



CL 104/2
July 1993

COUNCIL

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS - ROME

Hundred and Fourth Session

E

Rome, 2 - 4 November 1993

REPORT OF THE FIFTY-NINTH SESSION OF THE
COMMITTEE ON COMMODITY PROBLEMS

(Rome, 7 - 11 June 1993)

CONTENTS

	<u>Paragraphs</u>
I. Introduction	1 - 5
II. Review of the world commodity situation and outlook	6 - 18
III. Review of activities of the intergovernmental commodity groups	19 - 33
IV. Developments regarding the Common Fund for Commodities	34 - 39
V. Review of the work of the Consultative Sub-Committee on Surplus Disposal (CSD)	40 - 42
VI. Selected commodity and trade issues:	
(a) Medium-term prospects for agricultural commodities	43 - 54
(b) Trade, environment and sustainable agricultural development	55 - 62
VII. Follow-up action to Conference Resolution 2/79 on commodity trade, protectionism and agricultural adjustment	
(a) Developments in protectionism in agriculture	63 - 71
(b) Uruguay Round of Multilateral Trade Negotiations	72 - 80

For reasons of economy this document is produced in a limited number of copies. Delegates and observers are kindly requested to bring it to the meetings and to refrain from asking for additional copies unless strictly indispensable.

Paragraphs

VIII. International action relating to agricultural commodities: developments in other organizations	81 - 84
IX. Arrangements for the Sixtieth Session	85

Appendix A - List of Delegates and Observers

Appendix B - Statement of the Director-General

Appendix C - Agenda

Appendix D - List of Documents

Appendix E - Membership of the Committee on Commodity Problems 1992-93
(as at 11 June 1993)

MATTERS REQUIRING ATTENTION BY THE COUNCIL

The Committee wishes to draw the attention of the Council to the following matters in particular:

1. Its review of the main issues in the world commodity situation and outlook. (paragraphs 6 to 18)
2. Its review of the activities of the Intergovernmental Commodity Groups. (paragraphs 19 to 33)
3. Its endorsement of the Thirty-fourth report of the Consultative Sub-Committee on Surplus Disposal. (paragraphs 40 to 42)
4. Its review of prospects for agricultural commodities to the year 2000. (paragraphs 43 to 54)
5. Its review of the links between trade, environment and sustainable agriculture and rural development. (paragraphs 55 to 62)
6. Its review of recent developments in protectionism in agriculture. (paragraphs 63 to 71)
7. Its review of the GATT Uruguay Round of Multilateral Trade Negotiations. (paragraphs 72 to 80)
8. Its review of international action relating to agricultural commodities in other organizations. (paragraphs 34 to 39 and 81 to 84)

I. INTRODUCTION

1. The Committee on Commodity Problems held its 59th Session from 7 to 11 June 1993 at FAO Headquarters, Rome. Of the 90 member countries and organizations of the Committee for the biennium 1992-93, 77 were represented at the session. Three Member Nations of the Organization, two UN Member States, the Holy See and six international organizations participated as observers. The list of participants, including observers, is given in Appendix A.
2. The session was opened by the outgoing First Vice-Chairman, Mr W.A. Elkhereiji (Kingdom of Saudi Arabia).
3. The statement of the Director-General, Mr Edouard Saouma, was delivered on his behalf by the Deputy Director-General, Mr H.W. Hjort. The statement of the Director-General is reproduced in Appendix B.
4. The Committee elected Mr F. Walter (France) as Chairman, Mr R. Velazquez Huerta (Mexico) as First Vice-Chairman, and Mr P. Setthawong (Thailand) as Second Vice-Chairman. Mrs A. Boudjelti (Algeria) acted as the Rapporteur of the meeting.
5. The Committee adopted the agenda reproduced in Appendix C.

II. REVIEW OF THE WORLD COMMODITY SITUATION AND OUTLOOK

6. The Committee reviewed the world commodity situation and outlook on the basis of information contained in documents CCP: 93/16 and CCP: 93/16-Sup.1. The Committee generally agreed with the assessment presented in these documents.
7. The Committee noted with grave concern the large and extended decline in the export prices of agricultural commodities. Between 1990 and 1992 there had been a 4 percent decline in these export prices, but compared with 1979-1981 the real price decline was estimated to have been 27 percent for all agricultural commodities. For the developing countries there had been a 39 percent decrease and for the developed countries a decline of 19 percent. The Committee noted with particular concern that commodities with especially large declines in real prices over this period included coffee and cocoa, 70 percent down; sugar 60 percent down; and cotton, natural rubber and sisal down by nearly 50 percent.
8. The Committee noted that the continuing crisis in commodity markets had a devastating effect on the agricultural export earnings and economies of many countries. For the developing countries as a whole the fall in prices of their agricultural commodity exports had been such that the purchasing power of these exports had actually declined. The Committee also noted that the expansion of exports of agricultural products other than the main commodities provided some overall growth in the value of agricultural exports as a whole. In this regard, a number of delegates stressed the importance of diversification of agricultural commodities in the developing countries to lessen the risk of price falls and to increase export earnings and agricultural incomes. The Secretariat was asked to help countries that

wished to implement programmes of this nature. Some other delegates, however, stated that though their countries had developed a broad range of agricultural commodity exports, their overall export earnings had not been protected from the fall in commodity prices. The Committee also noted with concern the continuing problem of debt servicing which weighed heavily on the economies of many developing countries. In this connection, the proposal was made that external debts be recycled through new projects to boost agricultural production. The Committee further noted the strong growth in agricultural imports of the developing countries and that the developing countries had been net importers of food in value terms again in 1991. A number of delegates regretted that the projections for the future suggested a further rise in the net food import bill of the developing countries.

9. The decline in prices and export earnings of coffee were particularly noted by the Committee. With the drastic decline in prices there had been a 44 percent fall overall in the purchasing power of coffee exports between 1979-1981 and 1991. Some delegations noted that despite the decline in international prices there had not been a corresponding decline in coffee consumer prices and stated that in their view the benefits of lower prices had gone to market intermediaries. Several delegates regretted that the negotiations on including economic clauses in a new International Coffee Agreement had been without success.

10. Many delegates of Latin American banana-exporting countries expressed serious concern of these countries regarding the restrictive nature of the EC banana regime, notably regulation 404/93, which was to become operative on 1 July 1993. They stressed that, in their opinion, this regime was not in conformity with GATT regulations and was contrary to the principles of free trade. Latin American countries had already requested that a GATT panel be established to examine the proposed EC banana regime. They added that this regime would establish a discriminatory import system between the countries supplying the EC market, which was contrary to the Most Favoured Nation principle. The new EC regulations would establish a complex system of import licences which contradicted GATT principles and tended to favour monopolistic interests of a few European importers. They stated that the EC banana tariff quota of 2 million tons at 20 percent tariff rate (or 100 ECU per ton) would reduce exports from Latin America by 30 percent in volume. In addition, a tariff rate of 850 ECU per ton for Latin American banana imports above 2 million tons would be prohibitive. The new regime was to the detriment of the economies of all Latin American countries and would create severe labour and social tensions in the region. In their statements, they also thanked certain EC countries for their understanding of the position of the Latin American banana-exporting countries.

11. A number of delegates of banana-exporting Caribbean countries stressed the complexity of the issues relating to banana trade in Latin American and Caribbean countries. The Caribbean countries that enjoyed preferential access to the EC were all highly dependent on banana exports, and removing the protection which the EC granted at present to ACP suppliers would have a devastating effect on the economies of these countries. The social and economic importance of the banana industry in these countries made it imperative that special arrangements be continued to preserve their place in the EC market. It was further stated that in Latin American countries the growth of production capacity had exceeded that of market demand, leading to a price decline for which ACP countries could not be blamed. Also, these

countries had not yet reached the stage of economic development needed to face rigorous international competition.

12. The ACP countries were also grateful to the EC countries which had shown an understanding of the position of their banana producers. The delegates of the African banana-exporting countries supported the statement of the delegates of the banana-exporting Caribbean countries and pointed out that banana exports were most important in value terms. The African exporters welcomed the new EC regime, even if they were not fully satisfied with it. They considered it a fair compromise between the interests of different producing regions, and considered that the regime should be assessed only after it had been operative for some time.

13. The representative of the European Economic Community pointed out that the EC accorded serious attention to the views expressed by the Latin American countries. The questions raised with regard to preferential treatment for the ACP countries went beyond issues related to banana trade alone and required further consideration in the GATT. He then referred to the common market regime for bananas which was to start on 1 July 1993. In the context of the single market, the new market organization had to be established in order to maintain Community production which was characterized by its insularity and disadvantaged socio-economic context. The EC was aware of the fact that this new trade regime did not satisfy all expectations. The Community took the request by Latin American countries for a GATT panel on the new regime seriously and would respond to it in accordance with established GATT rules and procedures. Furthermore, the Community had to preserve imports from traditional ACP exporters of bananas, which were an important part of the economies of many ACP countries. The proposed market quota of 2 million tons would already take care of a large part of the recent EC import growth. The EC representative also expressed the view that the price decline in 1992 was the result of large quantities of Latin American bananas entering the market before the EC regime was to become operative. He also noted that the longer-term market prospects suggested the growth of surplus conditions resulting from production expansion programmes.

14. The Committee considered that action was needed to increase the demand for agricultural commodities. In particular it was suggested that projects to improve demand and to increase the competitiveness of agricultural commodities, relative to their synthetic substitutes be supported by the Common Fund for Commodities second window. It was also suggested that attention be given to the development of new instruments for international commodity market stabilization such as those put forward by the World Bank and UNCTAD and that such arrangements be supported by the Common Fund's first window.

15. The Committee stressed the important contribution that could be made by the reduction in protectionism of agricultural markets and reduction in the level of subsidization of agricultural product exports. In this respect the Committee urged a swift conclusion of the Uruguay Round of Multilateral Trade Negotiations to provide a global and balanced result including special and differential treatment for developing countries.

16. The Committee stressed the need for continued reform of the policies, rules and arrangements that affect international trade in agricultural products by international discussions and emphasized the important role in this of the Intergovernmental Commodity Groups.

17. The Committee noted a number of suggestions for studies to be considered for presentation at its future sessions. These included studies on:

- (a) the reasons for the lack of success of existing International Commodity Agreements including proposals for alternative methods of stabilizing commodity exports;
- (b) methods to promote a rational agricultural production and trade policy, which should be done in collaboration with national experts; and
- (c) the relation between commodity diversification, export earnings and agricultural production growth. In this connection, FAO was asked to increase its advice to interested countries on appropriate diversification policies.

18. In future reviews of the commodity situation and outlook it was suggested that greater emphasis be given to the commodity outlook, to sources of uncertainty in this outlook, to the wider effects of changes in commodity markets on national economies and to providing more information on national policies.

