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منظمة الأغذية
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pour
l'alimentation
et
l'agriculture

Organización
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Naciones
Unidas
para la
Agricultura
y la
Alimentación



COUNCIL

Hundred and Eighth Session

Rome, 5-16 June 1995

REPORT OF THE SIXTIETH SESSION OF THE
COMMITTEE ON COMMODITY PROBLEMS

Rome, 3-7 April 1995

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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, including follow-up to Conference Resolution 2/79. (paragraphs 6 to 12)
2. Its review of the activities of the Intergovernmental Commodity Groups. (paragraphs 13 to 19)
3. Its discussion of and decisions on the role and functioning of the intergovernmental groups. (paragraphs 20 to 22)
4. Its endorsement of the Thirty-fifth report of the Consultative Sub-Committee on Surplus Disposal. (paragraphs 23 to 25)
5. Its agreement on matters concerning tropical fruit. (paragraph 26)
6. Its review of the impact of Uruguay Round on Agriculture. (paragraphs 27 to 34)
7. Its review of the links between trade, environment and sustainable agricultural development. (paragraphs 35 to 42)
8. Its review of international action relating to agricultural commodities in other organizations. (paragraphs 43 to 53)

I. INTRODUCTION

1. The Committee on Commodity Problems held its 60th Session from 3 to 7 April 1995 at FAO Headquarters, Rome. Of the 101 members of the Committee for the biennium 1994-95, 88 were represented at the session. Five Member Nations of the Organization, one United Nations Member State, the Holy See and 11 international organizations participated as observers. The list of participants, including observers, is given in Appendix A.
2. The statement of the Director-General, Mr Jacques Diouf, 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.
3. The Committee elected Mr S. Hamdi (Tunisia) as Chairman, Mr A. Szabó (Czech Republic) as First Vice-Chairman, and Mr H. Comberbach (Zimbabwe) as Second Vice-Chairman.
4. The Committee was assisted during the session by a drafting committee composed of the delegations of Austria, Belgium, Cameroon, Canada, Costa Rica, Finland, Lesotho, Malaysia, Morocco, Panama, Thailand and Yemen, under the Chairmanship of Ms R. M. Kava (Australia).
5. The Committee adopted the agenda reproduced in Appendix C.

II. REVIEW OF WORLD COMMODITY SITUATION AND OUTLOOK, INCLUDING FOLLOW-UP TO CONFERENCE RESOLUTION 2/79

6. The Committee reviewed the world commodity situation and outlook, including follow-up to Conference Resolution 2/79 on Commodity Trade, Protectionism and Agricultural Adjustment, on the basis of document CCP 95/10. Issues regarding protectionism in relation to the Uruguay Round results were dealt with under agenda item 5. The Committee generally agreed with the assessment presented in the document and supplemented its content with some additional information on recent market and policy developments.
7. The Committee noted that the most significant development in agricultural markets in 1994 was the increase in international prices for several commodities and the consequent welcome boost to the export earnings of a number of developing countries. For developing countries as a whole, the price index of their agricultural, fishery and forestry export commodities had risen by over 20 percent in 1994, while that of the developed countries had increased by 2 percent. The Committee agreed that the single principal driving factor behind the boost in demand for many agricultural products had been the growth in world economic activity, although short-term weather related factors had also been behind the rise of prices of some key commodities.
8. The Committee welcomed the recovery in the international prices of commodities exported by developing countries, although it noted that several countries, particularly in Africa, may not have gained appreciably from these developments. Also, the Committee noted with concern that real prices received by developing countries were still well below the levels at the beginning of the eighties. Moreover, it was pointed out that the monetary gains from the rise in prices of some commodities provided but small relief given the external debts of developing countries and that the servicing costs of these debts had risen further in 1993 and probably in 1994. Finally, the point was made that, although prospects were for a levelling off in prices of some commodities, the faster than originally expected growth in economic activity in major countries would remain the chief driving force for further trade gains in the short-term.

9. In regard to follow-up to Conference Resolution 2/79, the Committee observed that traditional support and protection still loomed large and world agriculture was still conditioned by the continuing use of export subsidies and by heavy domestic support to farmers, mainly in the industrialized countries. In this context, some delegates pointed out that agriculture had a multifunctional role beyond generating agricultural products, including the protection of the environment, the ensuring of sustainability and the maintenance of biodiversity. Thus, in their view the multitude of services that it provided to the society, in addition to its direct production role, justified compensatory transfers of resources to the agricultural sector. Some other delegates argued that trade distorting payments were not justified. In their view, if such transfers had to be made they should be decoupled from production and not interfere with market forces.

10. The Committee was informed about policy developments that had taken place unilaterally and within the multilateral context which would contribute to a more open and market oriented global trading system. Some delegates noted the paradox that while, with a few exceptions, industrialized countries continued to provide high levels of support to agriculture, many developing countries continued their process towards further liberalization of agricultural trade, including towards private sector participation in imports of cereals, till recently the domain of the state or of parastatal agencies. It was pointed out that while such policies were expected to benefit export prospects of developing countries, they also resulted in certain adverse short-term food security effects, particularly in pursuance of structural adjustment programmes that many countries had embarked upon. Some representatives from developing countries also expressed their regret over erosion of their preferential treatment under the GSP and other preferential trading schemes.

11. In conclusion, the Committee agreed that important efforts to liberalize trade had been made, while levels of protectionism remained high, and that the process initiated by the Uruguay Round Agreement gave reasons for optimism. It was strongly underlined that continued efforts on the part of all countries involved in commercial agricultural transactions for a further reduction in protectionism in agricultural trade should continue. The Committee also considered that there was a need to expand further the demand for agricultural exports of developing countries and improve their competitiveness. In this connection, it was suggested that action should be undertaken in the context of international commodity agreements and that projects promoting trade expansion be supported by the Common Fund for Commodities.

12. In light of the above considerations, the Committee agreed that commodity problems and protectionism were only partially dealt with in the Uruguay Round Agreement and that there was need to continue to monitor developments in this area as required by Conference Resolution 2/79. Areas on which the Secretariat's work should concentrate in future covered: the monitoring of trends in protectionism, including developments in non-tariff barriers to trade, ecoprotectionism, ecolabelling and packaging requirements, and the whole area of quality standards within FAO's field of expertise and competence; the gathering of information and the provision of medium-term market analysis to assist developing countries, and in particular the Low Income Food Deficit Countries, in expanding their export markets and in the adoption of appropriate policies; assistance in diversification of production together with forward looking analysis of the market prospects of diversified, including processed, commodities; assistance to regional trade arrangements of developing countries, especially as regards harmonization of their national policies; assistance in the application of international agreements, such as the SPS Agreement, so that developing countries could benefit from potential market opportunities; and analysis as appropriate, of the usefulness of risk management instruments and private sector involvement in them. In all this, FAO should cooperate within its own mandate with the WTO, UNCTAD and other UN bodies and international organizations.

III. REVIEW OF SUBSIDIARY BODIES

i) Activities of the intergovernmental commodity groups

13. The Committee was informed by the Secretariat of the broad areas of activities of the eight Intergovernmental Groups (IGGs) which had met since its last session.

14. The Committee noted in particular the major areas of activity which had been addressed by the IGGs in the period under consideration. It was informed that all Groups had continued to fulfil a basic information exchange function to improve market transparency and to provide an analytical framework for the consideration of economic issues affecting the commodities concerned. The monitoring of the impact of policy developments on individual commodity markets had also been continued in the period since the Committee's last session. Aside from national policy reviews undertaken in many groups, major emphasis had been placed on the assessment of the impact on international trade of the Uruguay Round. The Committee was further informed of the increasing emphasis which the IGGs had started to give to analytical activities relating to environment and commodity trade as well as sustainable development. Many of the IGGs, particularly those which had been granted the status of International Commodity Bodies (ICBs) by the Common Fund for Commodities (CFC), had increasingly promoted technical improvement activities, including project development. The Committee noted that this interdisciplinary approach drew upon expertise available both within FAO, as well as in other organizations with which the IGGs cooperated, such as the World Bank, WHO, ITC, UNIDO, UNCTAD, the OIV and the IJO. Some delegates indicated the priority which they attached to technical improvement activities in the meat and hides and skins sectors.

15. The Committee was informed by delegates of several countries of market developments affecting various commodities covered by the IGGs. The representative of the European Community stressed in particular that the transition period for the reform of the Common Agricultural Policy would be completed in 1995/96, leading to a rebalancing of Community agricultural markets to avoid structural surpluses.

