

COMMITTEE OF COMMODITY PROBLEMS

Second Meeting

CONFIDENTIAL

9:30 a.m. 10th and 15th February

Room 203 Longfellow Building
1201 Connecticut Avenue, F.W.

PRESENT: (In the Chair) P. N. S. Abhayankar (INDIA)

AUSTRALIA	- Mr. J. U. Barside Mr. P. F. Magee	UNITED STATES	- Mr. Ralph S. Trigg ** Mr. R. B. Schwenger Mr. F. H. Rhodes Mr. F. A. Linville
BRAZIL	- Mr. W. Sarmiento * Mr. J. B. Pinheiro **	URUGUAY	- Mr. J. F. Yriart
CANADA	- Dr. G. S. H. Barton ** Dr. W. C. Hopper	ACTING DIRECTOR- GENERAL	- Sir Herbert Broadley
CUBA	- Dr. Ricardo Serabasa	SECRETARY	- Mr. F. B. Northrup
EGYPT	- Mr. Amour Elazi	DISTRIBUTION DIVISION	Dr. G. Blau ** - Mr. G. Boals** Mr. H. G. Clowes ** Mr. A. Erikson ** Mr. H. V. Knight ** Mr. A. Viton
FRANCE	- Mr. R. Forestier ** Mr. P. Oberthar *	INFORMATION DIVISION	- Mr. W. Hughes
INDONESIA	- Mr. R. M. Muir	RECORDING SECRETARY	- Miss H. J. Evans
NETHERLANDS	- Mr. J. M. Ritzema von Ikema		
PAKISTAN	- Mr. Mahmud Ahmed		
UNITED KINGDOM	- Mr. E. E. Stedman Mr. Robert Burns		

PRESENT BY INVITATION:

FAO Member Governments

Khin Maung Gale, Burma
Dr. L. Samuel, Israel
* Mr. A. Liverhant, Israel
Dr. P. Rogers, Italy
Mr. George E. Stevenson, Liberia
Mr. W. A. Horrocks, Union of South Africa

Other Organizations

** Mr. A. Cairns, International Federation of
Agricultural Producers
** Mrs. Kate Tuckerman

* Not present at 10 February meeting.

** Not present at 15 February meeting.

I. Adoption of agenda

The items included in the agenda were approved, subject to consideration being given to item III before item II.

III. Discussion - Committee Operating Procedures

The Chairman drew attention to the fact that the present meeting was open and that certain observers were in attendance; however, he believed that item III was of such general importance that the attendance of observers might in fact be advantageous. He called the Committee's attention to the letter (CCP50/5) dated 7th February received from the U.S. member, and asked whether Mr. Trigg had any further comments to make in this connection.

Mr. Trigg (United States) hoped that the letter now before the Committee would promote some tangible discussion of how the Committee proposed to operate. He explained that the commodities listed in the letter represented stocks held by the Commodity Credit Corporation, which was a Government body established for the primary purpose of price support operations in respect of U.S. domestic producers. He pointed out that there must of necessity be, in respect of any stocks sold or moved by the CCC, dollar reimbursement to the Corporation.

The Chairman recalled that at the previous meeting it had been suggested that the Committee should study theoretical cases which might come before it and endeavour to work out a procedure. However, the Committee had now been presented with a tangible case, which he thought would provide a convenient opportunity for discussion both of the case itself and of the procedure to be involved.

Mr. Stedman (United Kingdom) doubted whether the Committee was actually in a position to discuss the substance of this particular case, since as yet no procedures had been developed. One point which he felt would have to be clarified before any discussion of this case was that concerning the attendance of observers.

Mr. Yriart (Uruguay) enquired, in respect of the third paragraph of the United States letter, whether those commodities quoted at less than the market price were so priced because they were considered to be in surplus supply. If this were so, he wished to know whether these were the only commodities priced below the market level by the CCC.

Mr. Trigg (United States) replied that there might be some other items, but that the commodities listed represented the bulk of the commodities which the CCC was endeavouring to move by means of pricing below the market level. There was always some difficulty in defining what represented a surplus supply in the United States, and in this connection his Department had taken into account normal production plus reserve supply, and was convinced that the items listed were surplus to the needs of the United States. They had accordingly been priced below market levels in an effort to make some use of them without too great a financial loss to the CCC.

