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Seventy-Sixth Session

Rome, 6 - 8 November 1979

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

(Rome, 15 - 19 October 1979)

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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. The Draft Resolution on Commodity Trade, Protectionism and Agricultural Adjustment for consideration and decision by the Council, including the reservations expressed by some delegates (paragraphs 78 to 80).

2. Its review of the progress of international action relating to agricultural commodities in UNCTAD and other fora including the role of FAO (paragraphs 69 to 77).

3. Its views on the Second Progress Report on the guidelines for international agricultural adjustment and its proposals on the revision of these guidelines (paragraphs 59 to 68).

4. Its comments on the FAO commodities programme of work and meetings schedule for 1980-81 (paragraphs 81 to 86).

I. INTRODUCTION

1. The Committee on Commodity Problems held its Fifty-Second Session from 15-19 October 1979, at FAO Headquarters, Rome. The Session was attended by 58 Members of the Committee and by Observers from 7 other FAO Member Nations. The Economic and Social Commission for Asia and the Pacific, the General Agreement on Tariffs and Trade, the United Nations Conference on Trade and Development, the World Food Council and the World Food Programme, were represented by Observers. In addition, Observers from the following intergovernmental organizations attended: The Commonwealth Secretariat, the International Cocoa Organization, the International Wheat Council, the Organization for Economic Cooperation and Development and the European Economic Community. The following non-governmental organizations also attended as observers: the European Committee of Sugar Manufacturers, the International Chamber of Commerce, the International Confederation of Free Trade Unions, the International Federation of Agricultural Producers, the World Confederation of Labour and the World Federation of Trade Unions. The full list of participants is given in Appendix B.

2. The Session was opened by Mr. George Magombe, the retiring Chairman. The Committee thanked Mr. Magombe for his services to the Committee and expressed its appreciation for the useful contribution which he made to its work.

3. The Committee was addressed by the Director-General of FAO, Mr. Edouard Saouma. Referring to several key problems affecting agricultural trade, he pointed out that the situation was still gloomy. The decline in the share of developing countries in world agricultural trade, in 1978 alone, cost them over US$4 billion, which virtually offset the value of external assistance to agriculture in the previous year. Although agreement had been reached on the fundamental elements of a Common Fund and there was a consensus on some issues at UNCTAD V, there remained opposing views on the most basic policy issue of how to achieve structural change. The benefits for agricultural trade of MTN's were relatively modest and the basic objective of a substantial increase in the exports of developing countries was unlikely to be achieved. Further, he was seriously concerned that some major producing and consuming countries had still not ratified or joined the International Sugar Agreement. The breakdown in the negotiations for a new International Grains Arrangement had left a serious gap in the area of world food security and he urged Member Nations to implement fully the FAO Plan of Action on World Food Security. Looking to the future, the Director-General observed that FAO's Commodity Projections, as well as Agriculture Toward 2000, indicated an opportunity for a more balanced growth in agricultural trade. But unless there was a greater liberalization of world trade, this potential would not be realized. It would be the height of cynicism to encourage developing countries to increase their production for export, if in the end, they would be unable to find remunerative markets. The costs of protectionism were enormous both to the producer and the consumer. Protectionism aggravated inflation, created surpluses, reduced world trade and retarded rural development of developing countries. He therefore urged the implementation of the Programme of Action adopted by the World Conference on Agrarian Reform and Rural Development. Finally, he expressed the hope that the Committee on Commodity Problems, through a spirit of understanding between producers and consumers, would continue to achieve practical results. The full statement by the Director-General is reproduced in Appendix C.

4. The Committee elected Mr. Dag Mork Ulnes of Norway as Chairman, Mr. Mapela Nga-Ma of Zaîre as First Vice-Chairman and Mr. A.F.M. de Freitas of Brazil as Second Vice-Chairman.

5. The Committee adopted the agenda reproduced in Appendix D.

6. The Committee was assisted during the Session by a Drafting Committee composed of the delegations of Cuba, France, Ireland, Japan, Kenya, Korea, Rep., Mexico, New Zealand, Norway, Philippines, Thailand, United States and Zaire, under the chairmanship of Mr. Mapela Nga-Ma (Zaire).

II. WORLD COMMODITY SITUATION AND INTERNATIONAL ACTION

1. Current market situation and short-term outlook

7. The Committee undertook its review of the world market situation and outlook and of the main medium- and longer-term commodity issues on the basis of document CCP 79/8 and CCP 79/8 Add.1, supplemented by the FAO Commodity Review and Outlook, 1977-1979, the FAO Agricultural Commodity Projections 1975-1985 and the conclusions reached by the FAO Intergovernmental Groups in their sessions held in the last two years.

(a) Market developments in 1978 and 1979

8. Over the past two seasons, the world commodity situation had been characterized by increased supplies of many commodities. These included cereals, oils and oilmeals, sugar and most livestock products. Supplies on world banana markets also expanded substantially and heavy exports continued in early 1979. Production of wine and tobacco recovered in 1978 and output of pepper reached a new record. Among other commodities, world supplies of coffee and tea recovered following temporary shortages in 1977. However, tight supplies and periodic shortages persisted into the current season on markets for some other commodities, notably agricultural raw materials such as hard fibres, hides and skins, rubber and cotton.

9. The Committee noted that, against a background of slow demand increases, most agricultural commodity prices had been unstable and sensitive to changes in production and stock levels. Sugar and dairy product prices had remained depressed by continuing structural surpluses, while coffee, cocoa and tea prices had receded sharply from their peaks in 1977, as world supplies recovered.

10. According to preliminary FAO estimates, the value of world exports of all agricultural, fishery and forestry products was US$214 000 million in the calendar year 1978, which was about 10 percent above the previous year's value. The increase, however, had been much below the 16 percent average annual growth rate achieved since the mid sixties, and had slowed down compared with 1977. The share of agriculture in the total value of world merchandize trade, which had remained stable in the previous three years, had resumed its decline, to only 16 percent against 24 percent ten years earlier. About nine tenths of the increase in agricultural export earnings in 1978 had accrued to developed countries. The Committee expressed its concern that the agricultural export earnings of the developing countries, at an estimated US$64 000 million, had advanced by only 3 percent over the level of 1977 in nominal terms. As a result, their share of world agricultural trade had fallen to 30 percent from 32 percent in 1977.

11. Following a sharp increase in 1977, the average unit value of world agricultural exports had increased by little more than three percent in 1978. This increase mainly reflected the higher prices earned by exports of wheat, rice, coarse grains and some livestock products. On the contrary, there had been major falls in coffee, cocoa and tea prices, which had seriously affected the export earnings of many developing countries, and price declines had also occurred in the markets for some important oilseeds and meals, fishmeal, cotton and sisal. Thus, in 1978, the increase in agricultural export earnings, particularly of developing countries, had resulted principally from an increase in the volume of trade. Furthermore, with a 15 percent rise in export prices of manufactured goods, the terms of trade of agricultural exports, particularly of developing countries, against manufactured goods had fallen sharply in 1978.

(b) Assessment of the short-term market outlook

12. The Committee concluded that prospects for 1979-80 pointed to decreased supplies of several major agricultural commodities. World wheat and coarse grains production would be less than the 1978 record and rice and sugar production would also decline. Thus, output of cereals and sugar would have to be supplemented by withdrawals from stocks in order to meet anticipated requirements. Other significant decreases in production, the Committee

noted, were expected for tea, pepper and jute, while early prospects for a better coffee crop in 1979/80 have been disappointed on account of frosts in growing areas during 1978 and 1979. On the contrary, substantial production increases were expected for the third consecutive year in fats and oils and oilmeals. World output was also expected to recover in cocoa, cotton, citrus fruit and wine. More moderate production growth was expected for the major meats, milk and milk products, cassava, natural rubber and tobacco.

13. With regard to demand prospects, world import requirements of wheat and coarse grains were forecast by FAO to rise reflecting smaller crops in several large importing countries. However, the Committee was informed that actual shipments might be affected by current transport problems in major exporting countries. International rice trade would also reach a record level in 1979 and, the Committee noted, higher international prices had stimulated increases in exports of beef and veal and other meats. Import demand was also strong for fats and oils and oil meals, coffee, tea, cotton, as well as for jute, hard fibres and hides and skins, but exportable supplies of the latter commodities would fall short of import requirements. However, the generally unfavourable economic growth prospects in industrialized countries might affect demand for agricultural raw materials.