16. The Committee expressed the view that the very broad and varied spectrum of activities undertaken by the various IGGs rendered the consideration of their achievements and recommendations by the CCP a rather complex task. It was noted that in accordance with its Rules of Procedures, the Committee was called upon to receive and comment on the reports of its subsidiary bodies, and in recent sessions the practice had been for the Committee to formally endorse these reports, including the recommendations contained therein unless any specific exceptions arose. The Committee stressed the need to improve its links with its subsidiary bodies and to strengthen its guidance to the work programmes of the IGGs. Therefore, to assist it in this task, the Committee recommended that at future sessions it be provided by the Secretariat with a brief analytical document regarding the major activities, achievements and issues considered by the various IGGs, and summarizing their recommendations. It was stressed that the analytical aspects of this document should take account also of market developments and prospects facing the commodities concerned, as well as activities in other international fora. Some delegates expressed the view that IGG reports should aim towards facilitating the presentation of summary results through the adoption of reports restricted to major conclusions and recommendations.

17. The Committee took note of the reports of the following IGGs and their subsidiary bodies and in general approved the recommendations contained therein:

<i>Rice:</i>	Thirty-sixth Session, June/July 1993 (CCP 95/2); Thirty-seventh Session, November/December 1994 (CCP 95/9);
<i>Citrus Fruit:</i>	Tenth Session, October 1993 (CCP 95/3);
<i>Hard Fibres:</i>	Twenty-seventh Session, November/December 1993 (CCP 95/4);
<i>Jute, Kenaf & Allied Fibres:</i>	Twenty-ninth Session, December 1993 (CCP 95/5);

Bananas: Fourteenth Session, July 1994 (CCP 95/6);
Wine and Vine Products: Sixth Session, September 1994 (CCP 95/7);
Meat: Fifteenth Session, October 1994 (CCP 95/8); and
Sub-Group on Hides & Skins: Fourth Session, September 1994 (CCP 95/8 Supp.1).

18. In affirming the importance of producer/consumer consultations, one delegate drew attention to the economic and social importance of karité nut cultivation and export to a number of countries in the Sahel sub-region. Concerning the possible limitations on the use of karité nut butter in the manufacture of chocolate products, he appealed to ACP member countries and to the European Union to find an equitable solution which would safeguard the interests of ACP producers of both karité and cocoa, as well as of consumers, and requested FAO to provide appropriate technical support to such efforts.

19. Another delegate expressed the opinion that cocoa should not be replaced by other products in the making of chocolate.

ii) Role and functioning of the intergovernmental groups

20. The CCP reviewed this subject on the basis of a Secretariat report CCP 95/11, which had been prepared at the request of the Committee at its previous session. The Committee was also informed of salient features of the "Criteria and Procedures for the Establishment, Supervision and Termination of FAO Study Groups" as agreed at its 33rd Session in 1960 (CCP 95/CRS 1). The Committee, in order to make the IGGs more efficient and to make notable savings, agreed by consensus on the decisions given in the following paragraph.

21. In accordance with the successful joint efforts from Member States and the Secretariat for enhancing cost effectiveness of the main Governing Bodies Meetings in the Organization, i.e. Conference, Council, COFI, COFO, COAG, CFS, etc., by shortening the duration of the meetings, concentrating on substantive issues, improving the procedure of electing the Bureau and shortening the introduction of the agenda items, etc., the Committee made the following decisions for improving the functioning of the IGGs.

- Documents should be analytical and concise without affecting the substance, utilizing graphs and tables as possible, in the working languages.
- Reports for adoption at IGG meetings should be concise and focused mainly on conclusions and recommendations, utilizing time cost effective ways. More detailed reports can be prepared later by the Secretariat and forwarded to Member Countries.
- Utilize the procedure of pre-negotiation between groups and nomination of the Bureau at the beginning of each meeting.
- Discussion should be limited to substantial issues. Items for information will be included in the agenda with indication that no discussion is needed.
- Meetings will be held in principle every two years subject to the views expressed by Member States. Duration of each meeting should not exceed 2-3 days.
- Arranging of back-to-back meetings within one week for related commodities, on a trial basis, e.g.
 - Rice, Grains (and Oilseeds in next week)
 - Meat and Hides and Skins
 - Bananas, Citrus (and possibly Tropical Fruits, if agreed to)
 - Jute and Hard Fibres.
- For commodities such as Wine and Vine Products, and Tea, it would be encouraged that meetings be hosted by interested countries outside Rome, on a needs basis.
- Investigate the possibility with some member countries to sponsor some of the IGG meetings in Rome.

22. In the course of the discussion many views were expressed which the Secretariat was asked to take note of. The Committee agreed that this item should be on the agenda of its next session.

iii) Tropical fruit

23. The Committee considered a proposal formulated (CCP 95/1 Add.1) by an Informal Group on Tropical Fruit comprised of eight countries (Brazil, Cameroon, Chile, Egypt, India, Malaysia, Sudan and Uganda) calling for enhanced intergovernmental action on tropical fruits as well as for higher priority being attached by FAO to work on this commodity grouping. After giving due consideration to the conditions and procedures for establishing a new intergovernmental commodity body and enlarging the mandate of existing ones, the Committee agreed by consensus on the following three points:

- unanimously recognized the importance of tropical fruits for improvement of nutrition in the context of food security, poverty alleviation and export potential;
- welcomed the offer of Malaysia to convene an international consultation on tropical fruit in early 1996 with technical inputs from FAO;
- noted the recommendation of the Intergovernmental Group on Bananas that the Secretariat undertake a programme of work, with due regard to available resources, to present information on other tropical fruit at its next session to assist the Group in its consideration of appropriate follow-up action, including the possible establishment of a sub-group on tropical fruit if deemed desirable. The Committee authorized the Group, subject to the availability of the necessary financial resources, to consider the matter of other tropical fruit at its next session and requested it to report back to the Committee at its 61st session on the matter. The Committee requested the Secretariat to prepare the necessary documentation for that session, taking into account the report of Intergovernmental Group on Bananas, with a view to the possible expansion of the terms of reference of the Group to include other tropical fruit. At this Session, the Committee should have before it a report from the Director-General on the administrative and financial implications of any such proposal.

iv) Review of the work of the Consultative Subcommittee on Surplus Disposal (CSD)

24. The Committee endorsed the 35th Report of the CSD and congratulated its Chairperson, Ms. Fiona Cooper, for her excellent introductory presentation. Members were in general agreement that the work of the Subcommittee was important and made a valuable contribution in overseeing global food aid flows. Members agreed that the FAO Principles of Surplus Disposal developed over the years by the Subcommittee continued to be effective in avoiding the harmful impact of food aid on commercial trade and local production.

25. Members welcomed the incorporation of the CSD Principles of Surplus Disposal and Consultative Obligations in the WTO Agreement on Agriculture. It was agreed that the formation of the WTO Committee on Agriculture would make the work of the Subcommittee more important in the future, and the Subcommittee was urged to remain vigilant in ensuring that food aid not be used to circumvent the WTO disciplines on export subsidies. Members urged the Subcommittee to undertake a review of the Principles, focusing in particular on the Catalogue of Transactions, including the "grey area" transactions. Such a review must be undertaken in association with developments in the WTO Committee on Agriculture, in order for it to be most effective.

26. Several members urged that all food aid donors should follow the rules and procedures set out in the FAO Principles regarding notification, consultation and the establishment of Usual Marketing Requirements (UMRs). A suggestion was made that the rules should be strengthened but that there should be flexibility in setting UMRs, recommending specifically that the UMR and consultation obligations should be waived in cases where cereal donations were less than 10 000 metric tons for a twelve month period. It was also suggested that consideration be given to changing the name of the Subcommittee in view of the fact that its acronym (CSD), was similar to

another major UN body and that "surplus disposal" was perhaps not an appropriate description for the Subcommittee's title given the current global situation on food aid availability.

IV. IMPACT OF THE URUGUAY ROUND ON AGRICULTURE

27. The Committee reviewed the impact of the Uruguay Round on agricultural trade on the basis of the document CCP 95/13 and additional information provided by the Secretariat.

28. The Committee noted that the study focused on the implications of the Agreement on Agriculture only and not on the other agreements of the Final Act of the Uruguay Round. It also pointed out that, for a better understanding of this study, its limitations and partial coverage should be clearly and constantly underlined. In particular, it was recalled that the Uruguay Round outcome was a package, with benefits, actual as well as potential, for participants. That was recognized to be an important qualifier to aspects of the FAO study which, by focusing on agriculture, had naturally identified some geographical areas that had benefitted less from the Agriculture Agreement or in some cases won no immediate benefit at all, or in some cases would face higher import bills, i.e. Africa and the Near East. Broad participation in the Round should be seen as an indication of the importance countries attached to its achievements, leading to a more widespread welcome for the Uruguay Round agreements. Several delegations stressed their confidence that a further assessment of the longer term effects of the agreements, including that on agriculture, would show significant long-term net benefits.

