake informal consultations with members of the Working Party. The Committee requested him to keep in continuous contact with members, either through the permanent representatives in Rome or by correspondence.
8. The Director-General was requested to convene a meeting of the Working Party prior to the next session of the CCP.
9. The Committee requested member countries who had proposals for amendments to the present draft text of Section C to communicate these to the Director-General by a date to be specified so that they could be circulated as soon as possible to all members of the CCP.

^{1/} A list of participants is given in the Appendix to this Report.