14. The Committee agreed that the short-term outlook for prices of agricultural products, and therefore export earnings, was highly uncertain. Agricultural commodity prices in world markets were likely to continue to show high degrees of instability. For some commodities, notably coffee, cocoa, rubber and cotton, recorded world stocks were relatively low; there had also been widespread de-stocking of tea in developed countries during 1978. Grain stocks were expected to fall in 1980. On the other hand, commercial stocks of some other commodities, such as sugar and some dairy products and oilseeds, were expected to be comparatively ample, in spite of possible decline in production.

15. Other uncertainties, which could contribute to widespread price instability, resulted from prevailing high rates of inflation, instability in world currency markets, rising energy costs and possible increases in protectionist measures. These factors could trigger increased buying interest in individual commodities, thus leading to upward pressures on prices despite the generally unfavourable economic growth prospects. Moreover, the particular volatility of prices on the "free" commodity markets could persist, notably where these markets were small in relation to total world production and consumption as in the case of sugar and rice. Nevertheless, the Committee noted, the export prices of most food commodities and agricultural raw materials were likely to average higher in 1979 than in the previous year on the basis of information available for the first three quarters of 1979. This prospective increase in prices, together with a likely rise in export volumes, especially of cereals, should be reflected in a further increase in the total value of world agricultural trade this year.

2. The medium- and longer-term commodity issues

16. The Committee considered the major medium-and longer-term commodity policy issues in the light of the results and conclusions of recent intergovernmental discussions and studies of the medium- and longer-term commodity market outlook. These issues related to agricultural protectionism and the need to increase access to markets, market instability and supply/demand imbalances, the growing dependence of developing countries on food imports, the scope of promoting commodity trade among developing countries and the future commodity development and investment needs of developing countries.

(a) Agricultural protectionism

17. Most delegates condemned agricultural protectionism, which had particularly grave effects on the developing countries. In their view, measures which restricted imports or subsidized exports were major factors limiting world agricultural trade and had prevented developing countries from expanding their share of the world market. It had prevented them from obtaining remunerative prices for their exports, curtailed their agricultural production, reduced their ability to finance imports and had generally retarded their economic development and, especially, their rural development.

18. The Committee noted that the FAO commodity projections pointed to a continuing rise in world agricultural trade over the medium-term. On the assumption that access to markets was not restricted, the projections had also indicated that the developing countries could maintain or even improve their share of the expanding trade. Many delegates, however, pointed out that restrictions to trade in agricultural and processed agricultural commodities already posed the most severe constraint to the expansion of the export earnings of both developing and the few developed countries which depend heavily on agricultural exports. They also stressed that, in fact, the trend towards greater protectionism had intensified. For many commodities, they stressed, the existing restrictive import policies, export subsidies and other protectionist measures applied by high-cost developed countries would continue to prevent low-cost exporters from achieving their full production and trade potential. While developing countries heavily dependent on agricultural exports had been the hardest hit in view of the close relationship between their export earnings and their overall development, it was pointed out that low-cost developed exporting countries had also been adversely affected.

19. Many delegates drew attention to the high levels of production support and of consumer prices, due to protectionist policies which stimulated production and limited consumption and import demand in many developed countries. Moreover, in their view, surpluses resulting from such policies were frequently disposed of by means of measures to stimulate exports, particularly through heavy subsidies, thus creating additional difficulties on world markets. Such policies curtailed the foreign exchange earnings of those countries which depend heavily on agricultural exports. This limited their ability to pay for imports and, in turn, retarded rural development and discouraged investment in their agriculture. It was pointed out that unless market access for agricultural exports was improved, the export markets for industrialized countries would also increase at slower than potential rates because of the reduced ability of exporting countries to pay for imports.

20. Many delegates also expressed deep concern over the very limited results achieved in various fora towards the liberalization of trade and the stabilization of international prices of agricultural commodities. In their view, the tariff reductions resulting from the GATT multilateral trade negotiations (MTN) were very modest, and would not substantially benefit world agricultural trade. They felt that the benefits for the agricultural products of export interest to developing countries were even less. Moreover, they said that little had been achieved in the MTN towards relaxation of the serious non-tariff barriers to agricultural trade.

21. Many delegates objected strongly, in particular, to the agricultural support policies of the EEC which had encouraged high-cost production of sugar, milk and dairy products and beef to the serious detriment of low-cost suppliers to world markets.

22. The observer of the Commission of the EEC explained that the expansion of sugar output in the EEC was due to the stimulus given to production as a result of the world shortage in 1974/75 and, subsequently, the impact of unusually favourable weather on yields. He informed the Committee about discussions between the Community and the International Sugar Organization for applying equivalent obligations as established in the International Sugar Agreement. He also considered that the agreement to establish International Arrangements on beef and dairy products, within the GATT multilateral trade negotiations, would provide the basis for improving stability in these markets and that the Intergovernmental Group on Meat also had an important role to play. Moreover, he stressed that the EEC was already the world's largest import market for agricultural products and that one quarter of these imports originated in developing countries.

23. Some delegates pointed out that the talks between the EEC Commission and the International Sugar Organization were only of an exploratory character because the Commission was not authorized to negotiate, so that it was not possible even to begin negotiations towards the adherence of the EEC to the International Sugar Agreement. They added that it was to be hoped that the EEC authorities would not miss the opportunity provided by the next revision of the Community's sugar policy to rectify this situation.

24. Some delegates criticizing protectionism and policies of supporting agricultural prices, stressed the importance of taking account of the interests of consumers as well as producers. In this connexion, it was pointed out that more should be done by policy makers to inform consumers of the costs they were shouldering as a result of protection, in terms of higher prices and higher taxes. Some delegates proposed that future FAO studies should analyse the comparative costs of production of agricultural commodities in various countries.

25. Replying to the comments made regarding protectionism and policies of subsidising agricultural prices, some delegates pointed out that protectionism was not pursued as a policy goal or as an end in itself, but consideration had to be given to certain protective measures at the frontier as an integral part of national agricultural policies. Such a policy could only be appreciated and its effects assessed in relation to the whole economic and social policies of the country in question. Furthermore, it was pointed out that the so-called supplementary charges on tax-payers and consumers should be compared with the expenditures the tax-payers would have to bear in compensating the loss of income which agricultural producers would have to undergo in reducing production.

26. Most delegates considered that the mounting seriousness of protectionism in the agricultural sector warranted the establishment of a permanent mechanism in FAO to monitor and survey protectionist policies which jeopardise the exports of the developing countries, as well as the establishment of a programme aimed at eliminating protectionism affecting food and agricultural products. This analysis should include information on the efforts by the developed countries in agricultural adjustment and the results of Multilateral Trade Negotiations in agricultural trade. Those delegates requested the Director-General to examine this matter and make proposals on it.

27. It was suggested that the Committee and its Intergovernmental Groups should review in particular the effects of changes in protectionism on production and trade of the developing countries. Some delegates, however, pointed out that the UNCTAD Trade and Development Board had already been requested, in resolutions adopted at UNCTAD V, to make a global evaluation of the MTN, and to organize an annual review of the patterns of production and trade in the world economy, with special reference to enabling developing countries to secure an increase in their share in world trade in processed goods and in manufacturing. Also, the Secretary-General of UNCTAD, in coordination with relevant international organizations, had been requested to maintain under regular review all matters regarding international food trade. They stressed that FAO's work should avoid duplication of the activities to be undertaken by UNCTAD and GATT.

28. The Committee agreed that FAO reviews in this field should consist of analyses of the effects of the MTNs on agricultural trade and of developments in protectionism affecting individual agricultural commodities. For such reviews, FAO should make full use of the information and analyses of protectionism which other organizations can make available to the Organization. In general, FAO's work in this area should complement and not duplicate the work in other international organizations, and particularly in UNCTAD and GATT.

29. The Committee agreed that protectionism posed a major problem for agricultural trade. There was general expression of concern on the adverse effects of protectionism on the agricultural trade and production of exporting countries. Developing countries were hardest hit but low-cost developed exporting countries were also adversely affected. The Committee urged all countries, and particularly developed countries, to resist protectionist pressures and to move wherever possible towards progressive reduction and elimination of tariff and non-tariff barriers to the entry of agricultural products, particularly those of interest to developing countries. It agreed on the need to minimize, and where possible eliminate, the adverse effects of national agricultural support policies on the production and trade of other countries, and especially of developing exporting countries.