29. The Committee welcomed the study and agreed, in general, with the overall approach used and took note of its conclusions. Based on the conclusions of the study, and despite its limitations noted above, many delegates from developing countries expressed their serious concern about the deterioration of their agricultural trade balances in the short to medium term.

30. The Committee recognized that developing countries would be facing considerable changes in world market conditions while also confronting a new, complex policy agenda. They would require a variety of assistance to capture potential benefits from new market opportunities and to cope with new problems and exigencies. The relatively sluggish growth of world markets for the principal agricultural commodities should encourage them into diversification and further processing of their primary agricultural commodities. In this connection, the possible benefits of the changes to the Multifibre Arrangement for the producers of natural fibres were emphasized. Technical assistance in policy formulation and sanitary and phytosanitary measures will need to be stepped up. In all this, the particular needs of the least developed countries will need to be given priority consideration.

31. The Committee noted the Secretariat's estimate that the loss of potential value of preferential trading schemes as a result of reduced tariffs would amount to around US\$ 0.8 billion. Many members considered that as the recipients of preferential schemes were often among the poorest of the developing countries, potential losses should be examined in depth by preference giving countries with a view to restoring the value of preferences by trade concessions or by other forms of assistance. Some preference giving countries indicated that they were taking steps to maintain the preferential margins in consideration of the difficulties developing countries might encounter but also stressed that the erosion of the value of preferential margins was one of the results foreseen of the Uruguay Round in which many developing countries participated and that the loss of preferences could be compensated for by trade creation gains in other markets.

32. The Committee expressed its concern about the projected growing cereal import gap of developing countries which, together with the projected higher import prices of basic foodstuffs, would result in greater expenditures for food imports. It noted that the projected increase in the food import bills could subject a number of countries, especially LIFD countries, to greater financial hardship in securing adequate imports. FAO should monitor closely this situation. It was pointed out that another analysis concluded that the rise in import costs attributable to the Uruguay

Round appeared to be small in relation to fluctuations in prices from time to time. The Committee also underscored the importance of Members adopting policies to take advantage of higher prices and stimulate sustainable domestic food production. Moreover, the Committee urged that every effort should be made to work out the modalities of the Decision incorporated in the Final Act on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. In this connection, some delegates stressed the need for FAO to undertake technical work on how to implement this Decision, including the definition of net food importing countries, the question of eligibility and possible trigger mechanisms. Some delegates stressed the importance of undertaking work on export credits as called for in the Decision. This work should be done in close cooperation with other international organizations concerned. The Committee was informed that the food security implications of the findings of the study would be considered by the Committee on World Food Security, which was scheduled to meet shortly.

33. The Committee noted the following main areas where national policies might need to be re-examined:

- the expected increase in food and agricultural prices in international markets may call for modifications in national food security and nutrition enhancement policies and strategies, including consumer price policies for food;
- although the rise in prices at the world level, coupled with use of tariffs, should lead to more appropriate incentives to producers, developing countries would need to evolve targeted and decoupled (Green Box) forms of assistance for their producers that could be implemented at low budgetary costs;
- although there was no agreement on the extent to which the Uruguay Round could lead to less international market price instability, the process of tariffication did mean that most countries would be more open to world market price changes than before. This would require consideration of using instruments compatible with the Agreement on Agriculture that could prevent excessive fluctuations of domestic prices, especially food prices;
- countries would need to assess carefully the extent to which countervailing measures might be required to offset the internal price depressing effects of continuing high levels of protectionism elsewhere though gradually declining, and take measures to increase food production and enhance food security in accord with their comparative advantages in a protectionism-free world;
- following tariffication, and hence the elimination of non-tariff barriers, there might well be increased scope for intra-regional or sub-regional or multilateral trading arrangements based on tariff concessions. In this connection, it was observed that non-tariff barriers had not yet been fully eliminated and countries were urged to comply with the Agreement on Agriculture provisions on this subject.
- countries not members of the GATT/WTO would need to assess carefully the costs/benefits of membership in view of the changed international trading environment; and
- countries would need to strengthen their technical services in the sanitary and phytosanitary areas.

34. The Committee recommended that within the resources of the Organization for the programmes on post-Uruguay Round activities, the following deserved high priority:

- monitoring, assessing and reporting on the levels of agricultural protection;
- assisting members and in particular developing countries in taking advantage of the market opportunities arising out of the Uruguay Round and in assessing the need to change their food and agricultural policies and the needs of net food importing countries;
- assisting members and in particular developing countries in assessing the impact of preferential trading blocs on their agricultural sectors and in the design of arrangements for sub-regional and regional harmonization of agricultural policies;

- providing policy and technical assistance to members and in particular the developing countries in preparing for the next round of trade negotiations on agriculture, including on new subject areas, notably sustainability and environmental issues, which are gaining in importance; and
- conducting further studies on the impact on the trade of selected agricultural commodities not covered in the Secretariat study as well as on issues such as the effects of changes in tariff escalation.

V. SELECTED COMMODITY AND TRADE ISSUES

i) Trade, environment and sustainable agricultural development

35. The Committee examined links between trade, environment and sustainable agricultural development on the basis of documents CCP 95/14 and CCP 95/15. It noted that these documents provided a progress report on empirical and analytical work by the Secretariat and other organizations on these issues, as recommended by the Committee at its 59th Session.

36. The Committee considered the subject was an important one for the Organization and appreciated the review contained in document CCP 95/14 on the activities of the IGGs on specific trade and environment problems, the preparation of a manual on the Economic Assessment of Production Related Environmental Impacts, as well as the analysis on the domestic and international policy implications of addressing the environmental impact associated with the production of agricultural commodities. It welcomed FAO's close collaboration with other international organizations working in this area to ensure complementarity of effort and avoid duplication.

37. The Committee noted that environmental problems associated with the production of agricultural commodities, and environmental regulations taken to protect the environment, varied considerably between countries and production systems in view of substantial differences of resource endowments, production technologies, natural assimilative capacities and levels of economic development. It noted that higher income countries were better able to put in place mechanisms to address environmental problems compared to low income countries, which often were compelled to emphasize economic growth even at the expense of the environment. However, all countries appreciated the need for the protection of their environment. In this connection, the Committee stressed that developing countries would require financial and technical assistance in order to develop human resources and infrastructure to implement appropriate environmental policies suited to their particular circumstances. Moreover, considering the multiple links between measures related to the environment and market access, and with a view to attenuating the costs of adapting the agricultural products of developing countries to international regulations on quality control, packaging and eco-labelling, the important role of FAO was underlined.

38. Several delegates, in referring to the valuation of environmental effects associated with agricultural production stressed that there were important positive environmental effects associated with agricultural production which needed to be taken into account. Inter alia, these possible external benefits of agricultural production related to the creation of rural landscape, prevention of flooding, fostering water resources, purification of the atmosphere and preservation of natural habitats. Some other delegates considered that often negative environmental effects outweighed such positive effects, especially in countries that had followed production subsidization policies in the past which were often responsible for environmental degradation, both in exporting and importing countries. Many delegates stressed that a freer and fairer trading system was a critical factor in improving environmental sustainability of agriculture and considered that trade and the environment were mutually supportive. In this connection, they favoured multilateral approaches for the adoption of environmental policies which could reinforce the complementarity between trade and environment. Some delegates drew attention to studies which had found that there was no systematic relationship between higher environmental standards and competitiveness, so that unilateral action to improve the environment would not necessarily lead to a loss of market shares.

39. The Committee was informed that the Intergovernmental Group on Jute, Kenaf and Allied Fibres had concentrated on the environmentally friendly aspects of jute to complement the environmental impact assessment studies being undertaken by the International Jute Organization. It was also informed that the Intergovernmental Group on Hard Fibres had developed a number of project proposals for international funding including for the Common Fund.

40. The Committee welcomed the initiative of the Secretariat to develop a methodology contained in document CCP 95/15 for the measurement of trade effects of regulations taken to deal with environmental problems.

41. The Committee, while considering that the methodology proposed by the Secretariat made a good start, it required further development and a number of issues needed clarification before it could be applied in practice. In this connection, work was required, inter alia, on the valuation problems involved, the parameters that would be considered in practice, and the types of environmental regulations that could be subject to measurement. Several delegates provided detailed comments on specific technical aspects of the methodology which in their view required further careful consideration. Some delegates also warned against possible misuse of such a methodology if it were to be perceived as a justification for the imposition of environmental measures on the grounds of "levelling the playing field" which however could act as barriers to trade. The Committee agreed on the need to review the proposed methodology in the light of the comments made above and in close collaboration with other organizations working in this area.