III. REVIEW OF ACTIVITIES OF THE INTERGOVERNMENTAL COMMODITY GROUPS

19. The Committee reviewed the activities of the Intergovernmental Groups (IGGs) and progress made in their work on the basis of the reports of those Groups which had met since the Committee's last session. The Committee expressed appreciation for the work of the Groups and generally supported the recommendations made. It noted that the Groups covered a wide spectrum of activities and drew heavily on their broad expertise and long-standing involvement with major issues and developments for the commodities concerned. The Committee further noted that the programmes of the various Groups had continued to evolve in response to problems and developments in the individual commodity markets.

20. The Committee supported the continued efforts of the Intergovernmental Groups to fulfil an essential role in improving market transparency, and encouraged the Groups to continue their monitoring and reporting on short-term market developments, particularly in areas where global intelligence systems would otherwise be lacking and for commodities of concern to developing countries. The Committee also considered that the work carried out by the Groups to provide authoritative assessments of longer-term prospects and structural developments in the markets for individual commodities represented an essential framework for assisting policy-makers and provided a useful basis for commodity-related activities at the national and international levels.

21. The Committee appreciated the activities carried out by all of the Intergovernmental Groups to fulfil important functions in the field of policy analysis and monitoring. The Intergovernmental Groups on Bananas, Citrus, Wine and Vine Products, Jute, Rice, Oilseeds, Grains and Meat and the Sub-Group on Hides and Skins had continued to monitor national and international policy developments as appropriate, considering individual commodity situations. The Committee noted that in some Intergovernmental Groups notably those on Rice, Meat and Oilseeds, the monitoring of policy developments was undertaken in the context of the guidelines for national and international action operated under their auspices.
22. The Committee noted that important policy reform issues and the possible implications of a successful conclusion of the Uruguay Round had been considered by a number of the Intergovernmental Groups including those on Grains, Rice, Oilseeds and Bananas. Regarding the discussions which had taken place in the Twenty-fifth Session of the Intergovernmental Group on Grains, the delegate of the EEC stated that the reform of the Common Agricultural Policy (CAP), starting 1 July 1993, would reduce grain support prices by 35 percent. The results of the CAP reform should be a fall in production and, together with an expected increase in consumption, this would reduce the currently high intervention stocks to more acceptable levels. The CAP reforms should also contribute to a better balance in international grain markets. The delegate of the EEC expressed concern, however, that the reduced international stock level following the successful conclusion of the Uruguay Round could result in reduced availability of grains in critical situations. Other delegates pointed out that reduced availability of grains in one hemisphere could be met by a draw-down of stocks or additional planting in the other hemisphere. The delegate of the EEC also pointed out that increased import dependence of developing countries, particularly in the case of rising prices, could create financial problems for grain-importing developing countries. It was therefore important that developing countries should be able to strengthen their agricultural sector to meet their basic needs from domestic production. FAO could play an important role in this respect. The delegates of some developing countries expressed their concern regarding the possible impact that changes in stockholding could have on their food security positions.
23. Regarding the Twenty-sixth Session of the Intergovernmental Group on Oilseeds, Oils and Fats, the delegate of the EEC recalled the protracted discussion on the Community's oilseed regime, which had been adjusted twice over the last two years, once in response to the conclusions of the GATT oilseed panel and once in the context of the CAP reform. He noted that the new regime, applicable for the first time to the 1993 crops, would have to be further modified in reply to the conclusions reached by the reconvened GATT oilseed panel. Tentative agreement on this matter had been reached between the United States and the EEC Commission in November 1992 which should be adopted by the EC Council in the near future. Following its endorsement, negotiations could be concluded with the other GATT Contracting Parties involved in this matter.
24. The Committee noted that informal indicative price arrangements had continued to be operated by the Intergovernmental Groups on Hard Fibres and Jute, Kenaf and Allied Fibres with the objective of improving market transparency and providing a guide for forward planning. It was noted with approval that the Intergovernmental Group on Jute planned to undertake an assessment of the price arrangements operated under its auspices.

25. Several delegates noted with concern that international agreements with economic provisions were no longer operative for a number of commodities exported primarily by developing countries. It agreed that the trend toward market liberalization could pose difficulties for countries unable to meet the challenges of international competition because of developmental constraints. A number of suggestions were put forth for measures which might provide remedies for some of the difficulties facing developing countries in their efforts to strengthen their agricultural export performance. Attention was drawn to the possibility of extending STABEX type facilities, which had been of great assistance to a number of developing exporting countries to help counter shortfalls in export receipts. Mention was also made of the need for safeguarding against the risk of price fluctuations and the usefulness of exporters' guides like those prepared by ITC for several commodities. The representative of the ITC indicated willingness to pursue work in this area if resources could be secured.

26. The Committee recognized the need for the Intergovernmental Groups to develop appropriate programmes to promote commodity production and trade within a framework which took account of issues relating to sustainable development. The Committee endorsed the activities of the Groups on environmental issues, particularly as they affected exports from developing countries, and encouraged the Intergovernmental Groups on Hard Fibres and Jute to continue their work to publicize and improve the environmental friendliness of natural fibres.

27. The Committee noted that many of the Intergovernmental Groups had broadened their activities in the areas of project development and technical improvement. Aside from the considerable amount of work undertaken in relation to project development for the Common Fund for Commodities (CFC) which was discussed separately (see paragraphs 34 to 39), technical improvement activities were being promoted by the Intergovernmental Groups on Citrus, Wine and Vine Products, and the Sub-Group on Hides and Skins. The Committee endorsed the interdisciplinary approach to market problems, and encouraged the Intergovernmental Groups to draw on the expertise available within FAO itself, while continuing to strengthen cooperation with other organizations and international agencies. The Committee noted with satisfaction that close working relations had been maintained with the UNCTAD/GATT International Trade Centre in a number of fields, including the development of market information systems and of programmes for generic promotion. The Secretariat was asked to boost its cooperation with the ITC during this difficult period.

28. The Committee noted with appreciation that an increasing number of Intergovernmental Group sessions had been hosted by Member Governments at considerable expense. In this connection, it expressed its gratitude to the Governments of Cuba, India, Italy, and Honduras for having hosted sessions of the Intergovernmental Groups on Citrus, Jute, Wine and Vine Products, and Bananas, respectively. It also expressed appreciation to the Governments of Chile, Jamaica, Morocco, Portugal, Thailand, and the Netherlands for the invitations extended to the Intergovernmental Groups on Wine and Vine Products, Bananas, Tea, Citrus, Rice and the Consultation on Jute and the Environment.

29. The Committee considered a number of organizational issues which had arisen since its last session. These included the recommendation put forth by the Third Session of the Sub-Group on Hides and Skins, approved by the Intergovernmental Group on Meat, that it should become a full IGG reporting directly to the CCP, on the grounds that the problems of hides and skins and their derived products were different than those of meat, and the value of trade in this commodity grouping was very considerable. In addition, the Twenty-fifth Session of the Intergovernmental Group on Grains had put forward suggestions to improve the effectiveness of the Grains Group in particular and the Intergovernmental Groups system generally. Some delegates suggested that a case could be made for holding intergovernmental meetings in FAO on other commodities of interest to the developing countries.

30. The Committee considered that the Intergovernmental Groups had a unique role in providing a forum for consultations among governments of producing and consuming countries concerning market developments and prospects and international and national policies on commodities. The Committee noted that although it had not carried out a review of the work of its Groups for many years, the Programme Evaluation Report for 1992/93, prepared for consideration by the forthcoming sessions of the Council and the Conference, had extensively analysed FAO's work on trade, including the work of the Intergovernmental Groups. The Committee recommended that, to enhance efficiency, a special study should be undertaken for consideration at the next session of the CCP. It was agreed that the study should provide an objective assessment of the work of the Intergovernmental Groups, analysing various aspects including efficiency, costs and the relevance of their work in relation to other fora; and suggesting possible options where seen realistic for strengthening their performance and encouraging the participation of national experts. Such options might include the merging of selected Intergovernmental Groups, the extension of responsibilities of others, and the holding of joint or back-to-back sessions for other groups requiring similar types of expertise. In developing such options, it was proposed that consideration be given to the frequency of meetings, their duration and, more generally, to their operating methods. It was also agreed that the study should provide information on the considerations involved in the establishment, abolition or placement in an inactive status of an Intergovernmental Group, and look into the corresponding legal, administrative and financial aspects.

31. Without wishing to prejudge its coverage, a number of delegates put forth suggestions for possible reflection in the study. Some delegates suggested that consideration might be given to mergers of the Intergovernmental Groups on Grains, Rice and possibly Oilseeds, of the Intergovernmental Groups on Citrus and Bananas, and of the Intergovernmental Groups on Jute and Hard Fibres. While agreeing with the need to carry out the special study a number of delegates wished to place on record their commitment to the continued separate entity of certain Intergovernmental Groups, in particular those on Jute, Hard Fibres, Tea and Meat. Some delegates proposed that the activities of the Intergovernmental Groups on Rice be extended to cover rice by-products, especially husk, stressing their importance for trade and the environmental aspect of their disposal. Attention was also drawn to the need for the consideration on a regular basis of issues concerning tropical fruits, and it was proposed that the responsibilities of the Intergovernmental Groups on Bananas or Citrus might be extended to meet this need. The Committee suggested that this proposal should be brought to the attention of the respective Intergovernmental Groups to obtain their views. It was proposed that consideration should be given under the auspices of the Committee to a study on the

problems of the world coffee economy which was of concern to many developing countries. Other delegates considered that the International Coffee Organization was the appropriate forum for such deliberations.

32. In view of these considerations and although strong views were voiced that the granting of full group status for the areas of hides and skins would be an appropriate step, the Committee considered that a decision to grant full Group status to the Sub-Group on Hides and Skins should be deferred until the Committee's next session. However, in the interim the Committee agreed that in line with the suggestions of the Intergovernmental Group on Grains aiming at improving participation at its sessions, maximum effort should be made to hold back-to-back sessions of the Intergovernmental Groups on Grains and Rice in 1995.

33. The Committee endorsed the following reports of its Intergovernmental Groups and that of the Sub-Group on Hides and Skins, with the exception of the recommendation of the latter that it be upgraded to full Intergovernmental Group status at this stage (see paragraph 32):

<i>Oilseeds, Oils and Fats:</i>	Twenty-fifth Session, March/April 1992 (CCP: 93/6); Twenty-sixth Session, April 1993 (CCP: 93/14).
<i>Rice:</i>	Thirty-fifth Session, April 1992 (CCP: 93/8).
<i>Grains:</i>	Twenty-fifth Session, May 1993 (CCP: 93/15).
<i>Hard Fibres:</i>	Twenty-fifth Session, October 1991 (CCP: 93/4); Twenty-sixth Session, October 1992 (CCP: 93/11).
<i>Tea:</i>	Ninth Session, October 1991 (CCP: 93/3); Tenth Session, June 1992 (CCP: 93/10).
<i>Jute, Kenaf and Allied Fibres:</i>	Twenty-seventh Session, October 1991 (CCP: 93/5); Twenty-eighth Session, October 1992 (CCP: 93/12).
<i>Bananas:</i>	Thirteenth Session, November 1992 (CCP: 93/13).
<i>Citrus Fruit:</i>	Ninth Session, September/October 1991 (CCP: 93/2).
<i>Wine and Vine Products:</i>	Fifth Session, March/April 1992 (CCP: 93/7).
<i>Meat:</i>	Fourteenth Session, April 1992 (CCP: 93/9);
<i>Sub-Group on Hides and Skins:</i>	Third Session, April 1992 (CCP: 93/9 Supplement 1).