(b) Market instability and investment

30. The Committee noted that, while the issue of protectionism was very serious, other factors also heavily influenced the expansion and stability of world agricultural trade. Attention was drawn to the importance of cyclical and year-to-year fluctuations in supplies as a source of price instability on world markets. In this respect, there was need for more concerted action to harmonize production and consumption policies, including coordinated supply and stock management among exporting and importing countries, in order to keep production in reasonable balance with demand and to maintain commodity prices at stable and remunerative levels. Therefore, there was need to expedite negotiations on international commodity agreements where progress has been slow. Several delegates stressed that the structural problems faced by a number of commodities, such as dairy products, would require radical adjustment measures to discourage high cost production and promote demand.

31. Other delegates also considered that more emphasis should be given to supply aspects which affect the agricultural export earnings of the developing countries, such elements as production diversification, increased food production and production of natural raw materials whose market prospects had been improved as a result of rising costs of synthetic substitutes.

32. The Committee noted that large investments in commodity development would be required to achieve a better balance between world demand and supplies of many commodities. The most urgent need was to accelerate food production in developing countries notably of cereals and other basic staples, including cassava. The Committee also pointed out that investment in export oriented production was often discouraged by unstable world markets and market access problems. Additional investments would be needed to improve the competitiveness of primary and processed agricultural products and agro-based manufactures.

(c) Food import problems of developing countries

33. The Committee expressed concern at the medium-term outlook which pointed to an increasing dependence by the developing countries on food imports. According to the FAO projections, their food import bill could rise sharply if past production and demand trends continue. Given the balance of payments difficulties of many importing developing countries, particularly the MSA countries, it would appear improbable that the prospective food gap could be met by commercial purchases alone, without an increase in food aid, preferably through multilateral channels.

34. Representatives of the developing countries pointed out that a close relationship existed between improved access to markets for their agricultural and processed exports and their ability to accelerate agricultural production, particularly of foodstuffs. A number of delegates referred to the actions they had taken individually towards improving food security, stabilizing markets for grains and increasing their food aid commitments.

(d) Other trade expansion measures

35. The FAO projections had also pointed to a considerable scope for increased trade among developing countries in several important agricultural commodities, including meat, sugar, vegetable oils and cotton. Concerted efforts and closer international cooperation would be required, however, to overcome the technical, economic and institutional constraints to such trade. Also, the Secretariat assessment had indicated a considerable scope for increased consumption and imports of agricultural commodities in the centrally-planned developed countries, which if it were to materialize could particularly benefit the export earnings of the developing countries.

36. Some delegates pointed out, however, that statements regarding the import policies of the centrally planned countries should not be expressed in general terms, as, in a number of these countries, imports from developing countries had increased. Moreover, some of the centrally-planned countries, as exporters of agricultural products, had also been affected by protectionism applied by developed countries with market economies.

III. SPECIFIC COMMODITY MATTERS REQUIRING CONSIDERATION BY THE COMMITTEE

(a) Operation of informal arrangements under FAO auspices: hard fibres, jute, kenaf and allied fibres

37. The Committee noted that informal agreements were currently in effect for Bangladesh jute, Thai kenaf, sisal fibre of African origin and for abaca from the Philippines.

38. At both sessions of the Intergovernmental Group on Jute, Kenaf and Allied Fibres, held since the last meeting of CCP, higher indicative price ranges for Bangladesh jute had been recommended. An indicative price range for Thai kenaf, which had been inoperative since May 1965, had also been set in October 1977, and raised in October 1978. Increases in indicative prices had been considered necessary in order to keep producer prices remunerative and to ensure an adequate supply of fibre despite low levels of prices of competing synthetics. The Bangladesh minimum export prices had been held within the indicative price range for six months of the 1977-78 season, and for the entire 1978-79 season ending June 1979. Thereafter, prices had declined due to the low quality of the remaining stocks of jute. The fall in prices had occurred despite the prospects for a lower crop in the current season, and despite the increase in prices of competing synthetics. The Committee noted that the next session of the Group, which was to be held in late October 1979 in Rome, would make a decision as to whether a revision of the range was required.

39. The Committee further noted that at both sessions of the Intergovernmental Group on Hard Fibres held since the Committee met last, agreement had been reached on indicative prices for sisal. In March 1978, the Group had agreed to retain the indicative price range for sisal fibre of East African UG grade at the level established by the previous session. The quota system adopted to support price levels had been maintained in principle, but its operation had been temporarily suspended. During 1978, market prices of East African UG had remained well within the indicative range, but with a shortfall in supplies, the market price of UG fibre had exceeded the upper limit of the range by the time of the Fourteenth Session in April 1979. In view of continued inflationary pressures and rising production and freight costs, the Group had agreed to increase the minimum and maximum of the price range. However, because supplies of fibre had kept falling short of demand, the upward trend in prices had persisted up to the time of the Committee's Session. In October 1979, the market prices for UG fibre were about 25 percent above the ceiling of the indicative price range.

40. The Committee also noted that with regard to abaca, no agreement had been reached at the 14th Session of the Intergovernmental Group on Hard Fibres in April 1979, on the extent of upward revision of the floor and ceiling of the indicative price range. The ruling indicative price range had, therefore, been considered no longer valid, although the principle of the indicative price agreement had been maintained. In compliance with a decision taken by the Fourteenth Session, the Director-General had convened an Emergency Consultation of Abaca Producing and Consuming Countries on the Price Arrangement in Rome in September 1979.

41. The Committee noted that after negotiations in which good will had been shown on all sides, the Emergency Consultation had reached the following, somewhat complex, agreement: until the end of November, the floor and ceiling prices for abaca were not to be single prices but price bands, representing increases of 25 and 30 percent respectively over the previous floor and ceiling prices. These floor and ceiling price bands would disappear with effect from December 1979 and single floor and ceiling prices be automatically reintroduced, calculated on the basis of average market prices during the intervening period.

42. The Committee welcomed the spirit of understanding which governed the meetings of the Intergovernmental Groups operating informal arrangements. It was nevertheless stressed that despite the rise in prices of synthetic substitutes, production and trade of hard fibres and jute would continue to face serious problems. In this respect the need for

implementation of the research and development programmes prepared by the Secretariat and for the search for new end-uses was much appreciated. It was felt, however, that recent developments in the oil and energy sector had created a very volatile situation for abaca, sisal, jute and other fibres as well as for other agricultural raw materials. Frequent changes in oil prices affected the costs and prices of synthetics and consequently the competitiveness of natural fibres and other agricultural raw materials. It was therefore suggested that the Secretariat should monitor the developments on the market for synthetic substitutes and keep a regular watch on the competitive position of natural fibres and other agricultural raw materials vis-à-vis their synthetic substitutes.

(b) Progress of FAO work on commodity agreements with special reference to bananas

43. The Committee received a report of the progress made in the Working Party on the Elements of an International Banana Agreement, and noted the in-depth consideration which had been given to possible elements, including the examination of an illustrative format of a draft agreement. It endorsed the Working Party consensus that the main objective confronting the world banana economy was how to achieve a balanced growth of banana production and consumption at prices remunerative to producers but also acceptable to consumers in importing countries, bearing in mind prices of competing fruits. The Committee agreed that a pre-requisite for attaining this objective, and one which must form the basis of any international arrangement, would be the adoption of production and export goals, compatible with world banana requirements. It noted that there was as yet no consensus on the choice of mechanisms to achieve such goals.

44. Delegates from exporting countries referred to the unrelenting upward pressure on costs. In recent years there had been a delicate balance in the market, largely due to cyclone Fifi in Honduras in 1974. Prices received for bananas had risen in nominal terms but had fallen in real terms. Yet, production costs had increased. Furthermore, there was a danger that surpluses might again arise, which would lead to lower prices, unless satisfactory stabilization arrangements could be developed. In this connexion, they recommended that a meeting of the Sub-Group of Exporters be held early in 1980, to enable the exporting countries to give further consideration to the most appropriate mechanisms to adopt.