42. The Committee, in line with the mandate agreed by the Committee at its 59th session, agreed with the proposed programme of work of the Secretariat for the next biennium, which mostly represented continuation of on-going activities by the various IGGs, namely:

- to undertake further commodity environmental studies;
- to test the methodology of economic valuation of environmental impacts on a selected commodity;
- to undertake some development work on the methodology for assessing the trade effects of environmental measures, and
- to monitor developments in trade related environmental measures as regards agricultural commodities.

ii) International action relating to agricultural commodities:

Developments in other organizations

43. The Committee reviewed, with the help of Secretariat document CCP 95/16, developments regarding the Common Fund for Commodities (CFC) relevant to the Intergovernmental Groups in their capacity as International Commodity Bodies (ICBs). The representative from the Common Fund provided up-dated information and clarifications as needed for the Committee's conclusions.

44. The Committee was informed that, following its own recommendation at the previous Session, *ad hoc* and flexible solutions for project supervision, had been developed jointly with the Secretariat of the CFC and a number of Intergovernmental Groups had already adopted them. The Common Fund had also agreed to earmark an amount of US\$15 000 per project per annum for five years, on a case-by-case basis, for supervisory purposes. The Committee also took note of the facilities introduced or under preparation by the Common Fund regarding financial support to project preparation on a selected basis and the possible use of First Account Resources for commodity market development, through the use of simple market risk management instruments.

45. The Committee welcomed the improvement in the relationship between FAO and its ICBs on the one hand and the Common Fund on the other hand, since it last met. It appreciated the progress made with the CFC's acceptance of projects sponsored by the CCP's subsidiary bodies and requested to be given a table at its next session providing information on project budgets, executing

agency, supervisory body and other relevant aspects. The Committee also endorsed the practical supervisory arrangement which FAO and the Fund had worked out jointly and welcomed the Fund's financial assistance to this function. In regard to the possible dual role of FAO as Project Executing Agency and Supervisory Body, the Committee recommended that the IGGs/ICBs should determine, on a case-by-case basis, whether FAO should execute a project or whether the IGG would assume supervisory functions for it, both responsibilities being mutually exclusive. The Committee also urged members of the IGGs themselves to assume a more prominent role in raising co-financing needed for projects. Finally, the Committee resolved that FAO needed to be remunerated appropriately for its inputs into project formulation or guidance provided to project preparation by outside institutions. It was suggested that the IGG on Grains look into the possibility of extending its mandate to encompass pulses as well as roots and tubers for Common Fund purposes.

46. Finally, the Committee welcomed the joint initiative of the Common Fund and FAO to prepare a Memorandum of Responsibilities to formalize outstanding issues. It authorized FAO to use its discretion in negotiating substantive, operational and financial provisions for inclusion in this legal tool, which were in the Organization's legitimate interest.

47. The Committee was informed about recent developments in international action concerning agricultural commodities in major international bodies, as well as the collaborative role of FAO with them. The Committee welcomed this collaboration and stressed that this be intensified.

48. The observer of the OECD referred to the role the Organization had played in the Uruguay Round negotiations on the Aggregate Measure of Support through its monitoring of support to agriculture. He informed the Committee about the recently published Agricultural Outlook 1995-2000 for the main temperate commodities which integrated the impact of the Uruguay Round. As regards the Uruguay Round, he stressed that activities in the OECD and FAO were very complementary.

49. The observer of ITC informed the Committee about commodity specific activities which were carried out in cooperation with individual IGGs. ITC has continued to provide the interim secretariat for the International Spice Group and has made efforts to obtain support for having it designated as an International Commodity Body which need not involve any extra costs for the participating countries. As regards work on promotion of tropical fruit, he referred to preparation of market surveys or direct support to exporters in developing countries, and ITC's Market News Service which provided market and price information on tropical fruits.

50. The observer of UNCTAD informed the Committee about ongoing activities of the Organization especially as a follow-up to the Uruguay Round. He referred in particular to a study under preparation which drew on the results of other organizations, including those of FAO for the agricultural sector, covering also minerals and metals, with the view to assess the impact of the specific Uruguay Round commitments for diversification prospects of developing countries and new export opportunities. He recalled United Nations Resolution 49/104 adopted on 15 December 1994 which had noted the complementarity of the work under way at FAO, on the impact of the results of the Uruguay Round on individual commodities, to the work under way in UNCTAD. The observer expressed appreciation for the valuable and continuous cooperation between UNCTAD and FAO.

51. The observer of the World Trade Organization noted that parts of the Final Act other than the Agreement on Agriculture could be of significance to the agricultural sector, particularly the Agreement on Textiles and Clothing for the fibres sector. She also clarified that developing countries that had offered ceiling bindings to their agricultural tariffs in place of full tariffication were still obliged to abolish non-tariff barriers to trade.

52. The Committee strongly supported FAO's efforts to gain observer status in the bodies of the World Trade Organization relevant to FAO's work.

53. The representative of the International Sugar Organization explained the objectives and the functioning of the new International Sugar Agreement which had entered into force in 1993, and appealed to non-members to join the Agreement. He reported that its main objective was the strengthening of international cooperation on world sugar matters and related issues through a newly developed comprehensive programme of work.

VI. ARRANGEMENTS FOR THE 61ST SESSION

54. The Committee requested the Director-General to set the date of the next session in consultation with the Chairman, taking into consideration the schedule of other meetings.

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

MEMBERS OF THE COMMITTEE/MEMBRES DU COMITE/MIEMBROS DEL COMITE

ALBANIA - ALBANIE		BANGLADESH	
Delegate		Delegate	
P. PASKO		K. HAMID	
Alt. Permanent Representative to FAO	Rome	Ambassador	
		Permanent Representative to FAO	Rome
ALGERIA - ALGERIE - ARGELIA		Alternates	
Délégué		K. RAB	
Mlle T. FEROUKHI		Bangladesh Jute Mills Corporation	Dhaka
Ministère des affaires étrangères	Alger		
Suppléant		M. T. H. BEG	
N. RIMOUCHE		Alt. Permanent Representative to FAO	Rome
Représentant permanent adjoint			
auprès de la FAO	Rome	BELGIUM - BELGIQUE - BELGICA	
		Délégué	
ANGOLA		Mme. R. DE CLERCQ	
Délégué		Représentant permanent adjoint	
A. A. ERVEDOSA ABREU		auprès de la FAO	Rome
Ambassadeur		Suppléants	
Représentant permanent		G. YSEBAERT	
auprès de la FAO	Rome	Ministère de l'agriculture	Bruxelles
Suppléant		Mme. C. TAQUET	
P. A. KANGA		Représentant permanent suppléant	
Représentant permanent adjoint		auprès de la FAO	Rome
auprès de la FAO	Rome		
ARGENTINA - ARGENTINE		BOLIVIA - BOLIVIE	
Delegado		Delegado	
Sra. I. DI GIOVAN BATTISTA		Sra. M. PAZ ESTENSSORO CORTEZ	
Representante Permanente ante la FAO	Roma	Embajadora	
		Representante Permanente ante la FAO	Roma
AUSTRALIA - AUSTRALIE		Suplentes	
Delegate		R. LEMA TRIGO	
L.L.E. JOSEPH		Representante Permanente Alterno	
Ambassador		ante la FAO	Roma
Permanent Representative to FAO	Rome		
Alternate		F. ABASTOFLOR CORDOVA	
Mrs R. M. KAVA		Representante Permanente Alterno	
Counsellor (Agriculture and Minerals)		ante la FAO	Roma
Alt. Permanent Representative to FAO	Rome		
AUSTRIA - AUTRICHE		BRAZIL - BRESIL - BRASIL	
Delegate		Delegate	
G. SCHLÖGL		A. GURGEL DE ALENCAR	
Ministry of Agriculture & Forestry	Vienna	Permanent Representative to FAO	Rome
Alternate		Alternates	
E. ZIMMERL		M. A. DINIZ BRANDÁO	
Permanent Representative to FAO	Rome	Deputy Permanent Representative to FAO	Rome