IV. DEVELOPMENTS REGARDING THE COMMON FUND FOR COMMODITIES

34. The Committee reviewed, with the help of secretariat document CCP: 93/23, developments regarding the Common Fund for Commodities (CFC) relevant to those eight of its intergovernmental groups on commodities which had been designated as International Commodity Bodies (ICBs) by the CFC for project sponsoring purposes. The Secretariat also provided up-dated information on recent events and their possible implications for the Committee's conclusions.

35. The Committee noted the status of the twenty or so projects sponsored by the eight ICBs which were its subsidiary bodies. It was informed that the Fund's Executive Board had endorsed for financing the first project sponsored by an FAO body in March 1993. The project concerned coconut fibre and it had a budget of US\$965 000. The Fund would contribute about US\$420 000 and the balance was to come from producing countries. Some

other projects stood a good chance of being endorsed for financing in September 1993, subject to the commitment by private and public institutions to make available substantial shares of the project budget as co-financing or counterpart contributions.

36. The Committee acknowledged that the Fund had only limited resources at its disposal for disbursement, that it had faced the normal teething problems of a young organization and that the expectations raised by the establishment of the Common Fund had been much too high. Nevertheless, the Committee expressed its profound disappointment over the slow progress with project acceptance by the Fund and over the reduction of project numbers and redimensioning of project budgets, upon which the Fund had insisted. It regretted that FAO had incurred additional expenses due to the rejection of projects or the need for multiple reformulation of many proposals, which had been partly the result of a lack of clarity in guidance provided by the Fund to the ICBs and of the Fund's insistence on the mobilization of co-financing or counterpart contributions by the ICBs and/or the FAO secretariat. The Committee, nevertheless encouraged those of its intergovernmental groups which were ICBs to continue with their attempts to seek cooperation with the Fund and to search for project financing from it in the interest of their respective commodity sectors.

37. The Committee recalled its own preliminary discussion on the supervision of project implementation at its previous session. It welcomed the fact that the Fund shared the Committee's views that the ICBs themselves should assume project supervisory functions. The Committee noted, however, that the Fund had expressed concern about the dual competence vested with FAO in cases where the ICB was the Supervisory Body and FAO as an Organization the executing agency of a project. It was recognized that the establishment of sub-groups of the ICBs for project supervisory purposes could be a solution to detaching the ICBs sufficiently from FAO in cases where the Organization was the project implementing agency. However, given that only one project had been accepted for implementation so far and that the number of projects which could reach that stage in the near future was small, the Committee considered it premature to endorse in a formal manner at this stage the establishment of sub-groups with supervisory functions of the intergovernmental groups which were ICBs. Accordingly, it was agreed to defer a decision on the setting up of such sub-groups and on the issues connected with their establishment, including meeting patterns, working languages, terms-of-reference and membership, as set out in paragraph 32 of document CCP: 93/23, to its next session. However, some delegates stressed the need to maintain the three working languages of the Intergovernmental Groups whatever the solutions subsequently adopted.

38. The Committee recognized, however, that for the small number of projects already endorsed or in the process of being endorsed for financing, supervisory functions had to be performed. A number of proposals were made on how to deal with the issue of project supervision in a flexible way. The Committee concluded that the most practical approach in the interim until the CCP had reconsidered the matter was to ask the intergovernmental groups which were ICBs to act as Supervisory Bodies of projects as envisaged in the Fund's Regulations and Rules and as suggested by the CCP at its previous Session. In this context, the Committee emphasized, that in its view, there was no conflict for the intergovernmental groups in their capacity as ICBs to exercise an autonomous and effective supervision and control over the proper implementation of projects endorsed or in the pipeline at present

which the Common Fund might entrust to FAO for implementation. The Committee agreed that the Secretariat bring the outcome of the present Session in regard to Common Fund matters to the Fund's attention, together with an expression of confidence that, in the circumstances, the Fund's consultative and decision-making bodies would consider this interim solution favourably.

39. With regard to project proposals sponsored by the intergovernmental groups for financing by the Common Fund in future, the Committee suggested that consideration be given by the ICBs to ad hoc and flexible solutions on a case-by-case basis as the need arose. Concerning such future projects, the Committee urged the Common Fund to consider the possibility for costs arising from supervisory functions performed by the sub-groups of the ICB or, possibly, by an international body or group of experts external to the ICBs, to be incorporated in the project budget. In this context the Committee regretted the absence of a representative of the Common Fund at the present meeting who could have clarified the practicability of these suggestions.

V. REVIEW OF THE WORK OF THE CONSULTATIVE SUB-COMMITTEE ON SURPLUS DISPOSAL (CSD)

40. The Committee congratulated the Chairman of the CSD, Dr Eugenio Diaz-Bonilla for his presentation of the Thirty-fourth Report of the Sub-Committee and expressed appreciation for the important and useful role this FAO sub-committee played in the international community in monitoring food aid transactions. The report, including the recommendations to modify type 4 and type 5 of the Catalogue of Transactions, was endorsed by the Committee.

41. The representative of one major food aid donor emphasized the flexibility of the Principles of Surplus Disposal under which the CSD operated. He urged that the establishment of usual marketing requirements (UMRs) for countries which were undergoing rapid structural changes or had suffered from major disasters be undertaken sympathetically and that in such cases consideration should be given to lowering the UMR's below the statistical five-year level or to zero.

42. The Committee recognized that the Draft Final Act of the Uruguay Round directly referred to the significant role that the FAO Principles of Surplus Disposal would be expected to play when these disciplines became effective as the result of successful conclusion of the negotiations. Some delegates noted that the CSD had always been an active group and pointed out that its role would become more important in the future as a necessary instrument in enforcing the disciplines on export subsidies that were currently under consideration in the Uruguay Round of Multilateral Trade Negotiations. They also emphasized that there would be a need for an increase in the number of notifications to the CSD, particularly following the conclusion of the Uruguay Round.

VI. SELECTED COMMODITY AND TRADE ISSUES

(a) Medium-term prospects for agricultural commodities

43. The Committee reviewed the results of the FAO projections of supply, demand and trade to the year 2000 on the basis of the Secretariat document CCP: 93/18 and additional information provided by the Secretariat. This represented a summary of the sixth in a series of studies that FAO regularly undertakes for all major agricultural commodities and for practically all countries in the world. It had been prepared bearing in mind FAO's other long-term projections exercise Agriculture: Toward 2010. It was stressed that the study presented projections, not forecasts, since the results were conditional on the various macro-economic, demographic and commodity-specific assumptions used, all of which subject to uncertainty.

44. The Committee noted that the projections related to a "central" scenario based on assumptions regarding the economic and demographic conditions expected to prevail in the 1990s, the most likely development of technology, no change in agricultural policies beyond those already in place, and normal weather conditions. The Committee was informed that the projections did not consider the impact of a successful conclusion of the Uruguay Round. The Committee also noted that for the cereal/livestock/fats and oil complex the projections had been prepared utilizing the FAO's World Food Model, a price equilibrium model which allowed for the simultaneous determination of supply, demand, trade, stock levels and prices for all the commodities covered. For the other commodities, various methodologies had been used ranging from detailed econometric models to more simple analyses and extrapolations of past trends, supplemented by expert judgements of commodity specialists. In a number of cases, the projections had been prepared jointly or in cooperation with international commodity bodies, universities and other international organizations.

45. The Committee welcomed the document and agreed, in general, with the overall approach, methodologies and conclusions of the study, although noting that many uncertainties surrounded these projections, and looked forward to the publication of the full study. The Committee welcomed information on close collaboration between FAO and other international organizations involved in studies on the medium-term outlook and urged that this be continued. Since it was considered useful for planning and policy purposes, several delegates expressed the hope that the study would be updated more frequently within the limits of available funding.

46. The Committee noted the major findings of the study which showed that the nineties were expected to be characterized by aggregate growth rates for production, demand and trade of food and agricultural commodities substantially lower than during the eighties and at or below the projected rate of population increase. In view of this finding, several delegates stressed the importance of developing countries stimulating their food and agricultural production. A few delegates pointed out the need to identify means which are not trade distorting to meet these very important concerns.

47. The Committee also noted that world demand for the major agricultural commodities was expected to grow by only 1.6 percent annually, slightly below the rate of population growth and below the 2 percent annual increase of the 1980s. The Secretariat indicated that the main factors responsible for the slowing of world demand included a reduced growth of population and of per caput income in the developed countries, and, for some agricultural raw materials increasing competition by synthetics. Further, the developing countries would account for much of the growth in the overall commodity demand because of their comparatively faster growth in per caput GDP, and the greater responsiveness of demand to income increases. By contrast, a slower growth in demand was expected for the developed countries, because of the high current consumption level and often saturated markets.
48. Aggregate world agricultural production was projected to decline only slightly, from 1.8 percent annually in the 1980s to 1.7 percent annually in the 1990s. The main factors contributing to the slower growth of output were identified as a moderate increase of area, declining rates of expansion in yields for most crops and changes in agricultural support programmes such as those of the economies in transition and the European Community's reform of its Common Agricultural Policy. The study also found that stocks should not accumulate again to excessive levels because of policies to curb excess production.
49. As regards agricultural trade, the projections concluded that the growth in the volume of world exports would fall during the 1990s to less than one-half the rate achieved during the 1980s. Trade in many commodities would be particularly affected by a decline of purchases by the former USSR, a major importer in the past, and China, where increasing domestic production was expected to reduce imports, and, in some cases, make China a net exporter. Reduction of support measures in some developed countries, growing consumer satiation of most commodities, especially tropical beverages and fruits, in large traditional markets, and the tendency for some agricultural raw materials towards increased consumption and processing in the producing countries, were indicated in the study as the main factors contributing to the decline in the growth of world agricultural trade.
50. The Committee recognized that, if the projection results materialized, the slowdown in the growth of world trade of the agricultural commodities covered by the study was likely to cause significant adjustment problems for the exporting countries. There could be greater competition for markets and downward pressure on prices. The Committee noted that the rather gloomy projections underscored the importance of good policies at the national and international levels. Thus, the Committee agreed on the need to keep the development of export competition under close scrutiny and to be vigilant against new forms of protectionism that could emerge in response to the rather difficult market situation.
51. The Committee regretted that the net trade situation of the developing countries was projected to deteriorate significantly, especially in Africa. If the projected results were to materialize, the developing countries could turn from net exporters of the main primary agricultural commodities at present to net importers by the year 2000. The Committee stressed the vital importance of a successful conclusion of the Uruguay Round of Multilateral Trade Negotiations that would facilitate an expansion of export earnings vitally needed to pay for the increasing food import bill of the developing countries. Some delegates also pointed to the need of export diversification towards non-traditional, processed or semi-processed

agricultural commodities, horticulture products, off-season fruit and feedstuffs which appeared to offer an opportunity for the enhancement of their export earnings.