Mr. Yriart (Uruguay) assumed therefore that if the CCC priced goods below the market level those goods could be considered as surplus.

Mr. Trigg (United States) pointed out, however, that there might be some commodities which the United States considered to be in surplus supply which were not priced below the market. He stated that the CCC operated under legal restrictions which prevented the Corporation from re-selling any storable commodity for domestic use at less than 105 percent of the current support price. However, perishable commodities could be disposed of at any price. These legal restrictions did not hold good in respect of re-sale for the export market, where the CCC was empowered to sell at any dollar price but could not take payment made with ECA or other funds furnished by the U.S. Government. In reply to Mr. Garside, Mr. Trigg pointed out that the commodities listed in the CCC's public offer of 18th January, not all of which were included in the letter under discussion, were offered at the market price. He further replied that Mr. Ritzema was correct in his understanding that the CCC could not offer commodities to ECA countries for ECA dollars unless these items were at the market price.

Mr. Burns (United Kingdom) presumed that such items could be bought by ECA countries with free dollars.

The Chairman pointed out that it might well be that the demand for some of those items might be confined to European countries.

Mr. Trigg (United States) stated that the items listed in the United States letter could be made available to any country, although the CCC could not accept ECA or other U.S. Government funds in payment. It was felt in the U.S. Department of Agriculture that when the CCC assembled a large inventory of commodities as a result of its price support program, the U.S. Government should not have to establish a world-wide sales organization, but should make use of the existing trade channels for disposal of these commodities - hence the public announcement of 18th January. It was, he felt, for the Committee to work out a solution to this problem from the point of view of other governments.

Mr. Garside (Australia) believed that the publication of the present U.S. availabilities represented the first tangible case to be presented to the Committee, and that the list should be circulated to all FAO member governments.

Mr. Ritzema (Netherlands) agreed, pointing out that the items listed would not only be of interest to potential importers, but also to other exporting countries concerned with the same or similar products.

The Chairman was of the view that it would be entirely in order to circulate the United States letter to all FAO member governments, but pointed out that time was of the essence, and enquired whether the Committee would wish to appoint a Subcommittee to include representatives of countries who might be considered possible outlets and also other interested governments, who would study the details regarding possible elasticity of price quotations, etc.

Mr. Yriart (Uruguay) stated that he had some observations of substance to make which he had so far reserved until the question of procedure was decided, but he now thought it might be pertinent to make his remarks before it was decided either to appoint a Subcommittee or to circulate the United States letter.

The Chairman called for comments regarding his suggestion to appoint a Subcommittee; he pointed out that the present meeting was attended by a number of observers, who were indeed welcome, but he wondered whether the Committee might wish to have a sort of closed discussion on the matter under discussion.

Mr. Stedman (United Kingdom) believed that a distinction should be drawn between representatives of FAO member governments attending the meeting as observers, who of course had every right to be present throughout, and other observers present by special invitation.

Mr. Niazi (Egypt) remarked that prior to the circulation by the Secretariat of the United States letter, he had read the CCC announcement in the press, and he therefore thought that it was for the United States member to decide whether the discussion should be continued in public or not.

Mr. Trigg (United States) replied that in his view it was for the Committee to decide whether the discussion might preferably be continued privately. Although the contents of the United States letter had in fact been the subject of a public announcement, there might be some procedural difficulties which the Committee would prefer to consider in executive session.

In response to a further enquiry from the Chairman, Mr. Stedman (United Kingdom) stated that since no procedure had yet been decided regarding executive and open sessions of the Committee, the only course possible at the present time appeared to continue discussion in full Committee.

Mr. Muir (Indonesia) felt that there was no need for an executive session at this stage.

Mr. Garside (Australia) was of the opinion that the only justification for an executive session at this time would be if some member wished to make a statement which he considered should only be made in such session.

In the absence of further comment, the Chairman assumed that the Committee was agreeable to continue in open session, and again called for observations on his suggestion to appoint a Subcommittee, remarking that in such a meeting it might be possible to discover whether the terms set forth in the United States letter were absolutely rigid and to secure further clarification.