N. R. JORGE Alternate Permanent Representative to FAO	Rome	CHINA - CHINE Delegate TANG ZHENGPING Permanent Representative to FAO	Rome
BURKINA FASO Délégué C. KIEMTORE Représentant permanent adjoint auprès de la FAO	Rome	Alternates TANG SHENGYAO Ministry of Agriculture	Beijing
BURUNDI Délégué S. NIMUBONA Office du thé du Burundi	Bujumbura	WANG GUIJI Ministry of Internal Trade	Beijing
Suppléants J.-B. MBONYINGINGO Ambassadeur Représentant permanent auprès de la FAO	Rome	DENG YIWU Ministry of Internal Trade	Beijing
A. BANKAMBONA Représentant permanent adjoint auprès de la FAO	Rome	YUAN HAIYING Permanent Representation to FAO	Rome
CAMEROON - CAMEROUN - CAMERUN Delegate T. YANGA Deputy Permanent Representative to FAO	Rome	COLOMBIA - COLOMBIE Delegado H. AGUDELO VILLA Embajador Representante Permanente ante la FAO	Roma
CANADA Delegate B. HUFF Agriculture and Agri-Food Canada	Ottawa	Suplentes Sra. A. C. DEL LLANO RESTREPO Representante Permanente Adjunto ante la FAO	Roma
Alternate R. ROSE Department of Foreign Affairs and International Trade	Ottawa	Sra. C. E. RUANO JIMENEZ Representación Permanente ante la FAO	Roma
CAPE VERDE - CAP-VERT - CABO VERDE Délégué A. LISBOA RAMOS Ambassadeur Représentant permanent auprès de la FAO	Rome	CONGO Délégué J. S. KAYA-KOMBO Représentant permanent adjoint auprès de la FAO	Rome
Suppléant Mme M. de L. MARTINS DUARTE Représentant permanent suppléant auprès de la FAO	Rome	COSTA RICA Delegado C. DI MOTTOLA BALESTRA Representante Permanente ante la FAO	Roma
CHAD - TCHAD Délégué B. ABBAS MALLOUM Représentant permanent suppléant auprès de la FAO	Rome	Suplentes D. EDWARDS BORBON Representante Permanente Alterno ante la FAO	Roma
CHILE - CHILI Delegado P. A. MEDRANO ROJAS Representante Permanente ante la FAO	Roma	Sra. M. SUÑOL PREGO Representante Permanente Alterno ante la FAO	Roma
Suplente R. LEON-VALDES Representante Permanente Alt. ante la FAO	Roma	COTE D'IVOIRE Délégué S. SAKO Représentant permanent auprès de la FAO	Rome
		Suppléant G. DOH-DJANHOUNDY Représentant permanent adjoint auprès de la FAO	Rome

CUBA Delegado J. NUIRY SANCHEZ Embajador ante la FAO Representante Permanente ante la FAO	Roma	EL SALVADOR Delegado Sra. M. E. JIMENEZ Representante Permanente Adjunto ante la FAO	Roma
Suplente P. P. SAN JORGE RODRIGUEZ Ministerio de Comercio Exterior de Cuba	Habana	Suplente E. VIDES Embajada de El Salvador	Roma
CZECH REPUBLIC - REPUBLIQUE TCHEQUE - REPUBLICA CHECA Delegate A. SZABÓ Permanent Representative to FAO	Rome	ETHIOPIA - ETHIOPIE - ETIOPIA Delegate GEBREHIWOT REDAI Alternate Permanent Representative to FAO	Rome
Alternate M. SVOBODA Ministry of Agriculture	Prague	EUROPEAN COMMUNITY COMMUNAUTE EUROPEENNE COMUNIDAD EUROPEA (Member organization/Organisation Membre/ Organización Miembro) Délégué G. P. PAPA Représentant permanent auprès de la FAO	Rome
CYPRUS - CHYPRE - CHIPRE Delegate C. LOIZIDES Alternate Permanent Representative to FAO	Rome	Suppléants L. DELGADO SANCHO Représentant permanent adjoint auprès de la FAO	Rome
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA REPUBLIQUE POPULAIRE DEMOCRATIQUE DE COREE - REPUBLICA POPULAR DEMOCRATICA DE COREA Delegate CHOE TAEK SAN Permanent Representative to FAO	Rome	Mme. A. SILVEIRA-REIS Conseil de l'Union européenne	Bruxelles
Alternates YUN SU CHANG Deputy Permanent Representative to FAO	Rome	R. DE SANTIS Commission des Communautés européennes	Bruxelles
KIM DONG SU Alternate Permanent Representative to FAO	Rome	M. GEHOT (DG.VI-H) Consultant	Bruxelles
DENMARK - DANEMARK - DINAMARCA Delegate N. SØNDERBYE Ministry of Agriculture and Fisheries	Copenhagen	FINLAND - FINLANDE - FINLANDIA Delegate J. NIEMI Ministry of Agriculture and Forestry	Helsinki
DOMINICA - DOMINIQUE Delegate Sra. H.A.H. BENJAMIN Permanent Representative to FAO	Rome	Alternate Mrs B. STENIUS-MLADENOV Permanent Representative to FAO	Rome
ECUADOR - EQUATEUR Delegado F. SUESCUM-OTTATI Representante Permanente Adjunto ante la FAO	Roma	FRANCE - FRANCIA Délégué J. LAUREAU Ambassadeur auprès de l'OAA Représentant permanent auprès de l'OAA	Rome
EGYPT - EGYPTE - EGIPTO Delegate A. ABOUL-NAGA Alternate Permanent Representative to FAO	Rome	Suppléant C. BERGER Représentant permanent suppléant auprès de l'OAA	Rome
		GERMANY - ALLEMAGNE - ALEMANIA Delegate P. WITT Federal Ministry of Food, Agriculture & Forestry	Bonn

GHANA Delegate Mrs. T. STRIGNER SCOTT Permanent Representative to FAO	Rome	Alternates A. CHERAGHALI Alternate Permanent Representative to FAO	Rome
Alternate M. I. SEIDU Alternate Permanent Representative to FAO	Rome	A. AMINI Alternate Permanent Representative to FAO	Rome
GREECE - GRECE - GRECIA Delegate Mrs. H-M. TICOF Ministry of Agriculture	Athens	M. A. YAZDANI Alternate Permanent Representative to FAO	Rome
Alternate Mrs. C. KOLIOU Deputy Permanent Representative to FAO	Rome	IRAQ Delegate K. M. HASSAN Permanent Representative to FAO	Rome
GUATEMALA Delegado B. DEGER BATTAGLIA Representante Permanente Adjunto ante la FAO	Roma	Alternate A. H. MAJEED Alternate Permanent Representative to FAO	Rome
HAITI Délégué S. PERCY Représentant permanent adjoint auprès de la FAO	Rome	IRELAND - IRLANDE - IRLANDA Delegate A. O'DRISCOLL Alternate Permanent Representative to FAO	Rome
HUNGARY - HONGRIE - HUNGRIA Delegate L. VAJDA Ministry of Agriculture	Budapest	ITALY - ITALIE - ITALIA Délégué Mme A. MILANO Ministère des ressources agricoles, alimentaires et des forêts	Rome
Alternate Mrs M. GÁLVÖLGYI Permanent Representative to FAO	Rome	Suppléant Mme P. MARIN Ministère des ressources agricoles, alimentaires et des forêts	Rome
INDIA - INDE Delegate A. SINHA Alternate Permanent Representative to FAO	Rome	Mme A. PANEGROSSI Ministère des ressources agricoles, alimentaires et des forêts	Rome
INDONESIA - INDONESIA Delegate TRI WIBOWO Alternate Permanent Representative to FAO	Rome	V. CAMILLA Ministère des ressources agricoles, alimentaires et des forêts	Rome
Alternate U.S. MAWARDANA Assistant Agricultural Attaché Embassy of Indonesia	Rome	A. MEREU ISMEA-Italia	Roma
ISLAMIC REPUBLIC OF IRAN REPUBLIQUE ISLAMIQUE D'IRAN REPUBBLICA ISLAMICA DEL IRAN Delegate M. S. NOORI-NAINI Ambassador to FAO Permanent Representative to FAO	Rome	Mlle F. CICCARELLI ISMEA - Italia	Roma
		JAPAN - JAPON Delegate H. KISHI Permanent Representative to FAO	Rome
		Alternates A. UDOGUCHI Ministry of Agriculture, Forestry & Fisheries	Tokyo
		K. KAWAKAMI Alternate Permanent Representative to FAO	Rome