52. The Committee noted with concern that given the present situation the net cereal import gap of the developing countries was expected to grow from 89 million tons in the late 1980s to 123 million tons by the year 2000. At the same time, the gross cereal imports of the developing countries were projected to rise to 161 million tons from 119 million tons over the same period. The fastest growth had been predicted in the low-income food-deficit (LIFD) countries, not including China and India which were projected to be largely self-sufficient in grains. The Committee emphasized that the developing countries, especially the LIFD countries, would in these circumstances become more vulnerable in terms of their food security. The projected rise in cereal imports could subject a number of countries to greater financial hardship, pointing to the need for additional concessional sales and/or direct food aid. Without such assistance, the projected rise in per caput consumption and improved nutrition would be put in jeopardy.

53. A question was asked regarding the apparent inconsistency between the depressed commodity outlook emerging from the study and the projected increase in the prices of certain commodities by 2000 in relation to their 1987-89 levels. The secretariat explained that the current level of international food prices was close to the level prevailing during the base period 1987-89. The 1980s had been characterized by a large draw-down in the stocks of most basic foodstuffs, which had depressed prices. In the period to 2000 stocks of basic foodstuffs were projected to be in better balance, which was expected to contribute to a more stable level of prices. In addition, it was explained that the projections had already included the positive effect on world market prices of recent policy reforms, including that of the Common Agricultural Policy of the EC. A number of delegates noted that a possible effect of trade liberalization could be a reduction in global food stocks. In this situation, they underlined the importance of countries developing approaches that would help minimizing the risk of there being inadequate supplies to meet emergency situations.

54. The Secretariat also gave updated information on the work undertaken since the preparation of the document. This related, in particular, to the food security issues arising from the projections and to the simulation of alternative scenarios, covering, *inter alia*, the simulation of alternative GDP growth paths, the examination of the impact of environmental concerns on food output and the simulation of a trade liberalization scenario in line with the Draft Final Act of the Uruguay Round of Multilateral Trade Negotiations.

(b) Trade, environment and sustainable agricultural development

55. The Committee examined the links between trade, environment and sustainable agriculture and rural development (SARD) on the basis of document CCP: 93/19 prepared by the Secretariat in response to a recommendation made by the FAO Conference in November 1991. It noted that the past two years had seen an extraordinary rise in the interest in these issues, *inter alia*, at the United Nations Conference on Environment and Development (UNCED) and in the GATT. It noted with approval that the Secretariat document had benefited from inputs from all departments in FAO and had drawn on the work of other organizations within the United Nations and outside who have been engaged in

developing their own programmes of work in this area. The Committee found that the Secretariat document was comprehensive and balanced, and considered that it provided a very useful background for its deliberations on this complex subject.

56. The Committee noted that there were four main ways in which trade, environment and SARD related to each other. First, international trade permitted the location of production to be separated from the point of consumption, thus affecting the environment/SARD if production shifted from places where it was less sustainable to where it was more sustainable or vice versa. Secondly, the overall volume of production and consumption was affected by policies, for example through the support and protection that was offered to temperate agriculture in the OECD countries which led to more production of these commodities than would otherwise occur in these countries. Trade liberalization in this case would probably lead to a slight reduction in production, with potential beneficial effects on environment/SARD. Thirdly, an open trading system was a critical factor in improving environmental sustainability of agriculture through its effect on poverty alleviation and economic growth which, in turn, increased the demand for environmental quality as well as the ability to afford environmental protection. In this connection the Committee reiterated its views on the need for a global and balanced outcome to the Uruguay Round. Fourthly, trade involved the movement of hundreds of millions of tons of commodities around the world involving a risk of damage to the environment from the consumption of fossil fuels, spillage, etc., as well as waste disposal problems.

57. The Committee recognized that the particular nature of most national-origin environmental problems was such that the market mechanism did not automatically yield the socially desired level of environmental goods, as it did not account for externalities associated with a particular economic activity (i.e. beneficial or damaging effects to other activities). It noted that there existed a variety of policy instruments that could be applied by governments to internalize these externalities and emphasized especially "bottom-up" approaches which entailed a greater degree of community participation, and appropriate education and extension programmes to increase awareness of environmental problems by agricultural producers and by the local communities at large. It also noted that many of the policies listed in paragraph 34 of the Secretariat document could not be readily employed in the developing countries because of the high costs of these policies. Developing countries would require assistance in implementing appropriate environmental/SARD policies, including diversification and conservation of their plant genetic resources.

58. The Committee noted that at present the GATT rules allowed countries that had introduced environmental taxes or other environmental policies to apply such taxes also on imports or to control in other ways imports under Articles III and XX of the General Agreement. It also noted that there were other provisions of the GATT that had a bearing on the use of trade policy to secure environmental ends. In this regard the view was expressed that the Draft GATT Agreement on Sanitary and Phytosanitary Measures was not an appropriate vehicle for pursuing environmental ends. The Committee cautioned against countries using environmental concerns as a disguised restriction on trade. The view was expressed that unilateral trade measures should follow all relevant GATT rules otherwise they were not only detrimental to national welfare but also risked undermining the international trade regime which was so essential for improving environmental sustainability through

alleviating poverty. The Committee noted that these issues were currently being reviewed by the GATT Group on Environmental Measures and International Trade and that one of the unresolved issues was whether countries might impose import restrictions based not so much on the quality of the product but on the process or production method used. The role of the Codex Alimentarius Commission in developing a guideline for labelling of organic foods was recalled.

59. The Committee recognized that unilateral action to reduce environmental stress might entail losses of market share unless other countries also pursued similar environmental policies. The Committee concurred with the conclusion in the Secretariat document, namely that if all countries introduced appropriate environmental policies, trade liberalization would generally lead to increased welfare, in the sense that the sum of the costs of production and environmental protection would be minimized, i.e. environmental policy and trade liberalization could be compatible. Some delegates however pointed out that in specific circumstances trade liberalization might lead to increased environmental stress. The Committee supported a multilateral response to widespread national environmental problems which encouraged the introduction by countries of appropriate environmental policies given some guarantee that other countries would do the same. In this connection several developing countries stated that in their view, the adoption of environmental policies under a multilateral framework should be largely the responsibility of the developed countries and that the developing exporting countries should not be bound by cost-raising environmental measures.

60. The Committee recognized that in addition to national environmental problems there were a number of transboundary environmental issues which might or might not directly affect trade. If appropriate national actions were not undertaken, the Committee agreed that multilateral action to encourage "good practice" could be considered via international environmental agreements. Such action should be based upon objective, scientific criteria and recognize the authenticity of differences in valuation of environmental goods among countries. Furthermore, such action should be not protectionist in nature, least distorting and part of a package of measures.

61. The Committee recognized that there was inadequate solid data on which to base commodity specific environmental policy decisions, whether national or international. It noted with appreciation that the Intergovernmental Groups on Hard Fibres and on Jute, Kenaf and Allied Fibres had initiated some work in this area and that other bodies outside FAO had also initiated work on related topics. The Committee encouraged the other Intergovernmental Groups to initiate work on environmentally related trade policy measures as currently applying to their commodities and to assess the impact on trade flows. The Committee also encouraged the Intergovernmental Groups to undertake commodity by commodity studies which would include (1) technical environmental review, (2) economic assessment of the costs of reducing the environmental damage and of adopting SARD/environmental policies and (3) the national and international policy support to countries to adopt appropriate SARD/environmental policies. In undertaking these studies the wider question of linkages to other sectors should be borne in mind. In doing so the Committee emphasized that the commodities should be selected according to their importance for the majority of countries, their representativity for certain production methods, climate conditions and their significance in international trade. In this way, it should be possible to obtain results which might

indirectly also be relevant for other products not studied in the initial phase. The Committee also considered that document CCP: 93/19 provided a good analytical framework of the issues involved and as such it could be very useful to the work of the intergovernmental groups. As regards the suggested study concerning ways of encouraging the adoption of appropriate SARD/environmental policies through international action, e.g. international commodity-related environmental agreements, the Committee agreed that some work could be initiated but it should be done in close cooperation with other international organizations concerned.

62. The Committee recognized that FAO had a key role to play in examining the links between trade, environment and SARD. The Committee considered its debate on these issues during this session as a starting point in the work of its Committee in this area and agreed to include this item in the agenda for its next session at which time the results of the initial work of the Intergovernmental Groups could be reported. It was suggested that the report for the next session of the Committee on this subject should include reference to the wider issues of agriculture within the economy and links between environment, trade, industry, development and food self-sufficiency. The Committee stressed the importance of close collaboration with other agencies doing similar work in order to maximize the overall effect in this important subject and avoid duplication of efforts.

VII. FOLLOW-UP ACTION TO CONFERENCE RESOLUTION 2/79 ON COMMODITY TRADE, PROTECTIONISM AND AGRICULTURAL ADJUSTMENT

(a) Developments in protectionism in agriculture

63. The Committee undertook its regular review of developments related to protectionism in agriculture and action taken on Conference Resolution 2/79 drawing on information contained in CCP: 93/20. Delegates also provided clarifications, corrections and additional information related to recent developments impacting on agricultural protectionism.

64. The Committee noted that during the two years since it last met a number of developments had occurred affecting protectionism which it considered would contribute to a more open and market oriented global trading system. However, it also agreed it would take time for such measures to be reflected in a lower level of protection indicators. In 1992 according to OECD estimates, some US\$354 billion had been transferred by consumers and taxpayers in industrialized countries as a whole to the agricultural sector, even more than in 1991. This was two-and-one-half times the combined agricultural, fishery and forestry export earnings of developing countries. Also, agricultural support as measured by the net Producer Subsidy Equivalent in OECD countries, if expressed in US\$ terms, rose slightly to reach US\$179 billion. In this connection some delegates cautioned against placing too much importance on the various methods utilized for measuring the level of protection as factors such as currency exchange rates and price fluctuations were involved and the impact of specific and beneficial policy changes was not necessarily reflected in the figures.