45. It was noted that a number of countries still imposed high duties and taxes on banana imports and consumption, and that one importing member country of the EEC had recently increased its consumption tax on bananas by 40 percent. In this country, the consumption tax was now more than 100 percent of the c.i.f. import value. In reply, it was emphasized that the tax was uniformly applied to imports from all sources, did not apply elsewhere in the Community, and in any case, bananas still remained competitive with prices of domestically produced fresh fruit.

46. A few delegates emphasized that consumption levels should be examined globally and individual countries need not be singled out. They referred to certain countries, particularly the centrally planned economy countries of eastern Europe and the USSR, where consumption was low.

47. The Committee agreed that it was time to reconvene the full Intergovernmental Group to consider the progress made in the Working Party, as well as to review the broader aspects of the world banana economy. It accepted the Working Party's recommendation that special attention might be given to those areas of activity on which consensus had already been reached, including joint development of consumption promotion campaigns, crop insurance schemes, research and development, quality improvement and, where appropriate, the provision of assistance to countries wishing to diversify from bananas.

48. The Committee reiterated its support for the development of an equitable international arrangement for bananas which would ensure prices remunerative to producers in exporting countries and reasonable to consumers. It recommended that exporting and importing countries intensify their efforts to resolve outstanding issues at the forthcoming meeting of the Intergovernmental Group so that a draft agreement could be finalized. It further recommended that banana importing countries should endeavour to abstain from applying new or increased trade barriers, either of a tariff or a non-tariff nature, so that the growth rate of banana consumption and the opportunity for banana exporting countries to increase their earnings from bananas would not be restricted.

(c) Report of Ad Hoc Government Consultation on Hides and Skins with special reference to proposed Ad Hoc Working Party on Statistical Intelligence for Hides and Skins

49. The Committee reviewed the results and recommendatios of the Ad Hoc Government Consultation on Hides and Skins convened by the Director-General in October 1978 at the Committee's request. It agreed with the general assessment by the Ad Hoc Consultation of the complex economic and technical problems governing the market of hides and skins and their derived products. It, therefore, endorsed the Consultation's recommendations to the Secretariat regarding the improvement of statistical intelligence, the strengthening of ties with Governments and other institutions, and the provision of technical assistance improving quality and reducing waste. It appreciated that a number of activities had already been initiated and noted that the Secretariat had established a close working relationship with other UN agencies, particularly UNIDO.

50. The Committee further agreed on the need for a continuation of the discussions bearing in mind that the complex nature of the problems faced by hides and skins had prevented a conclusive examination by the Ad Hoc Consultation. As a first step, to focus international attention on the serious statistical and economic problems of the commodity, the Committee accordingly endorsed the proposal for an Ad Hoc Working Party on Statistical Intelligence for Hides and Skins. As recommended by the Consultation the Committee agreed that a major task of the Ad Hoc Working Party would be to guide the Secretariat in its efforts to improve the intelligence base for hides and skins. In order to enhance understanding of the factors governing the hides and skins economy and to facilitate more substantive agreements at a later stage, the Ad Hoc Working Party might prepare the framework for a second Ad Hoc Consultation should this be required. Once the results of the statistical work of the Ad Hoc Working Party were sufficiently advanced, the Secretariat should consider whether it would be useful to propose to the CCP the convening of a second Ad Hoc Consultation. The Committee noted that a meeting of the Ad Hoc Working Party on Statistical Intelligence for Hides and Skins had been provided for under the Director-General's proposed Programme of Work and Budget for 1980-81.

(d) Work of the Consultative Sub-Committee on Surplus Disposal (CSD)

51. The Committee welcomed the Twenty-Seventh Report (CCP 79/10) from the CSD, and thanked its Chairman, Mr. J. Tripplaar (Netherlands), for presenting it to the Committee. Mr. Tripplaar also presented a supplementary report covering the work of the CSD at the meetings convened after the preparation of the Twenty-Seventh Report. The Committee agreed that the work of the CSD continued to make a valuable contribution to orderly marketing and market stability, especially for those agricultural commodities which were facing surplus problems.

52. The Committee expressed its appreciation for the Sub-Committee's work in revising the handbook on "FAO Principles of Surplus Disposal and Consultative Obligations of Member Nations". The new Handbook provided an explanation of the consultative machinery and procedures of the CSD in clear and easily understandable language. The Committee commended the members of the CSD Working Group, chaired by the delegate of Australia, which had undertaken this task.

53. The Committee supported cooperation between the CSD and the International Dairy Products Council to be established under the new International Dairy Arrangement (GATT).

54. One delegate pointed out the difficulty which his government had experienced in establishing Usual Marketing Requirements (UMRs) for certain commodities where trade statistics were not readily available, and expressed the view that the notification in the normal consultation time frame of 14 days should be operated in a flexible manner in cases of emergency. The Chairman of the CSD explained that the Sub-Committee was fully satisfied with the cooperation of the country concerned. Further, while recognizing the difficulties inherent in establishing UMRs and conducting consultations on commodities in which trade was limited, he expressed confidence that appropriate solutions could be devised within the Sub-Committee's framework.

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55. Some delegates expressed concern that no decision had yet been reached over whether the new U.S. Intermediate Credit Programme was subject to the procedures for prior notification and consultation. These delegates considered that this programme fell clearly within the FAO catalogue of transactions, requiring prior consultations and the establishment of UMR's. The delegate of the United States stated that this was an entirely new programme, unrelated to surplus disposal or food aid, and emphasized the commercial nature of the programme except for longer-term financing. He emphasized that a solution was being actively sought and expressed confidence that the problem could be solved to mutual satisfaction.

56. In responding to questions on sugar marketing, the Chairman of the CSD explained that those delegations most closely concerned with the problem had agreed on a Chairman's Statement which had been circulated to the CSD for its consideration at the November session.

57. The Committee paid tribute to Mr. G.W.J. Pieters, former Chairman of the CSD, who had recently retired from the service of the Government of the Netherlands, for his outstanding contribution to the work of the Sub-Committee.

(e) Other commodity matters including activities of intergovernmental groups

58. The Committee received and endorsed the reports of the session held by its intergovernmental commodity groups since its last Session which had been submitted to it for its consideration.

IV. STRATEGY FOR INTERNATIONAL AGRICULTURAL ADJUSTMENT

59. The Committee discussed this item on the basis of two Secretariat papers, CCP 79/11 "International Agricultural Adjustment: Second Progress Report" and CCP 79/12 "Revision of Policy Guidelines for International Agricultural Adjustment". CCP 79/11 presented the second monitoring and assessment by the Director-General of progress in international agricultural adjustment in relation to the eleven policy guidelines endorsed by the Eighteenth Session of Conference in 1975. While the monitoring and assessment was a report to Conference, the subject had been on the agendas of most sessions of the Committee for some years and on this occasion timing permitted the Committee to preview the paper as a means of assisting its consideration by Conference.

1. Monitoring of progress in adjustment

60. The Committee agreed that the second monitoring report was a useful survey and assessment of recent developments in the complex and long-term process of global agricultural adjustment in which all countries had an important stake. The guidelines provided an appropriate structure for consideration of policy and other developments. FAO should continue monitoring progress in relation to the guidelines, taking care to ensure that its reports had the benefit of the fullest extent of cooperation with other international organizations whose activities also bore on international agricultural adjustment. Although the competence of the Committee was primarily in the field of commodity trade, the latter had such a close bearing on economic development generally that most members thought that the Committee should continue to play an active role in guiding FAO work on adjustment.

61. The Committee believed that there had been some progress in the directions envisaged by the guidelines but that on the whole the extent of this progress had been extremely limited and its pace slow. Examples of progress in the two years since the previous monitoring report included improvements in the Generalized System of Preferences (GSP), in food aid supplies and in arrangements concerning food aid, in world food security especially as compared with conditions towards the middle seventies, and in development aid for agriculture in the developing countries most in need of this assistance. On the other hand, many members emphasized the inadequate food production and agricultural trade record of developing countries and agreed with the judgment of the Director-General that "little has occurred in the field of trade that has contributed directly to the process of adjustment". (para. 96). Access to markets of developed countries for a large number of agricultural products was still much too limited and in some cases uncertain for developing countries to be able to plan confidently for the full achievement of their export potential. Protection therefore remained a serious constraint to improved agricultural adjustment.