Mr. Stedman (United Kingdom) supported the Chairman's proposal, remarking that any such Subcommittee would have to report back to the full Committee.

Mr. Yriart (Uruguay) wished to declare his Government's specific interest in the present problem.

The Secretary enquired whether it might be possible, should such a Subcommittee be established, for other interested Governments to make their views known to the Subcommittee.

Mr. Niazi (Egypt) suggested that, if the United States letter were circulated to all FAO member governments forthwith, any interested governments might be able to submit their views to the Subcommittee for consideration before any report were made to the full Committee.

Sir Herbert Bradley pointed out that FAO's normal channel of communication was via the Foreign Offices of the various member governments, and asked for suggestions from the Committee as to methods for expediting the receipt of the suggested communication by the appropriate officials in home governments.

The Secretary further pointed out that in his letter of 20th January (G/63) the Director-General had asked FAO member governments to designate a Washington representative through whom correspondence with the Committee and Secretariat could be channelled. To date however no specific designations had been received.

Mr. Stedman (United Kingdom) suggested that insofar as possible the Committee Secretariat should communicate with the normal FAO contacts in Washington, leaving it to the latter to keep their Governments advised.

Mr. Garside (Australia) supported this suggestion.

The Chairman referred to Mr. Niazi's suggestion that the United States letter should be circulated immediately to the Washington representatives of all FAO member governments, and suggested that simultaneously a Subcommittee should be appointed to study the various implications of the letter.

Mr. Yriart (Uruguay) remarked that in such case he would have certain observations to make, which he believed he was entitled to do under the Committee's terms of reference. At the time the United States letter had been sent out, it was not clear whether the items offered at less than market prices could be disposed of through normal trade channels. He believed the Committee must give serious consideration to this matter, which might conceivably prejudice the interests of other exporters and producers. His Government had to object to any idea which might have the effect of introducing into normal trade channels products at less than market prices, which would place producers in other countries at a disadvantage - a disadvantage in which legislation in the United States did not permit its producers to be placed, since the commodities listed could not be disposed of within the United States at less than 105 per cent of market prices. Hitherto it had been an accepted principle, subscribed to by the United States, that commodities should not be introduced into international trade at less than market prices, and in fact at the Havana Conference of ITO the United States had taken a leading position in establishing a Charter which incorporated this principle. He could have no quarrel with the United States in offering these products, because they were undoubtedly needed in other parts of the world. However, his Government believed that some principle should be established to enable such commodities to be sent to those countries where the nutritional need was greatest and where for financial reasons they would not ordinarily be purchased, thus representing additional purchases above normal needs. He referred in this connection to paragraph 16 (b) of the Report of Commission I of the Fifth FAO Conference (C49/46 Add.).

Mr. Stedman (United Kingdom) remarked that Mr. Yriart's observations led him to believe that a Committee such as the present was the worst possible forum to discuss a problem of this nature, which could best be studied by a small group, documented by all the facts and figures which the Secretariat could assemble, who would attempt to assess the consequences of an operation of this sort.

Dr. Barton (Canada) supported Mr. Stedman's view, stating that to his mind the documentation made available to such a small group should not be circulated outside of that group.

The Chairman again enquired the views of the Committee regarding the appointment of a Subcommittee, with a suggested composition of the representatives of Australia, Canada, Netherlands, United Kingdom, United States, and Uruguay, with himself as Chairman. The Subcommittee should study all aspects of the present problem, and prepare a report for circulation to member governments.

Mr. Stedman (United Kingdom) preferred, however, that such a Subcommittee should report back to the full Committee before any general circulation to member governments of such a report.

Dr. Barton (Canada) assumed that if any member of the Committee, not represented on the Subcommittee, wished to make comments he would be at liberty to do so.

It was agreed that a Subcommittee, as suggested by the Chairman, should be set up and should meet immediately at the close of the present full meeting.

II. Preliminary Draft Rules of Procedure.

The Secretary drew attention to the draft rules of procedure which had been circulated on 3 February to the 14 members of the Committee.