65. The Committee noted that access to developed country markets for both developed and developing country producers was virtually unchanged, as tariff and non-tariff measures, including quotas, variable levies, licensing requirements, and voluntary export restraints continued to constrain trade volumes, distort trade patterns, depress world prices, raise consumer costs and increase world price variability. The disposal of agricultural surpluses often continued to involve the use of export subsidies, which further depressed world commodity prices, distorted trade and undermined the export earnings of other exporters. The use of export subsidies to maintain or expand market shares added to already tense trade relations and hindered efforts to reach solutions favouring liberalized trade.

66. The Committee agreed that, while levels of protectionism remained high, there was reason for cautious optimism regarding the reduction of protectionism in the future but stressed that this remained highly dependent on obtaining a global and balanced agreement in the Uruguay Round of Multilateral Trade Negotiations. The Committee noted with satisfaction that several developing countries continued to take measures to lower barriers to trade as part of their internal economic and structural reform programmes, that the process of reform and economic transformation was continuing in countries of Eastern Europe and in the former USSR and that the agricultural policy reform of the EC should lead to increased market orientation of agricultural production in the Community.

67. Many delegates however noted the paradox that while with few exceptions the industrialized countries continued to provide high levels of expenditure on agricultural support and practised protectionism, many developing countries were making sacrifices required in order to liberalize their trading systems.

68. The delegate of the EC informed the Committee that the so-called "Blair House Accord", was a tentative agreement between the United States and Commission negotiators on a broad range of issues which could be classified into two groups: those underlying a number of bilateral issues such as the oilseeds dispute and those concerned with finding common approaches regarding the agricultural negotiations in the Uruguay Round. Regarding the former, he informed the Committee that the EC Council of Ministers had agreed on the new oilseeds policy on 8 June 1993. Some delegates stated that in their view the "Blair House Accord" on oilseeds remained a matter of concern, as they had stressed at the Intergovernmental Group on Oilseeds, Oils and Fats. The EC delegate replied that following the EC Council decision, negotiations with other countries could now be concluded.

69. Delegates from a number of banana-exporting Latin American countries again referred to the new banana regime which was to be introduced by the EC on 1 July 1993. According to them, this regime would stimulate internal EC production, reduce imports and increase prices to consumers. The result would be a disinvestment in the Latin American banana-producing countries, creation of unemployment and rise of social unrest. In reply, the EC representative referred to his earlier statement (paragraph 13) and indicated, among other matters, that the more favourable treatment of ACP countries had to be seen in a broader context which goes beyond bananas and should be dealt with within the GATT. Furthermore, he noted that while the tariff quota of 2 million tons did not satisfy these countries, it was significantly above the 1986-88 imports of the EC from Latin America, and that increased imports in the recent past were in his view motivated by efforts of those countries to position

themselves in the EC market prior to the application of the new market regime on 1 July 1993.

70. Many delegates stressed the economic and social dimensions related to protectionism, and the need for developing countries to have access to markets as well as the opportunity for supplying markets under conditions of fair competition. Resolving the economic problems including debt and social issues in these countries should be based on improved trade rather than aid.

71. The Committee agreed that there was need to continue to monitor developments in agricultural protectionism as required by Conference Resolution 2/79. As regards areas for further work the Committee particularly stressed the importance of analysing the effects of closer linkages between national and international commodity markets, ways of easing the transition of low-income food-deficit countries to conditions of less protected markets and factors influencing short-term price instability. Several delegates indicated that when monitoring the impact of the Uruguay Round particular attention should be given to the impact on particular agricultural commodities in the Intergovernmental Commodity Groups. In this connection, it was suggested that a study be undertaken on the appropriate level of food stocks in developing countries taking into account improved market transparency, better crop forecasts and the costs of stockholding. Several delegates considered that regional and preferential trading arrangements would continue to have a growing impact on agricultural trade and that the Secretariat should analyse these effects in collaboration with other organizations where appropriate. The Committee recognized that when identifying commodity issues arising from the Uruguay Round consideration should be given to developments in other sectors, drawing upon work undertaken by other organizations where available.

(b) Uruguay Round of Multilateral Trade Negotiations

72. The Committee reviewed developments in the Uruguay Round since it last met as presented in document CCP: 93/21. It noted that the analysis was based on the Draft Final Act but took into account a number of studies that had been prepared by different organizations and authors and that it also referred to the so-called "Blair House Accord" of November 1992.

73. The Committee agreed that the document generally reflected the situation as presented in the Draft Final Act. It also agreed that several non-agricultural parts of the Draft Final Act could have a major impact on agricultural trade.

74. Several delegates expressed concern over the "Blair House Accord" which they considered was not in keeping with a multilateral approach to the Negotiations and deviated in important ways from the Draft Final Act. They considered the Draft Final Act must provide the framework for the Negotiations. While in part expressing some sympathy for such views, several other delegates recalled that the Accord was an understanding between US and EC Commission negotiators on compromises destined to move the agriculture negotiations forward but that the proposed approaches had still to be accepted by the contracting parties. They also considered that taken together with the Draft Final Act it represented a strong basis for the continuation of the negotiations.

75. Several delegates questioned the advisability of food importing countries attempting to achieve high levels of self-sufficiency in food production, often utilizing producer subsidies. In their opinion by subsidizing food production, resource use was distorted and issues relating to nutrition, poverty and access could better be handled through other programmes. In addition they stated that the holding of stocks by these countries beyond normal working stock levels was difficult to justify from either an economic or food security perspective. They considered world markets to be more stable than single markets where not only climatic factors influenced supplies, but budget constraints, disease outbreaks and other factors contributed to national food insecurity. They also noted that storage of foodgrains was costly and less necessary in view of the changes that had taken place in the world food economy including improvements in transparency of markets, improved crop forecasting and more rapid transport.

76. Some other delegates stressed that for developing countries food security was an essential government objective and could not be left entirely dependent on imports. They warned against overemphasizing the effectiveness of price transmission from the international market to the domestic markets, particularly for landlocked countries. Hence higher cereal prices resulting from the Uruguay Round would in many countries have only limited, if any, impact on national food security. While stockholding at the global level was important, so was national stockholding particularly if imported supplies were having to be moved through other countries.

77. Some delegates noted that food security was a matter of collective action that included many levels: first, a fair and undistorted international trade regime that allowed movements in production, consumption and stocks to equilibrate across hemispheres, regions, countries and markets; second, adequate macro-economic and sectoral policies that permitted world prices to be transmitted to the producers; third, investments in infrastructure, technology, land conditions and the like; and fourth, financial transfers, food aid and early warning systems that could address the problems of the food deficit countries. In this connection the Committee reiterated the need for an in-depth study to be undertaken on the questions of food security and self-sufficiency (see paragraph 71).

78. Some delegates stressed the importance of the sanitary and phytosanitary measures, and recalled the request made at the most recent session of the FAO Committee on Agriculture to develop international standards and guidelines on phytosanitary measures. In this context, the suggestion was made for the Secretariat to monitor closely the impact of the measures related to international trade and to report to the CCP on this subject at its next session.

79. The delegate of the EEC pointed out that while Community excise duties had been discussed in the negotiations on tropical products, the EC member states were not the only ones to levy excise duties on tropical products such as coffee, cocoa and tea. He also reported that since the last session of the Committee, Italy had abolished excise duties on all tropical products.

80. The Committee concluded its deliberations by urging all countries to seek an early and successful outcome to the Uruguay Round of Multilateral Trade Negotiations which should be global and balanced. The interests of developing countries, particularly the net food

importing countries, should be taken fully into account. In this connection, some delegates stressed the importance of the Declaration on Measures concerning the Possible Negative Effects of the Reform Programme on Net Food-Importing Developing Countries appended to the Draft Final Act of the Uruguay Round. The Committee endorsed the need for further analysis of issues concerning multilateral trade and the outcome of the Uruguay Round using the Intergovernmental Groups (IGGs). It also recommended that donor countries support efforts to assist developing countries to adjust their policies to cope with the challenges of the new agricultural trading environment that should result from the conclusion of the Uruguay Round.

VIII. INTERNATIONAL ACTION RELATING TO AGRICULTURAL COMMODITIES: DEVELOPMENTS IN OTHER ORGANIZATIONS

81. The Committee welcomed document CCP: 93/22, which had been prepared for this agenda item and reviewed recent developments in international action concerning agricultural commodities in major international fora, as well as the collaborative role of FAO in these fora.

82. The delegate of the EEC expressed appreciation for the collaboration of FAO with other international organizations over a wide range of topics, and stressed that collaboration should start at the earliest stage.

83. The observer of the ITC informed the Committee of the close and mutually supporting relationships between the Centre's activities and those of FAO. Important collaborative work during the last two years included the design and implementation of a number of projects on information and on promotion concerning a wide range of commodities. The Centre also participated in the work of IGGs and other commodity meetings under FAO's auspices and assisted in the development of project proposals for submission to the Common Fund for Commodities. Plans for future collaboration with FAO included the expansion of commodities covered by "exporter guides" when resources became available.

84. The observer of the OECD described the activities of the Organization relevant to agricultural trade, including: the yearly review of agricultural markets and national policies including the assessment of total transfers associated with agricultural policies in OECD member countries that in 1992 amounted to a total of US\$354 billion, 7 percent above that in 1991; the extension of this review to cover the countries of Central and Eastern Europe and of the former USSR; projections for major agricultural markets up to 1997/98 which this year were made more consistent by the use of the Directorate's AGLINK model; and the work agenda of OECD commodity groups that included the participation of FAO.

IX. ARRANGEMENTS FOR THE SIXTIETH SESSION

85. The Committee noted that the Sixtieth Session was tentatively scheduled to be held in Rome in mid-1995 and requested the Director-General to set a precise date for the Session in consultation with the Chairman, taking into consideration the schedule of other meetings.