62. Other points to which attention was drawn included: the possibility that the report was perhaps unduly pessimistic as regards trade developments; the possible scope for building complementarity between the agriculture of developing and developed countries when planning structural changes in this sector, which could also lead to improved market access; the acceptance by large exporting countries of a basic responsibility for helping to maintain food security; the case for a better deal for developing countries in regard to sugar trade; and the seemingly insufficient priority given to investment in agriculture in some developing countries as illustrated in the paper.

63. A number of delegates reserved their position on specific paragraphs of the document until it would be discussed at Conference, by which time there would also have been greater opportunity to examine it more thoroughly.

2. Revision of guidelines

64. The Committee welcomed and examined the proposals in CCP 79/12 for the up-dating and some revision of the eleven policy guidelines for international agricultural adjustment adopted by Conference in 1975. As foreseen by Conference, there had been a number of developments since that time which needed to be reflected in the guidelines to ensure that they continued to represent a consensus view of Member Governments as to a policy frame relevant to the adjustment process in agriculture.

65. With the qualification noted below, in paragraph 66, the Committee considered the several steps envisaged for the revision and the procedures and timetable proposed by the Secretariat to be suitable and recommended that Conference approve this proposed course of action. In brief, the proposals provided for:

a) the circulation to Member Governments of Secretariat draft revisions, which would be prepared with the assistance of independent experts, towards the end of 1980;

b) examination of the draft revisions by an ad hoc Working Party of Government representatives open to all Member Governments in the Spring of 1981;

c) presentation of the draft revisions, as accepted or amended by the Working Party, to the Twenty-first Session of Conference (1981), together with the views of CCP, COAG and Council on the amended draft revisions to the extent that their meeting schedules permitted considering the proposed revisions.

66. Some delegates felt, however, that it would be preferable for the Committee to note the document CCP 79/12 and to await Conference decision regarding the need for revision of the guidelines. This was because agreement on the guidelines had been reached only recently and monitoring had therefore only just begun and was encountering certain difficulties as regards the availability or interpretation of indicators. Furthermore, as yet there was no DD3 strategy which would need to be reflected in the guidelines.

67. Several general principles were suggested which should be taken into account in guideline revision:

- the guidelines should reflect the consensus of governments reached in other fora also, particularly as formulated in the future DD3;
- the guidelines should be kept as simple as possible, but on no account should they be watered down;
- while the guidelines should together constitute a comprehensive strategy regarding the process of international agricultural adjustment, they should not be read as all having equal weight. Those relating to food production in developing countries might be considered as having top priority;
- revised guidelines should be capable of as objective monitoring as possible and should therefore be quantified when feasible.

68. Delegates made many detailed suggestions concerning possible revisions of guidelines, which were recorded by the Secretariat for future use.

V. REVIEW OF INTERNATIONAL ACTION RELATING TO AGRICULTURAL COMMODITIES IN OTHER FORA, INCLUDING UNCTAD AND GATT, AND THE ROLE OF FAO

69. The Committee reviewed developments since its Fifty-First Session on the important commodity and trade issues which had been under discussion and negotiation in other international fora including UNCTAD and GATT as well as the contribution of FAO. It based its discussions on document CCP 79/13, and the further information provided by the representatives of UNCTAD and GATT.

70. The Committee welcomed the importance given by the Director-General to the support to UNCTAD, which was a major priority of the Organization. It appreciated the close and active collaboration between FAO and UNCTAD Secretariats in implementing the Integrated Programme for Commodities. It expressed its full support to the continuation of this collaboration which would contribute to expediting the implementation of Resolution 93(IV) and to the establishment of the New International Economic Order as adopted in Resolutions 3201 and 3202 of the General Assembly.

71. The Observer of UNCTAD, on behalf of the Secretary-General of UNCTAD, expressed his appreciation and warm thanks for the continuous and substantive assistance provided by FAO to the discussions and negotiations in UNCTAD in the commodity field and the high priority attached by FAO to this work (CCP 79/CRS.2). He added that the UNCTAD Secretariat considered the FAO Secretariat as part of a team to service governments in a major negotiating exercise in the framework of UNCTAD Resolution 93(IV). He felt that FAO, and its Intergovernmental Groups, could have a major role in the follow-up of initiatives taken in UNCTAD, particularly in relation to the operations of the Second Window of the Common Fund.

72. The Committee welcomed the fact that agreement had been reached on the fundamental elements of the Common Fund. It expressed the hope that full consideration would be given to the utilization of the technical expertise of FAO and its intergovernmental groups in the future operations of the Common Fund, especially those related to its Second Window, which would finance commodity development measures aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities. It took note of the action taken by the Director-General to explore, in cooperation with the Secretary-General of UNCTAD, ways in which FAO might cooperate in the future operations of the Fund, especially of the Second Window. In this connection, the Committee noted that the FAO and UNCTAD Secretariats had prepared a joint report on the institutional options for international commodity arrangements with provisions for measures other than stocking for consideration by the Interim Committee of the Negotiating Conference on a Common Fund.

73. The Committee noted that the agreement on the fundamental elements of the Common Fund, as well as the conclusion of the International Agreement on Natural Rubber, based on the new principles of equal financial obligations between producers and consumers, constituted major events in the implementation of the Integrated Programme on Commodities. However, concern was expressed about the very slow pace at which the negotiations were proceeding on most commodities covered by the Programme. It urged governments to expedite these negotiations.

74. Most delegates expressed concern that although the new International Sugar Agreement had been concluded, some major producing and consuming countries had still not ratified or joined the Agreement. In view of the crucial importance of sugar for the economies of many developing countries, they urged the early ratification of the International Sugar Agreement by those countries that had already signed it, and the early initialling and ratification by those countries that had not yet signed it.

75. The Committee regretted the adjournment of the negotiations for a new international grains arrangement. It urged an early resumption of these negotiations so as to achieve the objectives of world food security. All countries were requested to consider concluding a new and enlarged Food Aid Convention independently of a new Wheat Trade Convention.

76. The observer from GATT supplemented the information provided in the Secretariat document on the results of the Multilateral Trade Negotiations by providing additional details on developments since the preparation of the document (CCP 79/CRS.3). The Committee noted that while the results of the Multilateral Trade Negotiations should contribute to a further expansion of world trade, the resulting benefits for agricultural products in the form of reduction of tariff as well as non-tariff barriers were less than those for industrial products. It was informed that tariff concessions were made on nearly 60 percent of dutiable industrial products; in contrast, concessions were made on only 30 percent of dutiable agricultural imports.

77. One delegate expressed the view that it was not appropriate at this stage to open discussions on a new round of negotiations but the results of the MTNs, definitely concluded this Spring, should be implemented as early as possible.

VI. DRAFT RESOLUTION FOR THE COUNCIL

78. The Committee agreed, subject to the reservations entered in paragraphs 79 and 80, to the following draft resolution on Commodity Trade, Protectionism and Agricultural Adjustment, and to recommend it to the Council for consideration and decision:

COMMODITY TRADE, PROTECTIONISM AND AGRICULTURAL ADJUSTMENT

The Council,

Recalling the Conference Resolution 7/75 on the Commodity Market, which, inter alia, recommended that developed countries take appropriate measures aiming at effective access to their markets for imports from developing countries,

Recalling further that the World Conference on Agrarian Reform and Rural Development stressed that the New International Economic Order, designed to bring out the equitable participation of the developing countries in world economic activity, is essential to the success of national efforts to attain rural development, and accordingly recommended a programme of action concerning international trade,

Noting the Resolutions 131(V) and 124(V) adopted by the United Nations Conference on Trade and Development at its Fifth Session on Protectionism and Structural Adjustment and on Integrated Programme for Commodities respectively, and also the agreement reached at the Negotiating Conference on the fundamental elements of the Common Fund,

Considering that protectionist policies of the developed countries impose serious obstacles in the process of agricultural adjustment and constitute a major constraint on the expansion of trade in agricultural commodities, with grave consequences for the economic and rural development of developing countries,

Considering further that protectionist policies also pose the most severe constraint to the expansion of the export earnings of both developing countries and those developed countries which depend heavily on agricultural exports;

Considering further the urgent need for developing countries to accelerate their foreign exchange earnings, particularly in order to overcome the rapidly mounting burden of external debt;

Regretting that the GATT Multilateral Trade Negotiations failed to provide significant concessions in sectors that are of great importance for agricultural trade, particularly of developing countries;

Stressing the essential need for agricultural adjustment in countries which have high support prices and/or barriers against imports especially from developing countries that compete with their domestic products, particularly in order for developing countries to attain an increasing share of world production as well as world trade in agricultural products;

Noting with deep concern the signs of increasing protectionist pressures in agriculture, which is already subject to a magnitude of import restrictions and export subsidies unparalleled in industrial trade, and that the actions taken to resolve these problems fall seriously far short of what is required,

1. Recommends that all countries display the necessary political will by (a) refraining to the maximum extent possible, from imposing any new tariff or non-tariff barriers to the imports of agricultural products, particularly from developing countries, and (b) developed countries adopting a progressive programme to improve access to their markets for agricultural commodities by implementing the agreed Programme of Action of the World Conference on Agrarian Reform and Rural Development, which, inter alia, called for not only the implementation of existing commitments to liberalize trade but also a move towards the progressive reduction and elimination of tariffs and non-tariff barriers to the entry of agricultural products of particular interest to developing countries, the expansion of the Generalized System of Preferences, and the adjustment of open or concealed subsidies for competing synthetic substitutes to meet the export needs of developing countries.