Dr. Barton (Canada) suggested that it might be preferable under paragraph I (1) for provision to be made that the Chairman and Vice-Chairman should be elected "with the approval of the Director-General", but it was agreed after some discussion that such a provision was not necessary.

Mr. Ritzema (Netherlands) believed that it would be more accurate in paragraph III (2) to refer to organizations accorded "consultative status".

The Secretary remarked that the phraseology now employed by FAO in such instances was in fact "consultative status". He pointed out that two types of observers were envisaged: (1) Governments of FAO not represented on the Committee, who would automatically have the right of attendance at the Committee meetings; and (2) observers representing other organizations which would include (a) intergovernmental organizations, and (b) nongovernmental organizations. Invitations to category (2) observers to attend the Committee's meetings would no doubt be governed by whether their organizations had been accorded "consultative status" by the FAO Conference; he suggested that, in order to facilitate orderly Committee procedure, representatives of such organizations should address a letter to the Committee regarding their interest in the Committee's affairs so that members could make their own decision on the matter of attendance by observers.

Mr. Ritzema (Netherlands) and Mr. Stedman (United Kingdom) felt that for the present purposes of the Committee it would suffice to distinguish only between observers under categories (1) and (2) and to make no further distinction within category (2).

Mr. Sarabasa (Cuba) felt that representatives of all FAO member Governments should have the right to attend the Committee's meetings as observers whether such meetings were considered "open" or "executive".

Mr. Stedman (United Kingdom) was of the opinion that ordinary meetings should only be attended by members of the Committee, but that extraordinary meetings might be called which could be attended by the full membership of FAO and by representatives of other organizations upon invitation.

Mr. Yriart (Uruguay) and Mr. Rhodes (U.S.), on the other hand, believed that meetings should normally be classed as open; Dr. Barton (Canada) and the Chairman supported this view, the latter adding that executive meetings should be called when necessary at the discretion of the Chairman.

Mr. Stedman (United Kingdom) further explained his point of view, stating that in his experience frank discussion was only possible in meetings confined to members of a committee.

The Chairman recognized Mr. Stedman's point, but felt that in view of the history of the present discussions it was preferable that meetings normally be open subject to the reservation that executive sessions might be called when necessary. He felt that if representatives of other organizations are permitted to attend as often as possible such representatives might well have useful suggestions to offer.

Mr. Yriart (Uruguay) felt that observers would prefer to be generally admitted to meetings and exceptionally inconvenienced by being excluded rather than being generally excluded and only present on special invitation.

It was agreed that a Subcommittee consisting of Representatives of Cuba, Indonesia, United Kingdom and United States should study the whole matter of rules of procedure, in particular the question of closed and open meetings.

Mr. Niazi (Egypt) inquired the time limit under Item IV (3) within which Members had to submit any proposal for inclusion in the provisional agenda.

The Secretary pointed out that the agenda had necessarily to be circulated one week in advance of any meeting and, therefore, proposals for inclusion therein would have to be submitted before that time.

Mr. Yriart (Uruguay) supposed that if a member wished to submit an item for inclusion for the agenda before circulation of the provisional agenda that item could be legitimately included but if such a request were made after the circulation of the agenda it could be added when the provisional agenda was discussed at the meeting.

It was agreed that the Subcommittee should also consider this particular question and that it should meet at 3:00 p.m. on Wednesday, 15 February. If members wished to submit suggestions to the Secretariat regarding the draft rules of procedure they should do so before that date.

IV. Other Business

- (a) The Chairman drew attention to a letter received from the Government of Poland dated 28 January, announcing that that Government would not be represented on the Committee on Commodity Problems. He urged those present not to place too much significance on this notification which would be brought before the Council of FAO at its next session.
- (b) Sir Herbert Broadley drew attention to the fact that the Council of FAO at its meeting in Rome on 8 May would be desirous of receiving a report from the Committee, and pointed out that any such report would have to be ready for processing by the end of March.
- (c) At Mr. Yriart's request, it was agreed that the discussion at the present meeting should be regarded as confidential.

V. Date of Next Meeting

It was agreed that the full Committee should meet in closed session to consider the report of the Subcommittee appointed under Item III as soon as such report was available, it being hoped that such a meeting could take place on Saturday, 11 February.