LIST OF DELEGATES AND OBSERVERS
LISTE DES DELEGUES ET OBSERVATEURS
LISTA DE DELEGADOS Y OBSERVADORES

Chairman)	
Président)	F. WALTER (FRANCE)
Presidente)	
First Vice-Chairman)	
Premier Vice-Président)	R. VELAZQUEZ HUERTA (MEXICO)
Primero Vicepresidente)	
Second Vice-Chairman)	
Deuxième Vice-Président)	P. SETTHAWONG (THAILAND)
Segundo Vicepresidente)	

MEMBERS OF THE COMMITTEE
MEMBRES DU COMITE
MIEMBROS DEL COMITE

ALGERIA - ALGERIE - ARGELIA Délégué Mme. A. BOUDJELTI Représentant permanent adjoint auprès de la FAO	Rome	BURKINA FASO Délégué B. N. ZIDOUEMBA Ambassadeur Représentant permanent auprès de la FAO	Rome
ARGENTINA - ARGENTINE Delegado Sra. I. DI GIOVAN BATTISTA Ministro Plenipotenciario Representante Permanente ante la FAO	Roma	Suppléant C. KIEMTORE Représentant permanent adjoint auprès de la FAO	Rome
Suplente E. DIAZ-BONILLA Ministro Consejero Agrícola Embajada de la República Argentina en Estados Unidos de América	Washington	CAMEROON - CAMEROUN - CAMERUN Délégué T. YANGA Représentant permanent adjoint auprès de la FAO	Rome
AUSTRALIA - AUSTRALIE Delegate Ms. R. KAVA Counsellor (Agriculture & Minerals) Alternate Permanent Representative to FAO	Rome	Suppléant J. BISSO EYA Sous-Directeur du Développement rural Ministère du plan	Yaoundé
AUSTRIA - AUTRICHE Delegate E. ZIMMERL Permanent Representative to FAO	Rome	CANADA Delegate B. HUFF Director, Economic Analysis Division Agriculture Canada	Ottawa
BANGLADESH Delegate M. T. HUSSAIN BEG Economic Counsellor Alternate Permanent Representative to FAO	Rome	CAPE VERDE - CAP-VERT - CABO VERDE Délégué A. LISBOA RAMOS Ambassadeur Représentant permanent auprès de la FAO	Rome
BELGIUM - BELGIQUE - BELGICA Délégué H. DE SCHRYVER Ambassadeur Représentant permanent auprès de la FAO	Rome	Suppléant Mme M. DE LOURDES MARTINS DUARTE Attaché agricole Représentant permanent adjoint auprès de la FAO	Rome
Suppléant Mme. C. TAQUET Représentant permanent adjoint auprès de la FAO	Rome	CHAD - TCHAD Délégué M. BAMANGA ABBAS Chargé d'affaires a.i. Représentant permanent adjoint auprès de la FAO	Rome
BRAZIL - BRÉSIL - BRASIL Delegate C. PARANHOS Deputy Permanent Representative to FAO	Rome	CHILE - CHILI Delegado S. FERNANDEZ Representante Permanente Adjunto ante la FAO	Roma
		Suplente L. RICARDO Representante Permanente Alterno ante la FAO	Roma

CHINA - CHINE

Delegate
HUANG YONG-NING
Minister
Permanent Representative to FAO Rome

Alternates
MA GENG-OU
Counsellor
Alternate Permanent Representative to FAO Rome

WANG JIAGEN
Division Chief
Ministry of Domestic Trade Beijing

ZHENG BO
Deputy Director
Department of International Cooperation
Ministry of Agriculture Beijing

CHEN ZHIXIN
Third Secretary
Permanent Representation to FAO Rome

COLOMBIA - COLOMBIE
Delegado
I. MARULANDA GOMEZ
Embajador
Representante Permanente ante la FAO Roma

Suplente
J. V. SANCHEZ
Consejero
Representante Permanente Alterno
ante la FAO Roma

COSTA RICA
Delegado
Sra. Y. GAGO
Representante Permanente Alterno
ante la FAO Roma

Suplentes
Srta. Y. HAG
Representante Permanente Alterno
ante la FAO Roma

Srta. M. SUÑOL PREGO
Representante Permanente Alterno
ante la FAO Roma

CUBA
Delegado
J. NUIRY SANCHEZ
Embajador
Representante Permanente ante la FAO Roma

CYPRUS - CHYPRE - CHIPRE

Delegate
C. LOIZIDES
Agricultural Attaché
Alternate Permanent Representative to FAO Rome

DENMARK - DANEMARK - DINAMARCA

Delegate
J. GLISTRUP
Permanent Representative to FAO Rome

DOMINICA - DOMINIQUE

Delegate
Mrs. A. H. BENJAMIN
Ambassador
Permanent Representative to FAO Rome

ECUADOR - EQUATEUR

Delegado
G. BASSANTE
Representante Permanente Alterno
ante la FAO Roma

Suplente
Srta. J. ZEDENO
Agregada Civil
Embajada del Ecuador Roma

EGYPT - EGYPTE - EGIPTO

Delegate
A. ABOUL-NAGA
Agricultural Counsellor
Alternate Permanent Representative to FAO Rome

EL SALVADOR

Delegado
Sra. M. E. JIMENEZ
Encargado de Negocios a.i.
Representante Permanente Adjunto
ante la FAO Roma

ESTONIA - ESTONIE

Delegate
Mrs. E. SUETT-ASKERSTAM
Ambassador
Permanent Representative to FAO Rome

ETHIOPIA - ETHIOPIE - ETIOPIA

Delegate
A. YILALA
Alternate Permanent Representative to FAO Rome

EUROPEAN ECONOMIC COMMUNITY COMMUNAUTE ECONOMIQUE EUROPEENNE COMUNIDAD ECONOMICA EUROPEA (Member Organization/Organisation Membre/ Organización Miembro) Delegate G. P. PAPA Permanent Representative to FAO	Rome	GHANA Delegate J. TURKSON Alternate Permanent Representative to FAO	Rome
Alternates U. KNÜPPEL Head of Section D.G. Agriculture	Bruxelles	GREECE - GRECE - GRECIA Delegate Mrs. C. KOLIOU-PETRAKAKOU Deputy Permanent Representative to FAO	Rome
L. DELGADO Permanent Representation	Rome	Alternate Mrs. I. EFSTATHIOU Economist Ministry of Agriculture	Athens
Miss S. GUALANDI Attaché Permanent Representation to FAO	Rome	GUATEMALA Delegado B. DEGER Ministro Consejero Embajada de Guatemala	Roma
Mrs. N. CRESTE Administrator Council of Ministers	Bruxelles	HONDURAS Delegado Sra. C. M. RAMIREZ DE LOPOEZ Ministro Plenipotenciario Representante Permanente Alterno ante la FAO	Roma
FINLAND - FINLANDE - FINLANDIA Delegate J. NIEMI Researcher Ministry of Agriculture and Forestry	Helsinki	Suplente Srta. G. CAROSI Asesor Embajada de Honduras	Rome
Alternate Ms. B. STENIUS-MLADENOV Minister Counsellor Permanent Representative to FAO	Rome	HUNGARY - HONGRIE - HUNGRIA Delegate Ms. P. BÓLYA Ministerial Counsellor Ministry of Agriculture	Budapest
FRANCE - FRANCIA Délégué J. LAUREAU Ambassadeur Représentant permanent auprès de la OAA	Rome	INDIA - INDE Delegate V. BHAGWAN Minister (Agriculture) Alternate Permanent Representative to FAO	Rome
Suppléants F. WALTER Ministère de l'économie	Paris	INDONESIA - INDONESIE Delegate S. LUMBANTOBING Minister Counsellor Embassy of Indonesia	Rome
C. BERGER Conseiller scientifique Représentation permanente auprès de la OAA	Rome	ISLAMIC REPUBLIC OF IRAN REPUBLIQUE ISLAMIQUE D'IRAN REPUBLICA ISLAMICA DEL IRAN Delegate P. KARBASI Adviser Alternate Permanent Representative to FAO	Rome
O. MARGUERITTE Premier secrétaire Représentation permanente auprès de la OAA	Rome		
GERMANY - ALLEMAGNE - ALEMANIA Delegate P. WITT Head of Division Federal Ministry of Food, Agriculture and Forestry	Bonn		

<p>IRAQ Delegate K. M. HASSAN Permanent Representative to FAO</p>	Rome	<p>LITHUANIA - LITUANIE - LITUANIA Delegate A. ZEMAITIS Ambassador Permanent Representative to FAO</p>	Rome
<p>IRELAND - IRLANDE - IRLANDA Delegate J. GAULE Alternate Permanent Representative to FAO</p>	Rome	<p>MADAGASCAR Délégué R. RABE Chargé d'affaires a.i. Représentant permanent adjoint auprès de la FAO</p>	Rome
<p>ISRAEL Delegate Miss T. RIMON Permanent Representative to FAO</p>	Rome	<p>MALAYSIA - MALAISIE - MALASIA Delegate CHE ANI SAAD Agricultural Attaché Alternate Permanent Representative to FAO</p>	Rome
<p>ITALY - ITALIE - ITALIA Délégué Mme. P. MARIN Ministère de l'agriculture et des forêts</p> <p>Suppléants Mme. S. PANEGROSSI Fonctionnaire Ministère de l'agriculture et des forêts</p>	Rome	<p>Alternates A. HAMID ISMAIL Principal Assistant Secretary Ministry of Primary Industry</p>	Kuala Lumpur
<p>Mme. S. NICOLI Fonctionnaire Ministère de l'agriculture et des forêts</p>	Rome	<p>Ab. GHAFFAR A. TAMBI Assistant Agricultural Attaché Alternate Permanent Representative to FAO</p>	Rome
<p>Mme. A. MILANO Fonctionnaire Ministère de l'agriculture et des forêts</p>	Rome	<p>MALTA - MALTE Delegate F. MONTANARO MIFSUD Ambassador Permanent Representative to FAO</p>	Rome
<p>JAPAN - JAPON Delegate R. MATSUMOTO Economist, Research Division Ministry of Agriculture, Forestry and Fisheries</p>	Tokyo	<p>MEXICO - MEXIQUE Delegado R. VELAZQUEZ HUERTA Representante Permanente Alternante ante la FAO</p>	Roma
<p>Alternate A. NIWA Alternate Permanent Representative to FAO</p>	Rome	<p>MOROCCO - MAROC - MARRUECOS Délégué M. SINACEUR Conseiller Représentant permanent adjoint auprès de la FAO</p>	Rome
<p>REPUBLIC OF KOREA REPUBLIQUE DE COREE REPUBLICA DE COREA, Delegate D. S. AHN Deputy Permanent Representative to FAO</p>	Rome	<p>Suppléant A. ARIFI Représentant permanent suppléant auprès de la FAO</p>	Rome
<p>LEBANON - LIBAN - LIBANO Délégué B. G. ASSAKER Conseiller Représentant permanent suppléant auprès de la FAO</p>	Rome	<p>MYANMAR Delegate U. AUNG PHONE Ambassador Permanent Representative to FAO</p>	Rome