2. Urges governments to give immediate consideration to take appropriate action in relevant fora on the commodity trade issues of critical importance especially to developing countries, which have not been resolved in the MTNs, including the elimination of non-tariff barriers as well as removal of tariffs on tropical products and other commodities of export interest particularly to developing countries;

3. Requests the Committee on Commodity Problems, with the assistance of its Intergovernmental Commodity Groups to i) assess the impact of the results of the MTNs on the trade prospects of the main commodities concerned, with regard to the exports of the developing countries; ii) review developments in protectionism and its effects on the trade on agricultural commodities from developing countries in quantified terms where possible; and iii) examine the scope for and ways of promoting trade between the developing countries in the commodities concerned; and further requests the Committee to undertake this work so that it complements, and does not duplicate the work in other international organizations, and particularly in UNCTAD and GATT.

4. Proposes that the Guidelines for International Agricultural Adjustment should be revised in the light of the recent developments in world agricultural production, consumption and trade, to reflect the objectives of the new International Development Strategy and the relevant conclusions and recommendations reached in WCARRD, UNCTAD and other relevant fora;

5. Noting with satisfaction the agreement reached on the fundamental elements of the Common Fund invites governments, within the framework of the Common Fund, to explore ways of utilizing the experience and technical expertise of FAO, and of the Intergovernmental Commodity Groups, in the eventual operations of the Common Fund, especially of the Second Window, in order to finance commodity development measures aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities;

6. Recommends that, in order to expedite the implementation of the Integrated Programme on Commodities, particularly the conclusion of the International Commodity Agreements, FAO should continue to give full support to UNCTAD;

7. Urges that governments which have not already done so should ratify the International Sugar Agreement and those who have not signed should sign and ratify this Agreement in order to contribute to the stabilization of the world sugar market;

8. Welcomes the conclusion of the International Natural Rubber Agreement and urges all governments concerned to ratify it so that it can come into effect on 1 October 1980, as envisaged;

9. Requests the Director-General to present to the Fifty-Third Session of the Committee on Commodity Problems a report on actions taken in pursuance of the present Resolution;

79. While accepting the general concept and objectives of the draft resolution, some delegates expressed reservations on certain aspects of the text pending further consultations in their governments.

80. The delegate of Ireland on behalf of the delegations of the member states of the EEC and the delegate of the United States of America stated that they were unable to express an opinion on the draft resolution in view of the limited time available during the session and their consequent inability to secure instructions from their governments. The delegate of Japan could not secure final instruction from his government. They therefore reserved their positions on the draft resolution as a whole. After a careful examination of the text, they would convey their positions to the Council.

VII. COMMODITIES PROGRAMME OF WORK AND MEETINGS SCHEDULE FOR 1980-81

81. The Committee considered the Organization's proposed programme of work on commodities and meetings scheduled for 1980-81 on the basis of document CCP 79/14 and CCP 79/14, Add. 1. It noted that the schedule of commodity meetings in 1980-81 was still subject to change depending on the work programme of the commodities concerned, developments in commodity markets and/or progress made in negotiations in other fora, and particularly UNCTAD.

82. The Committee endorsed the priorities and the general scope of the activities planned for the 1980-81 biennium. Several delegates suggested that in view of the growing importance of silk and silk products in international trade, as well as in the economies of many developing countries, the Commodities and Trade Division of FAO should cover this commodity also in its activities. It was also proposed that an ad hoc consultation of interested governments should be held at an appropriate time, and preferably in the 1980-81 biennium, to review the situation and outlook as well as problems faced by silk and silk products. It was also suggested that attention should be paid to piassava. In this connection, some delegates stated that in their view, any such additional work or meetings, should not have any extra budgetary implications but should be accommodated by shifting resources from work of lower priority.

83. The Committee noted that the Intergovernmental Group of Grains had not met since 1975 in in view of the discussions and negotiations on a new international grains arrangement. Several delegates stressed the importance of maintaining liaison between producing and consuming countries in matters relating to production and trade of coarse grains, and urged that the session of the Intergovernmental Group on Grains should be held in February 1980 as planned. With reference to the tentative plans for meetings of the Intergovernmental Groups on Bananas and on Tea, in 1980/81, the Committee was informed that these sessions would be synchronized with the work and related meetings in UNCTAD.

84. The delegate of the Philippines expressed appreciation of the assistance received by his government on the formulation of an abaca pricing policy, under the FAO commodity policy at the country level programme, and for the research and development programme on abaca formulated by FAO as a contribution to the UNCTAD Preparatory Meeting on Hard Fibres.

85. In reply to a query, the Committee was informed that the proposed study on protectionism would be published as a chapter in the forthcoming issue of the Commodity Review and Outlook. It would consist of a general review of the nature and dimensions of protectionism in the agricultural sector and would analyse recent developments in this field, including the results of the recent negotiations on trade liberalization.

86. In reply to another query, the Committee was informed that work on the compilation and publication of the per caput fibre consumption study could be resumed by FAO provided sufficient extra budgetary resources were made available to meet the cost. Potential donors were being approached.

VIII. OTHER MATTERS

Arrangements for the Fifty-Third Session

87. The Committee noted that, taking into account the schedule of other meetings, the Fifty-Third Session of the Committee was planned to be held in September 1981 in Rome, that is, shortly before the Twenty-First Session of the FAO Conference.

APPENDIX A

MEMBERSHIP OF THE COMMITTEE ON COMMODITY PROBLEMS

(as at 19 October 1979)

ANGOLA, REP. POP.
ARGENTINA
AUSTRALIA
AUSTRIA
BANGLADESH
BELGIUM
BENIN
BRAZIL
CAMEROON
CANADA
CHILE
COLOMBIA
CONGO
CUBA
DENMARK
ECUADOR
EGYPT
EL SALVADOR
FINLAND
FRANCE
GERMANY, FEDERAL REPUBLIC OF
GHANA
GREECE
GUINEA
HUNGARY
INDIA
INDONESIA
IRAQ
IRELAND
ISRAEL
ITALY
JAPAN
KENYA
KOREA, REPUBLIC OF
LIBERIA
MALAYSIA
MALTA
MEXICO
NEPAL
NETHERLANDS
NEW ZEALAND
NIGERIA
NORWAY
PAKISTAN
PANAMA
PERU
PHILIPPINES
POLAND
PORTUGAL
QATAR
SIERRA LEONE
SPAIN
SRI LANKA
SUDAN
SWEDEN
SWITZERLAND
TANZANIA
THAILAND
TUNISIA
TURKEY
UGANDA
UNITED KINGDOM
UNITED STATES OF AMERICA
URUGUAY
VENEZUELA
YUGOSLAVIA
ZAIRE
ZAMBIA

APPENDIX B
ANNEXE B
APENDICE B

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

Chairman/Président/Presidente:	Dag Mork Ulnes (Norway)
First Vice-Chairman/Premier Vice-Président/ Primer Vicepresidente:	Mapela Nga-Ma (Zaïre)
Second Vice-Chairman/Deuxième Vice-Président/ Segundo Vicepresidente:	A.F.M. De Freitas (Brazil)

ARGENTINA/ARGENTINE
C.O. Keller Sarmiento
Representante Permanente ante la FAO
Embajada de Argentina
Roma