KENYA Delegate P. K. CHEPKWONY Alternate Permanent Representative to FAO	Rome	MOROCCO - MAROC - MARRUECOS Délégué A. ARIFI Représentant permanent suppléant auprès de la FAO	Rome
Alternate Miss A. N. SHANI Commercial Attaché Embassy of Kenya	Rome	Suppléant Mlle W. ZNIBER Représentant permanent suppléant auprès de la FAO	Rome
KOREA, REPUBLIC OF - COREE, REPUBLIQUE DE - COREA, REPUBLICA DE Delegate H. BAIK Deputy Permanent Representative to FAO	Rome	MYANMAR Delegate U NYAN LYNN Alternate Permanent Representative to FAO	Rome
Alternate K. YOON Alternate Permanent Representative to FAO	Rome	NETHERLANDS - PAYS-BAS - PAISES BAJOS Delegate J. B. PIETERS Permanent Representative to FAO	Rome
LESOTHO Delegate T. KHALEMA Alternate Permanent Representative to FAO	Rome	Alternates J. A. M. VAN SLUISVELD Ministry of Agriculture, Nature Management and Fisheries	The Hague
LIBYA - LIBYE - LIBIA Delegate M. M. SEGHAHER Alternate Permanent Representative to FAO	Rome	P. R. JANUS Alternate Permanent Representative to FAO	Rome
LITHUANIA - LITUANIE - LITUANIA Delegate A. ZEMAITIS Ambassador to FAO Permanent Representative to FAO	Rome	NEW ZEALAND - NOUVELLE-ZELANDE NUEVA ZELANDIA Delegate Ms. C. BOGLE Alternate Permanent Representative to FAO	Rome
MADAGASCAR Délégué R. RABE Représentant permanent adjoint auprès de la FAO	Rome	NIGER Délégué Mlle. H. IBRAHIM Représentant permanent adjoint auprès de la FAO	Rome
MALAYSIA - MALAISIE - MALASIA Delegate CHE ANI BIN SAAD Alternate Permanent Representative to FAO	Rome	NIGERIA Delegate F. BATURE Permanent Representative to FAO	Rome
Alternate AB. GHAFAR A. TAMBI Alternate Permanent Representative to FAO	Rome	NORWAY - NORVEGE - NORUEGA Delegate T. KONGSVIK Alternate Permanent Representative to FAO	Rome
MEXICO - MEXIQUE Delegado M. MOYA PALENCIA Representante Permanente ante la FAO	Roma	PAKISTAN Delegate S. RASHID Alternate Permanent Representative to FAO	Rome
Suplente J. ROBLES AGUILAR Representante Permanente Adjunto ante la FAO	Roma	PANAMA Delegado H. MALTEZ Representante Permanente Adjunto ante la FAO	Roma

PERU - PEROU Delegado E. ROSSL LINK Embajador ante la FAO Representante Permanente ante la FAO	Roma	SLOVAKIA - SLOVAQUIE - ESLOVAQUIA Delegata M. KADLEČÍKOVÁ Permanent Representative to FAO	Rome
Suplente Srta. G. VASSALLO CONSOLI Representante Permanente Alterna ante la FAO	Roma	Alternate S. GOGA Ministry of Agriculture	Bratislava
PHILIPPINES - FILIPINAS Delegata R. N. ALCASID Department of Agriculture	Quezon City	SPAIN - ESPAGNE - ESPAÑA Delegado C. ARANDA MARTIN Representante Permanente ante la FAO	Roma
Alternates Ms. M. LAPUZ National Food Authority	Metro Manila	Suplentes A. CAMPANERO GARCIA Ministerio de Agricultura, Pesca y Alimentación	Madrid
N. D. DE LUNA Deputy Permanent Representative to FAO	Rome	J. GARCIA BADIAS Representante Permanente Adjunto ante la FAO	Roma
Miss M. L. GAVINO Alternate Permanent Representative to FAO	Rome	SRI LANKA Delegata U. PETHIYAGODA Permanent Representative to FAO	Rome
POLAND - POLOGNE - POLONIA Delegata J. BIELAWSKI Permanent Representative to FAO	Rome	Alternate R. D. S. KUMARARATNE Alternate Permanent Representative to FAO	Rome
PORTUGAL Delegata Mrs H.J. ABECHSIS Ministry of Agriculture	Lisbon	SUDAN - SOUDAN Delegata M. S. M. A. HARBY Permanent Representative to FAO	Rome
ROMANIA - ROUMANIE - RUMANIA Délégué G. APOSTOIU Représentant permanent auprès de la FAO	Rome	SWEDEN - SUEDE - SUECIA Delegata R. ÅKESSON Ministry of Agriculture	Stockholm
SAUDI ARABIA, KINGDOM OF ARABIE SAOUDITE, ROYAUME D' ARABIA SAUDITA, REINO DE Delegata A. SULEIMAN AL-AQUIL Permanent Representative to FAO	Rome	Alternate I. GERREMO Alternate Permanent Representative to FAO	Rome
Alternate B. SHALHOOB Alternate Permanent Representative to FAO	Rome	SWITZERLAND - SUISSE - SUIZA Délégué T. GLASER Office fédéral des affaires économiques extérieures	Berne
SENEGAL Délégué MAME BALLA SY Ambassadeur Représentant permanent auprès de la FAO	Rome	Suppléant H. POFFET Office fédéral de l'agriculture	Berne
Suppléant MOUSSA BOCAR LY Représentant permanent adjoint auprès de la FAO	Rome	I. N. MARINCEK Représentant permanent auprès de la FAO	Rome

SYRIA - SYRIE - SIRIA N. AL-SHIBANI Ministry of Agriculture	Damascus	Alternate D. SANDS SMITH Permanent Representative to FAO	Rome
Alternates H. KHADDOUR Alternate Permanent Representative to FAO	Rome	UNITED STATES OF AMERICA ETATS-UNIS D'AMERIQUE ESTADOS UNIDOS DE AMERICA Delegate T. J. GALVIN Foreign Agricultural Service Department of Agriculture	Washington
N. ABAID Chief of the Cabinet of the Minister Embassy of Syria	Rome	Alternates E. W. DENNEY International Cooperation & Development Foreign Agricultural Service Department of Agriculture	Washington
TANZANIA - TANZANIE Delegate J. K. MHELLA Alternate Permanent Representative to FAO	Rome	F. J. VACCA Alternate Permanent Representative to FAO	Rome
THAILAND - THAILANDE - TAILANDIA Delegate BOONTAM PROMMANI Ministry of Agriculture and Cooperatives	Bangkok	URUGUAY Delegado Sra. G. DUBRA Representante Permanente Adjunto ante la FAO	Roma
Alternates THANIT YINGVANA-SIRI Permanent Representative to FAO	Rome	VENEZUELA Delegado F. GERBASI Embajador Representante Permanente ante la FAO	Roma
CHARAS TEESUTAT Ministry of Commerce	Bangkok	Suplente Srta. V. PÉREZ PÉREZ Representante Permanente Alterno ante la FAO	Roma
PINIT KORSIEPORN Alternate Permanent Representative to FAO	Rome	ZAIRE Délégué D. PHOBA Ambassade du Zaïre	Rome
ARUNWAN WISAMITTANAN Ministry of Commerce	Bangkok	ZIMBABWE Delegate S. H. COMBERBACH Ambassador Permanent Representative to FAO	Rome
KASEM PRASUTSANGCHAN Alternate Permanent Representative to FAO	Rome	Alternate Ms. S. NYAMUDEZA First Secretary Embassy of Zimbabwe	Rome
TUNISIA - TUNISIE - TUNEZ Délégué S. HAMDI Représentant permanent auprès de la FAO	Rome		
Suppléant A. KHALDI Ministère de l'agriculture	Tunis		
UGANDA - OUGANDA Delegate W. SAKIRA Alternate Permanent Representative to FAO	Rome		
Alternate J. MUTABAZI Alternate Permanent Representative to FAO	Rome		
UNITED KINGDOM - ROYAUME-UNI REINO UNIDO Delegate Miss S. E. BROWN Ministry of Agriculture, Fisheries and Food	London		