N.B. As the Subcommittee appointed under Item III did not complete its deliberations until the afternoon of Saturday, 11 February, it was subsequently agreed that the full Committee should meet at 2:30 p.m. on Wednesday, 15 February, in closed session.

111. Committee Operation Procedures (Continued)

The Committee resumed its discussions at 2:45 p.m. on 15 February 1950.

The Chairman drew attention to the report (CCP50/7) of the Subcommittee appointed to consider the 7th February letter from the United States Government and called for comments.

Mr. Sarabasa (Cuba) believed that the lack of any rules of procedure placed the Committee in a difficult situation and that in order to avoid further complications such rules should be agreed before the Committee proceeded any further. He was not sure that the proposal contained in the Subcommittee's report complied fully with the terms of reference set forth in paragraph 16 of Document CL9/16, or with the provisions of the Havana Charter. Although the Subcommittee's report mentioned the necessity of safeguarding the interests both of importing and of exporting countries, the solution suggested did not appear to him to meet this requirement, which could only in his opinion be covered by inviting representatives of all importing and exporting countries concerned to participate in the meeting proposed for 27th February. However, the circumstance that the delegate of Cuba does not have specific instructions on this matter, compels him to specifically reserve the position of his Government.

In response to an enquiry from Mr. Niazzi (Egypt), the Chairman stated that the Subcommittee's report was entirely unanimous. The Chairman recognized Mr. Sarabasa's arguments, but believed that the problem presently under discussion by the Committee was not one which could be governed by rules of procedure. Further, he recognized the position which the Cuban delegation had always taken with regard to the ITO Charter, but pointed out that the Committee on Commodity Problems met under terms of reference emanating from the FAO Conference, with a view to ensuring that the interests of exporting and importing countries were safeguarded and to initiating intergovernmental discussion with the aim of moving surplus supplies into consumption. Although the Subcommittee recognized that in the course of time it might prove difficult to perform both these functions simultaneously, the Subcommittee felt that its present report complied with both terms of reference.

Mr. Ritzema (Netherlands) confirmed the Chairman's statement that in drafting its report the Subcommittee had emphasized the need for expediting the disposal of surpluses, without feeling itself too seriously hampered by the lack of agreed rules of procedure. Without further studying the articles of the Havana Charter, he was unable to comment on Mr. Sarabasa's statement in this respect, but he recalled that during the Subcommittee's discussion the United States member had observed that before the United States had made its 13th January announcement, a careful check had been made to see whether the release conflicted with the principles of the Havana Charter, and it had been felt that this was not the case. He was of the opinion that representatives of exporting countries who felt they were likely to be affected by the United States offer should be invited to state their difficulties either in full Committee or at a special meeting to take place prior to the 27th February meeting, since the latter was intended to be attended only by the prospective seller and prospective buyers.

Mr. Yriart (Uruguay) also endorsed the Chairman's statement regarding the work of the Subcommittee and suggested, in regard to the Cuban delegate's remarks, that representatives of Governments who felt that their interests might possibly be affected by the United States offer might either attend the suggested 27th February meeting as full participants or else be allowed to sit in at this discussion.

Mr. Stedman (United Kingdom) recalled that the matter under discussion had originally arisen under the item of "Other Business", and his delegation had been a little disconcerted as to how the question should be tackled; however, they had taken the line that a positive contribution was desirable. On the other hand, as this was the first attempt of its kind it was necessary to be more than ordinarily careful lest a precedent be established which would not be satisfactory in future. He felt that on the whole there might be some advantage in following Mr. Yriart's suggestion that any country which felt its interests might be affected should be entitled to attend the 27 February meeting.

Mr. Rhodes (United States) pointed out that in communicating its 7th February letter the United States delegation had done so with a view to assisting the Committee by placing before it a tangible problem, and not in any sense with the idea of pushing the United States position. His delegation would be entirely in agreement with any suggestion to delay the matter until further consideration had been possible.