NETHERLANDS - PAYS-BAS - PAISES BAJOS Delegate R. E. VAN SCHAAGEN Senior Economist Ministry of Economic Affairs The Hague	PHILIPPINES - FILIPINAS Delegate Srta. M. L. GAVINO Agricultural Analyst Embassy of the Philippines Rome
Alternate P. R. JANUS Alternate Permanent Representative to FAO Rome	PORTUGAL Delegate J. M. GARCIA Ministry of Agriculture Lisbon
NEW ZEALAND - NOUVELLE-ZELANDE NUEVA ZELANDIA Delegate Ms. C. H. BOGLE Alternate Permanent Representative to FAO Rome	SAUDI ARABIA, KINGDOM OF ARABIE SAOUDITE, ROYAUME D' ARABIA SAUDITA, REINO DE Delegate W. ELKHEREJI Permanent Representative to FAO Rome
NICARAGUA Delegado H. CARRION Embajador Representante Permanente ante la FAO Roma	Alternate B. SHALHOOB Alternate Permanent Representative to FAO Rome
Suplente W. W. NAVAS NAVAS Ministro Consejero Representante Permanente Alterno ante la FAO Roma	SPAIN - ESPAGNE - ESPAÑA Delegado J. GARCIA Y BADIAS Representante Permanente Adjunto ante la FAO Roma
NIGERIA Delegate F. BATURE Permanent Representative to FAO Rome	SRI LANKA Delegate N. MAGEDERAGAMAGE Alternate Permanent Representative to FAO Rome
NORWAY - NORVEGE - NORUEGA Delegate Ms. I. SCHØYEN Executive Officer Ministry of Foreign Affairs Oslo	SUDAN - SOUDAN Delegate G. AHMED Permanent Representative to FAO Rome
PAKISTAN Delegate SHAHID RASHID Agricultural Counsellor Alternate Permanent Representative to FAO Rome	SWEDEN - SUEDE - SUECIA Delegate I. GERREMO Agricultural Counsellor Alternate Permanent Representative to FAO Rome
PERU - PEROU Delegado E. ROSSL LINK Embajador Representante Permanente ante la FAO Roma	SWITZERLAND - SUISSE - SUIZA Délégué T. GLASER Office fédéral des affaires économiques extérieures Berne
Suplentes L. ANAVITARTE Representante Permanente Adjunto ante la FAO Roma	Suppléant H. POFFET Economiste Office fédéral de l'agriculture Berne
Srta. G. VASSALLO Representante Permanente Alterno ante la FAO Roma	

TANZANIA - TANZANIE		UNITED KINGDOM - ROYAUME-UNI - REINO UNIDO	
Delegate		Delegate	
J. K. MHELLA		D. CLAYTON	
Minister Counsellor		Head of Country Branch	
Alternate Permanent Representative to FAO	Rome	Ministry of Agriculture, Fisheries and Food	London
Alternate		Alternate	
Miss B. MAJEBELLE		D. SANDS SMITH	
Counsellor Trade		Minister	
Embassy of Tanzania	Rome	Permanent Representative to FAO	Rome
THAILAND - THAILANDE - TAILANDIA		UNITED STATES OF AMERICA	
Delegate		ETATS-UNIS D'AMERIQUE	
P. SETTHAWONG		ESTADOS UNIDOS DE AMERICA	
Deputy Director-General		Delegate	
Department of Internal Trade		C. THORN	
Ministry of Commerce	Bangkok	Agricultural Counsellor	
Alternates		US Mission	Geneva
M. SOMKANAE		Alternate	
Minister Counsellor (Commercial)		H. C. MUSSMAN	
Alternate Permanent Representative to FAO	Rome	Alternate Permanent Representative to FAO	Rome
P. KORSIEPORN		URUGUAY	
Alternate Permanent Representative to FAO	Rome	Delegado	
A. TONGDEE		Sra. G. DUBRA	
Senior Expert in Field Crops		Ministro	
Ministry of Agriculture & Cooperatives	Bangkok	Representante Permanente Adjunta ante la FAO	Roma
Mrs. L. SAMITCHART		VENEZUELA	
Ministry of Commerce	Bangkok	Delegado	
Senior Economist		Srta. M. C. VIANA DEL BARRIO	
P. RATANAKULSEREROENGRIT		Agregado Científico	
Trade Officer		Representante Permanente Alterno ante la FAO	Roma
Ministry of Commerce	Bangkok	Suplente	
TUNISIA - TUNISIE - TUNEZ		Srta. V. PEREZ	
Délégué		Segundo Secretario	
C. LAROUSI		Embajada de Venezuela	Roma
Représentant permanent auprès de la FAO	Rome	ZAMBIA - ZAMBIE	
TURKEY - TURQUIE - TURQUIA		Delegate	
Delegate		J. P. LUNGU	
G. OKURER		Alternate Permanent Representative to FAO	Rome
Permanent Representative to FAO	Rome	ZIMBABWE	
UGANDA - OUGANDA		Delegate	
Delegate		N. H. KATEDZA	
W. SAKIRA		Ambassador	
Permanent Representative to FAO	Rome	Permanent Representative to FAO	Rome
		Alternate	
		K. MUPEZENI	
		Alternate Permanent Representative to FAO	Rome

OBSERVERS FROM MEMBER NATIONS NOT MEMBERS OF COMMITTEE
OBSERVATEURS D'ETATS MEMBRES NE SIEGEANT PAS AU COMITE
OBSERVADORES DE LOS ESTADOS MIEMBROS QUE NO SON MIEMBROS DEL COMITE

BOLIVIA - BOLIVIE

Delegado
F. ABASTOFLOR CORDOVA
Representante Permanente Alterno
ante la FAO
Roma

POLAND - POLOGNE - POLONIA

Delegate
J. BIELAWSKI
Counsellor
Permanent Representative to FAO
Rome

RWANDA

Délégué
E. RUZINDANA
Chef
Division de la promotion élevage
Ministère de l'agriculture et de l'élevage
Kigali

OBSERVERS FROM UNITED NATIONS MEMBER STATES
OBSERVATEURS D'ETATS MEMBRES DES NATIONS UNIES
OBSERVADORES DE LOS ESTADOS MIEMBROS DE LAS NACIONES UNIDAS

CZECH REPUBLIC - REPUBLIQUE TCHEQUE - REPUBLICA CHECA

Delegate
A. SZABÓ
Embassy of the Czech Republic
Rome

RUSSIAN FEDERATION - FEDERATION DE RUSSIE - FEDERACION DE RUSIA

S. ANDREEV
Director
Russian Trade Representation
Rome

S. BOGDANOV
Permanent Observer to FAO
Rome

V. SHEVTCHENKO
Alternate Permanent Observer to FAO
Rome

HOLY SEE - SAINT-SIEGE - SANTA SEDE

Most Rev. A. WAGNER
Permanent Observer to FAO
Vatican City

L. BERNARDI
Agricultural Adviser
Permanent Observer to FAO
Vatican City

UNITED NATIONS AND SPECIALIZED AGENCIES
NATIONS UNIES ET INSTITUTIONS SPECIALISEES
NACIONES UNIDAS Y ORGANISMOS ESPECIALIZADOS

INTERNATIONAL MONETARY FUND - FONDS MONETAIRE INTERNATIONAL
FONDO MONETARIO INTERNACIONAL

Ms. E. DURAN
Senior Economist Geneva

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - CENTRE DU COMMERCE INTERNATIONAL CNUCED/GATT -
CENTRO DE COMERCIO INTERNACIONAL UNCTAD/GATT

B. OLSEN
Chief, Market Development Section
Commodities and Agro-based Products Geneva

WORLD FOOD PROGRAMME - PROGRAMME ALIMENTAIRE MONDIAL - PROGRAMA MUNDIAL DE ALIMENTOS

C. D. TUINENBURG
Senior Programme Adviser (Food Security)
Development Division Rome

Ms. A. M. PONZI
Resources Officer
Resources Division Rome

OBSERVERS FROM INTERGOVERNMENTAL ORGANIZATIONS
OBSERVATEURS DES ORGANISATIONS INTERGOUVERNEMENTALES
OBSERVADORES DE LAS ORGANIZACIONES INTERGUBERNAMENTALES

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)
ORGANISATION DE COOPERATION ET DE DEVELOPPEMENT ECONOMIQUES (OCDE)
ORGANIZACION DE COOPERACION Y DESARROLLO ECONOMICOS (OCDE)

G. SMITH
Principal Administrator Geneva
Agricultural Trade and Markets Division

OBSERVERS FROM NON-GOVERNMENTAL ORGANIZATIONS
OBSERVATEURS DES ORGANISATIONS NON-GOUVERNEMENTALES
OBSERVADORES DE LAS ORGANIZACIONES NO GUBERNAMENTALES

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS
FEDERATION INTERNATIONALE DES PRODUCTEURS AGRICOLES
FEDERACION INTERNACIONAL DE PRODUCTORES AGRICOLAS

G. PELÁ
Permanent Representative to FAO Rome

WORLD FEDERATION OF TRADE UNIONS
FEDERATION SYNDICALE MONDIALE
FEDERACION SINDICAL MUNDIAL

Mrs. A. L. CASADEI
Représentante permanente auprès de la FAO Rome

**DIRECTOR-GENERAL'S STATEMENT TO THE FIFTY-NINTH SESSION
OF THE COMMITTEE ON COMMODITY PROBLEMS ¹**

7 June 1993

Mr Chairman,
Distinguished Delegates and Observers,
Ladies and Gentlemen,

It is with great pleasure that I welcome you on behalf of the Director-General to the Fifty-ninth Session of the Committee on Commodity Problems. I also wish to congratulate you, Mr Chairman, on your election to this important position and to extend my best wishes for success in guiding the deliberations of this session.

I have the honour to make the following statement on behalf of the Director-General.

The Current Situation

The presence of numerous delegations here today is a continued affirmation of the importance attached by your governments and organizations to the work of this Committee, and this Session is taking place at a time when the world agricultural trading system is experiencing deep, structural problems. Indeed, your deliberations come at a crucial moment, when we must either react strongly to deteriorating market conditions or sit back and watch world agriculture fall into even graver difficulty.

I have become more and more concerned at the continuing decline in agricultural commodity prices. Compared with the beginning of the eighties, the real prices of agricultural, fishery and forestry products exported by the developing countries have fallen by 39 percent. Last year prices for coffee and cocoa were 69 percent lower in real terms than at the start of the 1980s, while palm oil had declined 49 percent and cotton and sisal by 47 percent. For the developed countries the decline has been 19 percent overall. As a consequence of falling prices since the early eighties, growth in the real value of export earnings from agriculture has been negligible. Many countries depend heavily on this source to finance their imports, including food; to service their foreign debts; and to revitalize their economies. Regrettably, compensation schemes to help developing countries offset falling export revenues have not been adequately financed.

1 Delivered on his behalf by Mr. H.W. Hjort, Deputy Director-General.

The reasons for the decline in prices include the slow rise in demand; policies; productivity gains and protectionism. The relatively slow growth of demand for agricultural commodities in general is linked to slow economic growth, especially in the industrialized countries, and may not improve appreciably in the near term, even though the demand for some individual products can be quite dynamic. As regards policies in the developing countries, we face here something of a paradox. An individual developing country that cuts export taxation can give a boost to production and exports. When many countries follow this path, however, prices fall and it is the weakest who suffer the most. Similarly, productivity gains are beneficial to the consumers and to those countries in the forefront of technical advance. For those countries without the resources to keep abreast of the latest technologies, the benefits to others turn into costs for them. Lagging productivity and falling prices is a recipe for disaster.