R. Dejean Rodríguez
Secretario de Embajada
Embajada de Argentina
Roma

AUSTRALIA/AUSTRALIE
J.C. Sainsbury
Counsellor (Agriculture)
Australian Embassy
Rome

AUSTRIA/AUTRICHE
P. Rosenegger
Attaché Diplomatique
Embassy of Austria
Rome

BANGLADESH
Quazi Habibul Haque
Counsellor
Embassy of Bangladesh
Rome

BELGIUM/BELGIQUE/BELGICA
H. Baeyens
Représentant permanent
Ambassade de Belgique
Rome

J. Thinsy
Représentant suppléant
Ministère des Affaires étrangères
Bruxelles

J.P. Warnimont
Représentant permanent suppléant
de la Belgique auprès de la FAO
Ambassade de Belgique
Rome

M. Vandeputte
Ministère de l'agriculture
Bruxelles

BENIN
M.R. Sogan
Chef au Service des Produits
Sonaceb
Cotonou

BRAZIL/BRESIL/BRASIL
Arrhenius F.M. de Freitas
Permanent Representative of Brazil to FAO
Embassy of Brazil
Rome

G. de Barros Carvalho e Mello Mourão
Alternate Permanent Representative
of Brazil to FAO
Embassy of Brazil
Rome

CANADA
K.R. Higham
Permanent Representative of Canada to FAO
Embassy of Canada
Rome

CHILE/CHILI
E. Bacigalupo
Embajador/Representante Permanente ante la FAO
Embajada de Chile
Roma

J.M. Brugere
Primer Secretario
Embajada de Chile
Roma

COLOMBIA/COLOMBIE
G. Bula Hoyos
Embajador de Colombia ante la FAO
Embajada de Colombia
Roma

J. Godín Díaz
Tercer Secretario
Embajada de Colombia
Roma

Ms. P. Di Prima
Agregado de Asuntos Administrativos
Embajada de Colombia
Roma

CONGO
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Représentant délégué
Caisse de stabilisation des prix des
produits agricoles et forestiers
Ministère de l'Economie Rurale
Brazzaville

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Embajador
Representante Permanente ante la FAO
La Habana

J. Arias
Especialista en Política Comercial
Ministerio del Comercio Exterior
La Habana

C. Arjas Marfil
Asesor
La Habana

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Royal Embassy of Denmark
Rome

ECUADOR
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Representante permanente
Ministro para Asuntos Económicos
Embajada del Ecuador
Roma

F. Espinosa
Secretario
Embajada del Ecuador
Roma

EL SALVADOR
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Representante Permanente de El Salvador
ante la FAO
Embajada de El Salvador
Roma

J.M.D. García
Representante Alterno de El Salvador
ante la FAO
Embajada de El Salvador
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Conseil technique à la sous-direction
des affaires européennes et multilatérales
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M. Blua
Ministère de l'Economie
Paris

M. Norbert Carrasco-Saulnier
Représentant Permanent adjoint de la France
auprès de l'OAA
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W. Lache
Director for Commodity and Trade Policy
Federal Ministry of Food, Agriculture and
Forestry
Bonn

W. Lumpe
Associate
Ministry of Economics
Bonn

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Permanent Representative to FAO
Embassy of Ghana
Rome

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M.A. Papageorgiou
Ambassador, Permanent Representative to FAO
Rome

GUATEMALA
H. Vizcaíno
Embajador, Embajada de Guatemala
Roma

HUNGARY/HONGRIE/HUNGRIA
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Rome

J. Herr
Head of Department
Ministry of Foreign Trade
Budapest

L. Vajda
Senior Officer
Ministry of Agriculture and Alimentation
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Amidjono Martosuwirto
Permanent Representative of Indonesia to FAO
Embassy of Indonesia
Rome

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to FAO
Embassy of Ireland
Rome

ISRAEL
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to FAO
Embassy of Israel
Rome

ITALY/ITALIE/ITALIA
I. Gatti
Ispettore Generale
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Rome

Tarditi
I.N.E.A.
Siena

T. Russo
IRVAM
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Monrovia

Ms. M. Campbell
Ministry of Agriculture
Monrovia

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A. Echeverría
Embajador, Representante Permanente
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Delegación Permanente de México ante la FAO
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Delegación Permanente de México
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ante la FAO
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Ministry of Economic Affairs
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Embassy of Netherlands
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L. Rittershaus
Ass. Permanent Representative to FAO
Embassy of the Netherlands
Rome

NEW ZEALAND/NOUVELLE-ZELANDE/NUEVA ZELANDIA
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Alt. Permanent Representative to FAO
Embassy of New Zealand
Rome

NIGERIA
J. Alabi
Permanent Representative to FAO
Embassy of Nigeria
Rome

NORWAY/NORVEGE/NORUEGA
Dag Mork Ulnes
Alternate Permanent Representative to FAO
Embassy of Norway
Rome

Einar Bull
Counsellor
Ministry of Foreign Affairs
Oslo

PAKISTAN
Parvez Masud
Permanent Representative to FAO
Embassy of Pakistan
Rome

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Ms. M. Ivankovich de Arosemena
Embajador, Representante Permanente de Panamá ante la FAO
Misión Permanente de Panamá ante la FAO
Roma

PERU/PEROU
L. Valdivia
Representante Permanente de Perú ante la FAO
Representación Permanente del Perú ante la FAO
Roma

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Gabinete de Cooperación Internacional
Ministerio de Agricultura y Pescas
Lisbon

A.R. Santos
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APPENDIX C

OPENING ADDRESS BY MR. EDOUARD SAOUMA

DIRECTOR-GENERAL OF THE

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

TO THE FIFTY-SECOND SESSION OF THE COMMITTEE ON COMMODITY PROBLEMS

ROME, 15 OCTOBER 1979

Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

I have great pleasure in welcoming you to Rome, to the Headquarters of FAO and to the 52nd Session of the Committee on Commodity Problems.

You have not met for some two and a half years. At your last session you drew attention to several key problems affecting trade in agricultural commodities - price instability, competition from synthetics and restrictive trade measures.

Let us firstly review developments since then. Is there progress? Are we advancing towards a more just and equitable world order in international trade, particularly in agricultural commodities?

A single arresting fact dispels illusions of optimism.

The decline in the share of developing countries in world agricultural trade, in 1978 alone, cost them over four billion dollars. This virtually offset the value of external assistance to agriculture in the previous year. In contrast, the EEC spent over four billion dollars on price support for milk products alone.

The negotiations, in the various established fora, present a mixed performance with some hopeful developments. On balance, however, the picture is still gloomy.

Earlier this year, agreement was reached on the Fundamental Elements of a Common Fund. At UNCTAD V, there was a consensus on a number of other issues - the work programme to encourage more rational trade policies, particularly for manufactured goods; and a Special programme to assist the least developed countries.

However, there were two major disappointments. Firstly, there could be no agreement on specific actions by developed countries to remove restrictions on imports from developing countries. Secondly, we remain with opposing views on the most basic policy issue, of how to achieve structural change in the inter-relationships between trade, development, financial flows and the monetary system.

I continue to regard our support to UNCTAD as a major priority of our Organization. I have been exploring, with the Secretary-General of UNCTAD, various ways to collaborate in the agreements over the Common Fund. Research and development, diversification and higher productivity are among the activities to be supported by the Second Window. And they are traditional and vital concerns of FAO. Our expertise and our Intergovernmental Commodity Groups can play an important role. Continuing support to the preparatory meetings on individual commodities is also necessary, to expedite negotiations.

I trust that you will support and encourage our close and effective collaboration with UNCTAD, in the interest of progress towards a New International Economic Order.

The Multilateral Trade Negotiations of the GATT, concluded after six years of work, also met with difficulties. Full details of the results have not yet been published. However, FAO's first assessment suggests that the benefits for agricultural trade have been relatively modest. Tariff concessions were made on nearly 60 percent of dutiable industrial imports; in contrast, concessions were made on only 30 percent of dutiable agricultural imports.

The results of negotiations on non-tariff measures were also less significant for agriculture than for manufactures. Generally, although some of the agreed "codes" contain more liberal provisions for developing countries than for developed countries, the basic objective of a substantial increase in the exports of developing countries is unlikely to be achieved.