Dr. Hopper (Canada) stated that although he had agreed to the report at the time the draft had been submitted to the Subcommittee, he had understood that the idea contained in the second sentence of the second paragraph of the report, to the effect that any transactions effected would not be likely seriously to prejudice the interests of other exporting and importing countries, would be included in the text of the cable, and his Government could only be satisfied if such phraselology were in fact contained in the telegram itself.

Mr. Sarabasa (Cuba), in response to Mr. Ritzema's remarks, stated that he had no wish to hinder or delay the work of the Subcommittee, but he did feel that the terms of the Subcommittee's report were to a certain extent in conflict with Article 26 of the Havana Charter. He felt that the Committee should proceed with extreme caution even though it might be agreed that any decisions taken now should not create a precedent since a first step in any direction was always likely to be regarded as a precedent. Further, he remarked that the Subcommittee's report had only been received some 24 hours before the present meeting, which hardly gave sufficient time for its thorough consideration and study. However, he thought that one of the two alternatives suggested by Mr. Yriart in the matter of procedure, might be acceptable to his delegation but the reserve of his Government's position is maintained in the matters of principles for the reasons stated in his prior intervention, might be acceptable to his delegation.

Mr. Sarmanho (Brazil) pointed out that in the ICCH proposals a principle had been proposed that only countries which did not have sufficient financial resources to buy at normal prices should be entitled to purchase goods at concessional prices, and he enquired whether such a principle applied in the deliberations of the Committee on Commodity Problems.

The Chairman replied that each case would have to be judged on its own merit for although the principle had been established that any transactions which might ultimately be concluded must not prejudice the interests of other exporting and importing countries, in fact it would be extremely difficult to decide what constituted normal exports or imports. The urgent matter before the Committee was that the United States had certain surplus food items which should, he felt, be moved into consumption. He did not believe that any of the items listed could in any way be regarded as competitive products and he felt that the Committee might run the risk that efforts to move these products might affect the interests of other countries.

Mr. Sarmanho (Cuba) thought that it would be almost impossible for the Committee to ascertain the resources of any prospective buyers. He presumed that the first sentence of the second paragraph of the Report was intended to convey that sales of Mexican canned meat under the terms of the United States letter might possibly conflict with other sales of canned meat.

Mr. Yriart (Uruguay) explained that during the Subcommittee's deliberations he had taken the view that Mexican canned meat, even though it might not be comparable insofar as quality was concerned, might compete with sales of canned meat from Uruguay, Paraguay, and Argentina, and possibly from other countries or, as Mr. Ritzema had remarked, the interests of European exporters might be involved. In response to Mr. Garside, Mr. Yriart confirmed his statement that the existence of a surplus of Mexican canned meat might be regarded as an influence on the market, and his Government was therefore anxious to assist the United States in disposing of this surplus. For this reason his Government was willing to examine possible transactions of this kind on their merits, and might in some cases be willing to refrain from making any reservations on the matter, even although Uruguayan interests might be somewhat prejudiced.

Mr. Sarmanho (Brazil) enquired what action the Committee could take if, say, Brazil and Uruguay were to object to the proposed disposal of Mexican canned meat.

Mr. Blair (Indonesia) thought it was outside the bounds of possibility that the Committee could exert any influence on an exporting country regarding the price it wished to charge for its exports.

The Chairman, in response to Mr. Sarmano, stated that if any exporting country reported to the Committee that it felt any particular transaction would prejudice that country's interest, it would be the Committee's duty, in its advisory capacity, to put the matter to the selling country concerned. The latter would then presumably give the reasons for its action, which might convince the other exporters that on balance the transaction in question should be concluded.

Mr. Sarmano (Brazil) enquired what would be required of a prospective buyer if, say, a prospective selling country removed an item from an offered list following representations from another exporting country.

Mr. Yriart (Uruguay) replied that his Government, for instance, always supported with all its power any recommendation from an international agency, and he felt certain this attitude was shared by the United States. He cited the statement by the United States Secretary of Agriculture at the FAO Conference, which attached great value to the Committee's activities. He wondered whether it might not be possible to add to the proposed telegram a phrase requesting any government which felt its position prejudiced by any of the suggested transactions to communicate its objections to the Committee.