An important cause for declining prices is protectionism, which has unfortunately grown and continues to distort resource use in agriculture. It is largely a policy used by the industrialized countries. They continue to transfer to their producers incredibly large sums of money: in 1992 the OECD estimates these at US\$ 354 billion. That amount is over two and a half times the entire amount earned by all developing countries from their exports of agricultural, fishery and forestry exports in that year.

On a more positive note, an important recent trend has been the diversification of exports into some faster growing markets like horticulture and into processed agricultural, fisheries and forestry products. The market for this group of commodities world wide reached US\$ 138 billion in 1991 having grown by nearly 80 percent in the previous decade. Even here, however, the developed countries have out-performed the developing countries and the trade in these diversified products has its own difficulties. Thus the exports for some of the niche commodities are inevitably limited by the absorptive capacity of the market. The escalation of tariffs stunts the prospects of undertaking much more of the processing in the developing countries. Finally, the promotion of new products may displace the sale of traditional bulk commodities.

The Outlook

This brings me to the outlook for agricultural trade. We are just concluding our sixth round of agricultural commodity projections which point to some sombre conclusions. The trade growth of the main agricultural commodities is likely to slow down even more in the future, from 2.9 percent annually in the eighties to 1.4 percent in the period to the year 2000. Both the developed and the developing countries will share in the slowdown. Moreover, the agricultural trade balances of the developing countries will deteriorate. As a whole, they will become net importers of the main agricultural commodities, while the developed countries will become net exporters. The deterioration for developing countries as a whole is illustrated most dramatically by the projected increase in gross imports of cereals from around 120 million tons today to around 160 million tons by 2000. With what are they supposed to pay for these imports? The situation in Africa is particularly distressing. There, net trade in the main agricultural commodities valued at constant prices is expected to deteriorate by about US\$ 3 billion by the year 2000.

The Remedies

The main remedies attempted in the past have not yet led to the desired improvements. International commodity agreements are largely in abeyance. Compensatory payments schemes have managed to provide some relief to the developing countries but the amounts are rather small compared with the needs. Food aid accounts now for only 10 percent of cereal import requirements. Trade liberalization has not yet delivered the hoped-for gains. Although many countries, both developing and developed and most significantly the economies in transition have undertaken unilateral liberalization, real progress awaits the outcome of the Uruguay Round of Multilateral Trade Negotiations. Let us hope that the year 1993 will mark the first time that agriculture has been brought firmly into the mainstream of the post-war trade liberalization movement that has done so much to foster growth in other sectors of the economy.

Following a successful conclusion to the Uruguay Round, the immediate task would be to undertake an in-depth assessment of the outcome covering all the sectors of concern. We would then envisage a period of close monitoring and reporting on the implementation of the agreements.

The New Agenda

While the world awaits the Uruguay Round, a new agenda is shaping up for the years ahead. High on the list of priority concerns is the need to promote sustainable development by making trade and the environment mutually supporting. Fears about eco-protectionism will have to be addressed. FAO has an important role to play in these related areas and your Committee will be examining how best we may assist member nation governments, how best to use FAO's great store of technical skills to contribute to this subject.

Also high on the agenda will be the response of the international community to the proliferation of regional and preferential trading arrangements. Their advantages and disadvantages will need to be examined and their implications for the multilateral trading system weighed. In all this, the particular concerns of the developing countries will need to be addressed and the scope for greater economic cooperation among the developing countries enhanced. Among other growing concerns is the scope for further diversification in the agricultural exports of the developing countries.

What the new agenda is pointing to is the widely-felt need for significant improvements in the agricultural trading system so that it can play its part in fostering economic development. Your Committee has an important task ahead of it in contributing to the new challenges facing the world agricultural trading system.

Finally, Mr Chairman, I have taken careful note of the debate two weeks ago in the Intergovernmental Group on Grains on the streamlining of the system of Intergovernmental Groups. This debate obviously reflected a feeling among delegates that this question needed a proper and thorough examination. We in the Secretariat are of course fully ready to assist the Committee in this review if the Committee so decides. Our system of Intergovernmental Groups has done sterling work over the years as was amply demonstrated in the detailed

evaluation of FAO's activities on international trade undertaken by the Programme Committee last month. However, improvements should always be sought and I look forward to hearing the Committee's comments on this subject.

I wish you all success in your deliberations.

AGENDA

1. Organizational matters:
 - (a) Election of Chairman and Vice-Chairmen
 - (b) Adoption of Agenda and Timetable
2. Statement by the Director-General
3. Review of the World Commodity Situation and Outlook
4. Review of Activities of the Intergovernmental Commodity Groups:
 - (a) Oilseeds, Oils and Fats
 - (b) Rice
 - (c) Grains
 - (d) Hard Fibres
 - (e) Tea
 - (f) Jute, Kenaf and Allied Fibres
 - (g) Bananas
 - (h) Citrus Fruit
 - (i) Wine and Vine Products
 - (j) Meat
 - (k) Sub-Group on Hides and Skins
5. Review of the Work of the Consultative Subcommittee on Surplus Disposal (CSD)
6. Selected Commodity and Trade Issues:
 - (a) Medium-term Prospects for Agricultural Commodities; and
 - (b) Trade, Environment and Sustainable Agricultural Development
7. Follow-up Action to Conference Resolution 2/79 on Commodity Trade, Protectionism and Agricultural Adjustment:
 - (a) Developments in Protectionism in Agriculture; and
 - (b) Uruguay Round of Multilateral Trade Negotiations
8. International Action Relating to Agricultural Commodities: Developments in Other Organizations
9. Arrangements for the Sixtieth Session
10. Any Other Business
11. Adoption of Report

APPENDIX D

LIST OF DOCUMENTS ISSUED FOR THE FIFTY-NINTH SESSION OF
THE COMMITTEE ON COMMODITY PROBLEMS

Document Number		Provisional Agenda No.
CCP: 93/1	Provisional Agenda and Agenda Notes	1
CCP: 93/2	Report of the 9th Session of the Intergovernmental Group on Citrus Fruit, Havana, 30 September - 4 October 1991	4
CCP: 93/3	Report of the 9th Session of the Intergovernmental Group on Tea, Rome, 7 - 9 October 1991	4
CCP: 93/4	Report of the 25th Session of the Intergovernmental Group on Hard Fibres, Rome, 15-18 October 1991	4
CCP: 93/5	Report of the 27th Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres, New Delhi, 22 - 24 October 1991	4
CCP: 93/6	Report of the 25th Session of the Intergovernmental Group on Oilseeds, Oils and Fats, Rome, 30 March - 2 April 1992	4
CCP: 93/7	Report of the 5th Session of the Intergovernmental Group on Wine and Vine Products, Siena, Italy, 30 March - 3 April 1992	4
CCP: 93/8	Report of the 35th Session of the Intergovernmental Group on Rice, Rome, 6-9 April 1992	4
CCP: 93/9	Report of the 14th Session of the Intergovernmental Group on Meat, Rome, 27-30 April 1992	4
CCP: 93/9 Supplement 1	Report of the 3rd Session of the Sub-Group on Hides and Skins, Rome, 21-24 April 1992	4
CCP: 93/10	Report of the 10th Session of the Intergovernmental Group on Tea, Rome, 8-11 June 1992	4
CCP: 93/11	Report of the 26th Session of the Intergovernmental Group on Hard Fibres, Rome, 20-23 October 1992	4
CCP: 93/12	Report of the 28th Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres, Rome, 26 - 28 October 1992	4
CCP: 93/13	Report of the 13th Session of the Intergovernmental Group on Bananas, Honduras, 16 - 20 November 1992	4
CCP: 93/14	Report of the 26th Session of the Intergovernmental Group on Oilseeds, Oils & Fats, Rome, 13-16 April 1993	4
CCP: 93/15	Report of the 25th Session of the Intergovernmental Group on Grains, Rome, 25-28 May 1993	4
CCP: 93/16	Review of the World Commodity Situation and Outlook	3
CCP: 93/16 Supplement 1	Review of the World Commodity Situation and Outlook: Updating Statement	3

Document Number		Provisional Agenda No.
CCP: 93/17	Consultative Sub-Committee on Surplus Disposal: 34th Report to the CCP	5
CCP: 93/18	Medium-term Prospects for Agricultural Commodities: Agricultural Commodity Projections to 2000	6(a)
CCP: 93/19	International Trade, Environment and Sustainable Agricultural Development	6(b)
CCP: 93/20	Protectionism in Agricultural Trade: Review of Action taken on Conference Resolution 2/79	7(a)
CCP: 93/21	Developments in the Uruguay Round of Multilateral Trade Negotiations	7(b)
CCP: 93/22	International Action Relating to Agricultural Commodities - Interaction with International Organisations	8
CCP: 93/23	Developments regarding the Common Fund for Commodities relevant to Projects Sponsored by FAO's International Commodity Bodies	8

MEMBERSHIP OF THE COMMITTEE ON COMMODITY PROBLEMS

(biennium 1992-93)

(as at 11 June 1993)

ALGERIA	EUROPEAN ECONOMIC	MYANMAR
ANGOLA	COMMUNITY (Member Organization)	NETHERLANDS
ARGENTINA	FINLAND	NEW ZEALAND
AUSTRALIA	FRANCE	NICARAGUA
AUSTRIA	GABON	NIGERIA
BANGLADESH	GERMANY	NORWAY
BELGIUM	GHANA	PAKISTAN
BRAZIL	GREECE	PANAMA
BULGARIA	GUATEMALA	PERU
BURKINA FASO	HONDURAS	PHILIPPINES
CAMEROON	HUNGARY	PORTUGAL
CANADA	INDIA	SAUDI ARABIA, KINGDOM OF
CAPE VERDE	INDONESIA	SENEGAL
CHAD	IRAN, ISLAMIC REPUBLIC OF	SPAIN
CHILE	IRAQ	SRI LANKA
CHINA	IRELAND	SUDAN
COLOMBIA	ISRAEL	SWAZILAND
COSTA RICA	ITALY	SWEDEN
COTE D'IVOIRE	JAPAN	SWITZERLAND
CUBA	JORDAN	TANZANIA
CYPRUS	KENYA	THAILAND
DEMOCRATIC PEOPLE'S	KOREA, REPUBLIC OF	TUNISIA
REPUBLIC OF KOREA	LEBANON	TURKEY
DENMARK	LIBYA	UGANDA
DOMINICA	LITHUANIA	UNITED KINGDOM
ECUADOR	MADAGASCAR	UNITED STATES OF AMERICA
EGYPT	MALAWI	URUGUAY
EL SALVADOR	MALAYSIA	VENEZUELA
ESTONIA	MALTA	ZAIRE
ETHIOPIA	MEXICO	ZAMBIA
	MOROCCO	ZIMBABWE

Total: 90