I believe that it would be useful for your Committee to arrange for a detailed assessment of the results of the Multilateral Trade Negotiations, in respect of the agricultural exports of developing countries. This might pave the way to their eventual participation in the actual implementation and future reviews of the agreements.

A similar mixed picture emerges from the individual commodity negotiations. A new International Sugar Agreement and a new International Agreement on National Rubber have been concluded. A new agreement on cocoa may now be within sight. But it is a matter of serious concern that some major producing and consuming countries have still not ratified or joined the International Sugar Agreement.

My most serious concern is over the breakdown in the negotiations for a new International Grains Arrangement. It has left a gap in the area of world food security. It has also exposed commercial trade to uncertainty and instability. Already, the developing countries face a massive increase in their import bill of up to two billion dollars as a result of the upsurge in wheat prices this year.

In this situation, I urge our Member Nations to implement fully, and with determination, the Plan of Action on World Food Security, which the Council approved at its last session, in June.

Looking to the future, our Commodity Projections as well as "Agriculture: Toward 2000" indicate an opportunity for a more balanced growth in agricultural trade. But let us take heed - this potential cannot be realized unless there is a greater liberalization of world trade and unless trade expands amongst the developing countries themselves. As I stressed in my address to UNCTAD V in Manila, it would be the height of cynicism to encourage developing countries to increase their production for export, if in the end they will be unable to find remunerative markets.

The Programme of Action adopted by our recent World Conference on Agrarian Reform and Rural Development, calls upon the developed countries to improve access to their markets for agricultural exports of the developing countries. They are urged to honour existing commitments and to continue, with renewed determination, negotiations to liberalize trade; to move towards the progressive reduction and elimination of tariffs and non-tariff barriers to the agricultural products of particular interest to developing countries; to expand the Generalised System of Preferences; to adapt open or concealed subsidies for competing synthetic substitutes. We look forward to results.

It would, perhaps, be misleading to speak of a "new" wave of protectionism. Most developed countries have long maintained high barriers against agricultural products such as beef and dairy products, sugar, rice, citrus and textile goods. Yet the fact is - and this is confirmed by recent reports of the World Bank and the GATT - that there are definite signs of increasing protectionist pressures.

Many examples could be given: I will only mention the increases in import barriers on food and processed products such as vegetables and fruits in several countries; the export "restraint" agreements negotiated for cassava; the widespread measures to limit imports of sugar and meat; and the additional restrictions imposed on imports of textiles under the Multi-Fibres Arrangement.

I am led to ask: how well are the implications of protectionism understood? Are protectionist measures really for the public good? Or do they only serve short-term and narrow interests, obscured by the capacity of the lobby concerned to arouse a frenzy of public opinion?

The costs of protectionism must surely be recognized as enormous, both to the producer and consumer.

- Protectionism aggravates inflation by pushing up domestic prices of imports. Domestic support policies lead to heavy government expenditures. The consumer pays twice - in higher prices and in higher taxes.

- Protectionism is wasteful and creates surpluses, which are sold at a loss or dumped on world markets. It also discourages the shift of resources to more efficient sectors.

- Protectionism reduces world trade. It limits the ability of developing countries to pay for imports, and cuts the potential markets for industrialised countries.

- Protectionism retards the rural development of developing countries; it discourages agricultural investments and may also reduce the supplies available to importers.

What are the alternatives? In my view, the only long-term alternative is to institute phased and gradual programmes of agricultural adjustment, closely coordinated with a reduction in the level of agricultural protection in the industrialised countries.

One of the purposes of the FAO Guidelines on International Agricultural Adjustment is to provide a framework for harmonising national policies to meet these international objectives. As and when the Guidelines are revised, I hope that they will be made more refined and suitable for monitoring the progress towards reduced protectionism in agriculture. Your Committee will have an opportunity to examine this question when it reviews the second report to the FAO Conference on this subject.

Mr. Chairman,

With a quarter of a century's experience, this Committee is well aware that there are no easy solutions to the world's commodity problems. The issues are complex and of key economic significance. Negotiations pursue differing paths in a multitude of fora. They are based on specific commodity factors, as well as trade-offs in packages of negotiations.

For many developing countries, agricultural trade constitutes the life blood for healthy growth on the one hand, or stunted misery, on the other.

Your Committee, with its subsidiary bodies - the Inter-governmental Commodity Groups and the Consultative Sub-Committee on Surplus Disposal - continues to achieve practical results. This can only be based on the common understanding and spirit of compromise in which producers and consumers work together, contributing to negotiations in other fora. It is your forte and a source of pride to us all.

I look forward to the results of your deliberations on your heavy agenda and wish you all success in your work.

APPENDIX D

AGENDA

I. Opening of Session

1. Election of Chairman and Vice-Chairmen: for decision
2. Adoption of Agenda and Timetable: for decision

II. World Commodity Situation and International Action

3. Main issues in world commodity situation and outlook for discussion and/or decision
4. Specific commodity matters requiring consideration by the Committee: for discussion and/or decision
   (a) Operation of informal agreements under FAO auspices: hard fibres, jute, kenaf and allied fibres
   (b) Progress of FAO work on commodity agreements with special reference to bananas
   (c) Report of ad hoc Consultation on Hides and Skins, with special reference to proposed ad hoc Working Party of Experts on Statistical Intelligence
   (d) Work of the Consultative Sub-Committee on Surplus Disposal (CSD)
   (e) Other commodity matters including activities of intergovernmental groups
5. Strategy for International Agricultural Adjustment: for discussion and recommendation
   (a) Monitoring report on progress in relation to Guidelines
   (b) Proposals and procedures for updating Guidelines
6. Review of international action relating to agricultural commodities in other fora, including UNCTAD and GATT, and the role of FAO: for discussion and/or decision

III. Other FAO Activities of Concern to the Committee

7. Commodities programme of work and meetings schedule for 1980/81: for discussion

IV. Other Matters

8. Arrangements for the Fifty-Third Session: for decision
9. Any other business
10. Adoption of report

APPENDIX E

LIST OF DOCUMENTS

Number	Title
CCP 79/1	Provisional Agenda and Agenda Notes
CCP 79/2	Extracts from reports of Nineteenth Session of the FAO Conference, the Seventy-First and Seventy-Fourth Sessions of the FAO Council and the Fifteenth Session of the FAO Regional Conference for Latin America
CCP 79/3	Report of the Thirteenth Session of the Intergovernmental Group on Oilseeds, Oils and Fats
CCP 79/4	Report of the Twenty-Second Session of the Intergovernmental Group on Rice
CCP 79/5	Report of the Fourteenth Session of the Intergovernmental Group on Hard Fibres
CCP 79/6	Report of the Eighth Session of the Intergovernmental Group on Meat
CCP 79/7	Membership of the Committee on Commodity Problems
CCP 79/8	Main Issues in World Commodity Situation and Outlook: Principal Medium - and Longer-Term Issues
CCP 79/8 Add. 1	Main Issues in World Commodity Situation and Outlook: Recent Market Developments and Short-Term Prospects
CCP 79/9	Specific Commodity Matters Requiring Consideration by the Committee
CCP 79/10	Consultative Sub-Committee on Surplus Disposal: Twenty-Seventh Report to CCP
CCP 79/11 + C 79/20	International Agricultural Adjustment: Second Progress Report
CCP 79/12	Revision of Policy Guidelines for International Agricultural Adjustment
CCP 79/13	Review of International Action Relating to Agricultural Commodities in Other Fora Including UNCTAD and GATT and the Role of FAO
CCP 79/14	Commodities Programme of Work and Meetings Schedule for 1980-81
	* * * * * * *
CCP 77/14	Report of the Fifth Session of the Intergovernmental Group on Tea
CCP 77/15	Report of the Thirteenth Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres
CCP 77/16	Report of the Seventh Session of the Intergovernmental Group on Meat
CCP 78/1	Report of the Twelfth Session of the Intergovernmental Group on Oilseeds, Oils and Fats
CCP 78/2	Report of the Thirteenth Session of the Intergovernmental Group on Hard Fibres
CCP 78/3	Report of the Twenty-First Session of the Intergovernmental Group on Rice
CCP 78/4	Report of the Fourteenth Session of the Intergovernmental Group on Jute, Kenaf and Allied Fibres
CCP 78/5	Report of the Ad Hoc Government Consultation on Hides and Skins