The Chairman stated his anxiety that at the suggested 27th February meeting, it might not be possible to effect any transactions, but he thought no effort should be spared in the endeavour to raise nutrition in those countries whose financial resources limited their purchases of needed commodities. Where the danger of possible competition or injury to the interests of other countries was comparatively slight, he thought necessary risks might be taken to forward such an effort. At the 27th February meeting there might be indications that two or three countries were interested in the purchase of certain commodities, and the implementation of transactions would then have to be left to bi-lateral negotiation. Any potential bids might not be acceptable to the United States, but they would at least give the latter country an idea of what might be practicable, taking account of the dollar shortage. It was of course for the Committee to decide on any reservations it wished to include in the Subcommittee's report, but he urged members not to hamstring the draft with reservations which might make disposal of the existing surpluses impossible and only lead to further accumulation of stocks.

Mr. Stedman (United Kingdom) pointed out that his Government had taken an active part in the deliberations regarding the ICCH, and in the formation of the present Committee, and had no desire to impede or impair any of the Committee's activities. However, some nervousness was felt about the manner in which the Committee had proceeded in its endeavour to tackle a tangible matter before having drawn up any rules of procedure - a course which seemed to him to savour of putting the cart before the horse. Without wishing in any way to hinder the Committee's activities, his Government would be very anxious that any government which felt its interests involved might be permitted to attend the 27th February meeting.

Mr. Garside (Australia) stated that as a representative of an exporting country he would naturally be entirely in favor of such a suggestion, but he drew attention to the Committee's objective of facilitating the disposal of surpluses while at the same time protecting the interests of other countries, and pointed out that it was always difficult to conduct a large meeting; he therefore feared that too comprehensive an attendance on 27th February might stultify any attempt to arrange a sale.

Dr. Hopper (Canada) reiterated that the inclusion of a sentence in the telegram similar to the phraseology contained in the second sentence of the second paragraph of the report would to his mind safeguard the Committee's position in implementing its terms of reference.

Mr. Wilzema (Netherlands), recalled his earlier suggestion for a prior meeting of countries who felt their position might possibly be prejudiced, but stated that if such countries were prepared to sit in at the proposed 27th February meeting it would be quite agreeable to him.

Mr. Stedman (United Kingdom) suggested that the situation might be met by the deletion of the word "only" at the beginning of the sixth line and of the words "purchase of" in the seventh line of the final paragraph of the suggested telegram.

Mr. Rhodes (United States) stated that his Government would have no objection if the entire FAO membership attended the 27th February meeting.

In order to meet the points raised by Mr. Hopper and Mr. Stedman, the Secretary suggested that the words "purchase of" should be retained in the seventh line of the final paragraph of the telegram and the phrase "and representatives of other governments who believe that their interests might be affected by any such transactions" should be inserted at the end of that sentence.

The Committee agreed to this phraseology.

Mr. Garside (Australia) referred to his suggestion that the words "for payment in dollars" be included at the end of the opening paragraph of the draft telegram.

The Secretary explained that the wording of the penultimate paragraph of the draft telegram had been changed with a view to meeting Mr. Garside's suggestion, but after some further discussion the Committee agreed for the sake of clarity to accept Mr. Garside's proposal.

The Chairman suggested that in transmitting the telegram to their home governments Washington representatives might wish to include further comments, and asked Mr. Rhodes whether he wished to make any remarks in this connection, particularly with regard to dried eggs, where the Chairman understood there might be some elasticity in regard to price.

Mr. Rhodes (United States) stated that the United States might be agreeable to modify the price quoted for dried eggs if the whole quantity could be sold.

The Chairman pointed out that it might be possible for certain countries interested in the purchase of dried eggs to make a combined purchase and thus benefit by the United States offer.

The Committee discussed the suggestion that there should be an independent Chairman for the 27th February meeting and decided that the Chairman of the Committee should preside.

Mr. Sarmanho (Brazil) felt that the date of 27th February might be too early for the proposed meeting, but after it had been pointed out that the United States offer had been made public as early as 18th January and that presumably governments who might be interested would already be aware of the offer, - which was only open until the end of February, after which time the prices might conceivably be modified - it was agreed to retain the dates suggested.