**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**

CROATIA - CROATIE - CROACIA

Delegate
B. ČEČUK
First Secretary
Alternate Permanent Representative to FAO

Rome

DOMINICAN REPUBLIC - REPUBLIQUE DOMINICAINE - REPUBLICA DOMINICANA

Delegado
A. LEBRON PUMAROL
Embajador
Representante Permanente ante la FAO

Roma

MAURITIUS - MAURICE - MAURICIO

Delegate
D. CANGY
Representative of the Ambassador of
Mauritius to FAO

Rome

SOUTH AFRICA - AFRIQUE DU SUD - SUDAFRICA

Delegate
Mrs. I. DU TOIT
Principal Economist
Department of Agriculture

Pretoria

YEMEN

Delegate
A. H. AL-HAWRI
Alternate Permanent Representative to FAO

Rome

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

UKRAINE - UCRANIA

Delegate
V. VILSKY
Counsellor
Embassy of Ukraine

Rome

**PERMANENT OBSERVER TO FAO - OBSERVATEUR PERMANENT AUPRES DE LA FAO
OBSERVADOR PERMANENTE ANTE LA FAO**

HOLY SEE - SAINT-SIEGE - SANTA SEDE

Monseigneur A. WAGNER
Permanent Observer to FAO

Vatican City

V. BUONOMO
Alternate Permanent Observer to FAO

Vatican City

L. BERNARDI
Agricultural Adviser

Vatican City

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

COMMON FUND FOR COMMODITIES

**FONDS COMMUN POUR LES PRODUITS DE BASE
FONDO COMUN PARA LOS PRODUCTOS BASICOS**

S. A. OLOWUDE
Chief Operations Officer

Amsterdam

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

B. BYSKOV
Senior Market Development Officer
Division of Product and Market Development

Geneva

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)
CENTRE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT (CNUCED)
CONFERENCIA DE LAS NACIONES UNIDAS SOBRE COMERCIO Y DESARROLLO (UNCTAD)**

A. MEGZARI
Chief, Trade-Related & Intergovernmental Issues Branch

Geneva

**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
ORGANISATION DES NATIONS UNIES POUR LE DEVELOPPEMENT INDUSTRIEL
ORGANIZACION DE LAS NACIONES UNIDAS PARA EL DESARROLLO INDUSTRIAL**

G. KOPOLO
Programme Officer
Financial Resources Division

Vienna

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

G. FINCH
Chief, Procurement and Contracts Branch
Resources Division

Rome

**WORLD TRADE ORGANIZATION - ORGANISATION MONDIALE DU COMMERCE
ORGANIZACION MUNDIAL DEL COMERCIO**

Ms. C. SCHRÖDER
Counsellor
Agriculture and Commodities Division

Geneva

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

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

Y. CATHELINAUD
Head, Agricultural Trade and Markets Division
Directorate for Food, Agriculture & Fisheries

Paris

**INTERNATIONAL SUGAR ORGANIZATION
ORGANISATION INTERNATIONALE DU SUCRE
ORGANIZACION INTERNACIONAL DEL AZUCAR**

P. BARON
Executive Director

London

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

**EUROPEAN ASSOCIATION OF WINE PRODUCTS (AEPV)
ASSOCIATION EUROPEENNE PRODUITS DE LA VIGNE
ASOCIACION EUROPEA PRODUCTOS DE LA VIÑA**

**A. PEREZ
Secrétaire Général**

Montpellier

**O. LIVERANI
Vice-Président, Section italienne**

Florence

**A. DI COSIMO
Vice-Président suppléant, Section italienne**

Ferentino

**EUROPEAN ASSOCIATION OF AGRICULTURAL ECONOMISTS - ASSOCIATION EUROPEENNE
D'ECONOMISTES AGRICOLES - ASOCIACION EUROPEA DE ECONOMISTAS AGRICOLAS**

**Sra. O. M. ARIMONDO
Permanent Representative**

**WORLD FEDERATION OF TRADE UNIONS
FEDERATION SYNDICALE MONDIALE
FEDERACION SINDICAL MUNDIAL**

**Mme. A. L. CASADEI
Représentant permanent auprès de la FAO**

Rome

APPENDIX B
DIRECTOR-GENERAL'S STATEMENT TO THE SIXTIETH SESSION
OF THE COMMITTEE ON COMMODITY PROBLEMS¹

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

It gives me great pleasure to address the Committee on behalf of the Director-General. First I wish to extend our warmest congratulations to you, Mr Chairman, on your election to this important post. Moreover, I should like to welcome the large number of delegations attending the Sixtieth Session of the Committee on Commodity Problems as well as representatives of the various intergovernmental organizations, the commodity councils and representatives of non-governmental organizations. The Director-General has made very clear the importance he attaches to the depth and breadth of experience that you bring to the discussion of world commodity problems.

I would also like to introduce and welcome Dr de Haen, the Assistant Director-General for the Economic and Social Department, who will be heading the Secretariat team for the first time at a CCP meeting.

This Committee has played an important role over the years in helping to shape international agricultural commodity policy, and I need hardly add that the issues of trade and commodity policies have a vital bearing on the well being of all countries.

Distinguished delegates, after almost eight years, the Uruguay Round of Multilateral Trade Negotiations was concluded at the Marrakesh Ministerial Meeting in April 1994 and the World Trade Organization came into operation on 1 January 1995. I am sure you will wish to join me in extending best wishes to the new Director-General of the World Trade Organization, Mr. Renato Ruggiero of Italy.

We look forward to a close and fruitful relationship with the new Organization, which is custodian of some of the most important agreements ever reached affecting world agriculture.

We have missed no opportunity to extend our offer of collaboration to the WTO. We believe that we have important inputs to make in a number of areas such as the work of the new Committee on Agriculture, the Committees on Sanitary and Phytosanitary Measures, on Market Access, on Trade and Development, on Trade and Environment and on Technical Barriers to Trade. Naturally we also expect to be of practical help to the supervisory bodies of these Committees, that is the General Council and the Council for Trade in Goods and last but not least the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Many of you will have no doubt seen the Note on future relations between the two organizations that we transmitted to our Member Nations who are also members of the WTO. We hope that our efforts to extend our help to the new Organization will be successful.

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

The conclusion of this round of negotiations and the transformation of GATT into the WTO represents a landmark for international economic policy that goes well beyond agriculture and affects the basic rules that govern trade and many of the factors influencing trade. Therefore, perhaps the most important item on your agenda this year concerns the analysis of the impact of the Uruguay Round on the principal agricultural commodities. For this purpose the Secretariat has prepared a study which *inter alia* concludes that the slow-down in the growth of trade in these commodities will not be arrested by the Uruguay Round concessions.

Although considerable uncertainty remains, the average growth rate for the volume of trade in the principal agricultural commodities is most likely to fall from 2.9 percent a year in the 1980s to 1.6 percent a year in the 1990s including only a small boost due to the Uruguay Round. However, international market prices of the principal agricultural commodities traded should rise in real terms by the year 2000 compared with their depressed levels at the end of the 1980s.

FAO's assessment points to a number of gainers and losers from trade liberalization in agriculture. Gainers include the low-cost, efficient producers who should benefit from firmer world prices, reduced export subsidies by some industrialized countries and increased market shares. Agricultural commodity exporters in the Latin America and Caribbean region, Oceania and North America are expected to gain but the net food importing countries will face higher food import bills. This particularly affects many countries in Africa, the Near East and small island states everywhere. While a number of these countries may be expected to gain from trade liberalization in other sectors, and higher import prices should induce an acceleration in internal production, there are many countries where agricultural sector policies will need to be adjusted to induce enhanced food production and to develop efficient export activities, so as to benefit from market openings created by the Uruguay Round. The report before you sets out a number of recommendations for national action as well as the possible role of FAO, which, due to the studies that have been completed or undertaken, is in a relatively strong position to provide policy advice and assistance to Members. We look forward to your recommendations on this most important issue.

While developments in international trade policy have dominated the stage in the past year, the up-turn in agricultural commodity prices on world markets in 1994, which is expected to be consolidated in 1995, provided a welcome respite for exporters after a long period of decreasing prices. On average agricultural export prices had declined 40 percent from the beginning of the 1980s to just before the pick-up began in 1993-94, with the largest gains having taken place in tropical beverages, textile fibres, rubber and sugar. However, they are still 23 percent below the 1979-81 average.

The explanation for the price surge lies partially in economic recovery underway in most developed regions, which has benefited commodity export prices in general. A more fundamental factor may be the unfavourable economic climate for investment during the years of declining and depressed prices in international markets and the consequent slow growth in production. Weather effects on crops in a situation of reduced global stocks has also contributed to the rise in prices. As the weather related effects are likely to be temporary it may be expected that the price advance of the past year will retreat for the commodities affected, but despite short run fluctuations, we expect the medium term outlook for export prices to be better than in the second half of the eighties.

Another main topic on your agenda is the review of the role and functioning of the Intergovernmental Groups. These have played an important role by providing fora for governmental dialogue, in the evolution of international agricultural policy, for enhancing information necessary for sound decision making, and for seeking consensus on solutions to technical and economic problems affecting their sectors of interest. Their achievements have been recognized by the FAO Council and their substantive programmes of work have been endorsed. At the same time Council

also agreed that, after twenty years, it was an opportune moment for an in-depth review of the work of the Groups. The basic objective set by your Committee and endorsed by Council is to find ways of further enhancing the efficiency of the Groups.