The Committee then agreed on the wording of the telegram to be sent by the Director-General to the Washington Representatives of all FAO member governments.

The approved text of the telegram is contained in the report of the Subcommittee as amended and adopted by the full Committee.

It was also agreed that the report as agreed to by the full Committee would form part of the Minutes of the second meeting (see Annex attached) and would thus be circulated to all FAO member governments.

The Committee adjourned at 4:15 p.m., and was followed by a meeting of the Subcommittee on Rules of Procedure.

A date for the next meeting of the Committee was not set, but was left for the call of the Chairman.

Report of Subcommittee appointed by Committee on Commodity Problems to consider letter dated 7 February from U.S. Government

Reviewed and approved by Committee on Commodity Problems on 15 February 1950

The Subcommittee, composed of representatives of Australia, Canada, Netherlands, United Kingdom, United States, and Uruguay, met on 10th and 11th February under the Chairmanship of Mr. Abayanlar, and submits the following report:

The Subcommittee has examined the offers contained in the United States letter of 7 February (SCC50/5) and is of the view that, with the possible exception of Mexican canned meat, any transactions which might be consummated on the basis of the terms set forth in that letter would not seriously prejudice the position of other exporting countries. Should there be any change in the prices presently quoted for the commodities listed, the Subcommittee understands that the contracting parties would take care to ensure that any transactions effected would not prejudice the interests of other exporting and importing countries.

Since it was felt that the commodities offered should be made available to needy consumers as a matter of urgency, while the interests of other exporting and importing countries must be safeguarded, the Subcommittee took the view that the Committee on Commodity Problems should initiate some form of intergovernmental negotiations with that end in view. It therefore recommends that the following telegram be despatched immediately by the Director-General to the Washington representatives of all FAO member governments for transmission to their governments:

"Director-General FAO grateful if you would immediately transmit following cable to your Government. Begins. U.S. Government has consulted Committee on Commodity Problems regarding disposal following surplus commodities at offered export prices for payment in dollars:

<u>Item</u>	<u>Quantity Available</u>	<u>Price at which offered for export:</u>
Mexican canned meat and gravy (24 or 48 20-oz. cans per export case)	30 million lbs.	15 ¢ lb. f.a.s. U.S. Gulf ports
Dried whole eggs (Barrels and 14-lb. cartons packed in 56 lb. master cases)	73 million lbs.	40 ¢ lb. f.a.s. New York or New Orleans
Nonfat dry milk solids (export barrels and drums)	170 million lbs.	<u>Spray process -</u> 12.5 ¢ lb. <u>Roller process -</u> 10.5 ¢ lb. f.o.b. location of stock in any State
<u>Dry Edible Beans</u>		
Finto	770,000 bags	\$7.00 per 100-lb. bag f.a.s. Gulf Ports
Red Kidney	700,000 bags	\$8.00 per 100-lb. bag f.a.s. New York
Great Northern	1,530,000 bags	\$6.00 per 100-lb. bag f.a.s. Portland, Oregon

<u>Item</u>	<u>Quantity available</u>	<u>Price at which offered for export:</u>
<u>Free Irish Potatoes</u>	Unspecified but substantial	14 per 100-lb. bag fob cars at country shipping points, principally in Maine. Not available for export to U. S. possessions, Canada, Mexico, Cuba, or Caribbean area.

ERP and other countries receiving United States Government funds can purchase these commodities at quoted prices only by use of own dollar resources.

Recognizing great importance of bringing these foodstuffs into consumption by peoples needing more food, and without prejudice to any negotiations which may already be taking place between individual governments and United States, Committee on Commodity Problems proposes call special meeting 27 February attended by United States and representatives Governments definitely interested in purchase of these commodities and representatives of other governments who believe that their interests might be affected by any such transactions. Please cable FAO Washington by 23 February whether your government will be represented at meeting. Ends."

The Subcommittee recommends that in due course the result of the special meeting shall be reported to the full Committee on Commodity Problems so that any transactions concluded as the result of that special meeting may be reviewed in the light of the responsibilities placed on the Committee by the FAO Conference. There is however no intention that any transactions shall be subject to the approval of the Committee or their conclusion delayed until the Committee has considered them.