The study before you indicates that the Groups have responded flexibly over the years to the changing requirements of governments as well as to changes in the world trading environment for agricultural commodities. It also confirms that they are highly representative of the countries involved in the trade of the commodities covered; that they cost relatively little and that there is very little overlap in the coverage of the Groups and other international organizations.

The study identifies a number of options for strengthening and streamlining the work of the Groups, which I hope will meet with your approval. On an Organization-wide basis we are searching for ways to reduce the costs of meetings. We have found that it is feasible to reduce the length of meetings by ensuring only essential items are on the Agenda, making a clear distinction between items for discussion and for information, preparing briefer and to the point documents, briefing representatives before the meeting, brief introductions and so forth.

The study before you also presents a number of possible structural changes for your consideration and decision. These include expanding the terms of reference of various groups to cover other commodities of interest to members - commodities such as roots, pulses and tropical fruit. Other structural suggestions concern sponsorship of Group meetings on a permanent basis or holding more of them in other countries. Finally, the study puts together some ideas for your consideration on holding two or more Group meetings together, perhaps on an experimental basis. I know many delegates have given deep thought to these questions and we look forward to a useful debate and one which will lead to concrete improvements in a system that over the years has proven its worth, many times over.

The other important topic on this year's agenda is the issue of environmental linkages to trade, which your Committee initiated at its previous session. Progress is being made on this issue. The Intergovernmental Groups have been examining the commodity specific aspects of environment and sustainability questions demonstrating the responsiveness to new needs that I mentioned before. Methodologies are being evolved and principles being developed. In all these activities delegates will note the care we are taking to avoid duplication with the work in other fora and, indeed, to collaborate closely with them. We are sticking to the technical and economic assessment in agriculture and it is in this spirit that we have presented for your consideration the study on deriving a common approach for measuring the potential trade impact of the different types of environmental policy. As regards developments in other organizations dealing with agricultural commodity matters, I should like to mention the close but *ad hoc* links that have been developing between the Common Fund for Commodities and the Organization through its Intergovernmental Groups: these will need to be put on a formal and clearly defined basis in the future.

Finally, distinguished delegates, I should like to thank all those countries that replied to the Director-General's letter of 30 September last year concerning the substantive issues for consideration by Council committees. To the extent possible these ideas are reflected in the Agenda before you but I hasten to add that we had to send the documents, including the provisional agenda, for processing before all replies were received. Additional matters can of course always be handled under other business or under your review of the reports of your subsidiary bodies, which covers a wide range of issues. Once again we appreciate all the constructive ideas that were sent to us, which I believe reflect the deep interest members share in the work of this Committee.

I wish you success in the work of the Committee.

APPENDIX C AGENDA

1. Organizational matters:
 - (i) Election of Chairman and Vice-Chairman
 - (ii) Adoption of Agenda and Timetable
2. Statement by the Director-General
3. Review of the World Commodity Situation and Outlook, including follow-up to Conference Resolution 2/79 on Commodity Trade, Protectionism and Agricultural Adjustment
4. Activities of Subsidiary Bodies
 - (i) Review of Activities of the Intergovernmental Commodity Groups:

<ol style="list-style-type: none">(a) Oilseeds, Oils and Fats(b) Rice(c) Grains(d) Hard Fibres(e) Tea(f) Jute, Kenaf and Allied Fibres	<ol style="list-style-type: none">(g) Bananas(h) Citrus Fruit(i) Wine and Vine Products(j) Meat(k) Sub-group on Hides and Skins
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 - (ii) Role and Functioning of the Intergovernmental Commodity Groups
 - (iii) Tropical Fruits
 - (iv) Review of the Work of the Consultative Subcommittee on Surplus Disposal (CSD)
5. Impact of the Uruguay Round on Agriculture
6. Selected Commodity and Trade Issues:
 - (i) Trade, Environment and Sustainable Agricultural Development
 - (ii) International Action Relating to Agricultural Commodities: Developments in Other Organizations
7. Arrangements for the Sixty-first Session
8. Any Other Business
9. Adoption of Report

APPENDIX D
LIST OF DOCUMENTS ISSUED FOR THE SIXTIETH SESSION OF THE
COMMITTEE ON COMMODITY PROBLEMS

Document Number		Provisional Agenda Number
CCP: 95/1 & Add.1	Provisional agenda and agenda notes	1
CCP: 95/2	Report of the 36th Session of the Intergovernmental Group on Rice, Rome, 28 June - 1 July 1993	4(i)
CCP: 95/3	Report of the 10th Session of the Intergovernmental Group on Citrus Fruit, Albufeira, Portugal, 11-15 October 1993	4(i)
CCP: 95/4	Report of the 27th Session of the Intergovernmental Group on Hard Fibres, Rome, 30 November - 3 December 1993	4(i)
CCP: 95/5	Report of the 29th Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres, Rome, 6-8 December 1993	4(i)
CCP: 95/6	Report of the 14th Session of the Intergovernmental Group on Bananas, Kingston, Jamaica, 18 - 22 July 1994	4(i)
CCP: 95/7	Report of the 6th Session of the Intergovernmental Group on Wine and Vine Products, Santiago, Chile, 5 - 9 September 1994	4(i)
CCP: 95/8	Report of the 15th Session of the Intergovernmental Group on Meat, Rome, 3 - 6 October 1994	4(i)
CCP: 95/8 Supp. 1	Report of the 4th Session of the Sub-Group on Hides and Skins, Rome, 27 - 29 September 1994	4(i)
CCP: 95/9	Report of the 37th Session of the Intergovernmental Group on Rice, Bangkok, Thailand, 28 November - 2 December 1994	4(i)
CCP: 95/10	World commodity situation and outlook and trends in protectionism in agricultural trade	3
CCP: 95/11	Review of the role and functioning of the intergovernmental commodity groups	4(ii)
CCP: 95/12	Consultative Subcommittee on Surplus Disposal: 35th report to the CCP	4(iii)

Document Number		Provisional Agenda Number
CCP: 95/Inf.6	Consultative Subcommittee on Surplus Disposal: 35th report to the CCP - supplementary information	4(iii)
CCP: 95/13	Impact of the Uruguay Round on agriculture	5
CCP: 95/14	International trade, environment and sustainable agricultural development: A progress report	6(i)
CCP: 95/15	The measurement of the impact of environmental regulations on trade	6(i)
CCP: 95/16	Developments regarding the Common Fund for Commodities relevant to the role as international commodity bodies of the intergovernmental groups	6(ii)

APPENDIX E
MEMBERSHIP OF THE COMMITTEE ON COMMODITY PROBLEMS
(BIENNIUM 1994-95)
(as at 7 April 1995)

ALBANIA
ALGERIA
ANGOLA
ARGENTINA
AUSTRALIA
AUSTRIA
BANGLADESH
BELGIUM
BOLIVIA
BRAZIL
BULGARIA
BURKINA FASO
BURUNDI
CAMEROON
CANADA
CAPE VERDE
CHAD
CHILE
CHINA
COLOMBIA
CONGO
COSTA RICA
COTE D'IVOIRE
CUBA
CYPRUS
CZECH REPUBLIC
DEMOCRATIC PEOPLE'S
REPUBLIC OF KOREA
DENMARK
DOMINICA
ECUADOR
EGYPT
EL SALVADOR
ETHIOPIA
EUROPEAN COMMUNITY
(Member Organization)

FINLAND
FRANCE
GABON
GERMANY
GHANA
GREECE
GUATEMALA
HAITI
HONDURAS
HUNGARY
INDIA
INDONESIA
IRAN, ISLAMIC
REPUBLIC OF
IRAQ
IRELAND
ISRAEL
ITALY
JAPAN
KENYA
KOREA, REPUBLIC OF
KUWAIT
LESOTHO
LIBYA
LITHUANIA
MADAGASCAR
MALAYSIA
MALTA
MEXICO
MOROCCO
MYANMAR
NETHERLANDS
NEW ZEALAND
NICARAGUA
NIGER
NIGERIA

NORWAY
PAKISTAN
PANAMA
PERU
PHILIPPINES
POLAND
PORTUGAL
ROMANIA
SAUDI ARABIA,
KINGDOM OF
SENEGAL
SLOVAKIA
SPAIN
SRI LANKA
SUDAN
SWAZILAND
SWEDEN
SWITZERLAND
SYRIAN ARAB REPUBLIC
TANZANIA
THAILAND
THE FORMER YUGOSLAV
REPUBLIC OF MACEDONIA
TUNISIA
TURKEY
UGANDA
UNITED KINGDOM
UNITED STATES OF
AMERICA
URUGUAY
VANUATU
VENEZUELA
ZAIRE
ZAMBIA
ZIMBABWE