

FAO ARCHIVES

COMMITTEE OF GOVERNMENT PROBLEMS

Third Meeting

9 March 1950
2:30 p.m.

Room 903 Longfellow building
1201 Connecticut Avenue, N.W.

PRESENT: (In the Chair) Mr. A. G. Abhyankar (INDIA)

AUSTRALIA	- Mr. J. U. Garside Mr. F. F. Magee	PAKISTAN	- Mr. Mahmud Ahmad
BRAZIL	- Mr. W. L. Sarmanho	UNITED KINGDOM	- Mr. R. Burns
CANADA	- Dr. W. C. Kopper Mr. G. S. H. Barton	UNITED STATES	- Mr. F. A. Linville Mr. R. B. Schwenger
CUBA	- Dr. Ricardo Sarabasa	URUGUAY	- Mr. J. F. Yriart
EGYPT	- Mr. Anwar Hazi	ACTING DIRECTOR- GENERAL	- Sir Herbert Broadley
FRANCE	- Mr. Eugene Demont Mr. G. Dangelzer	SECRETARY	- Mr. F. B. Northrup
INDONESIA	- Mr. R. L. Muir	DISTRIBUTION DIVISION	- Mr. H. G. Clowes Mr. A. Erikson Mr. H. V. Knight Mr. E. Mortensen
NETHERLANDS	- Mr. J. B. Ritzema van Ikema	INFORMATION DIVISION	- Mr. W. Hughes
		RECORDING SECRETARY	- Miss H. J. Evans

Representatives of other Member Governments of FAO:

Austria	- Mr. S. Gorog
Burma	- U. Khin Maung Gale
Denmark	- Mr. A. F. Knudsen
Israel	- Mr. K. Palgi Mr. A. Liverhant Mr. L. Samuel
Italy	- Dr. P. N. Rogers
Sweden	- Mr. G. Bendz
Union of South Africa	- Mr. A. Davis
Yugoslavia	- Mr. G. Popovic

I. Adoption of Agenda

In the absence of comment, the agenda was adopted as circulated (CCP50/10).

II. Rules of Procedure

The Chairman drew attention to the draft Rules of Procedure circulated as CCP50/9.

Following a suggestion by Mr. Niazi (Egypt), subsequently modified by the Secretary, it was agreed to delete the last four words of paragraph I (3) and to substitute "as may be prescribed by the Committee".

Mr. Demont (France) suggested that the wording of paragraph III (1) should be modified to provide for circulation of the provisional agenda and appropriate documentation, ordinarily at least one week in advance of the next meeting, and questioned the need for the inclusion of paragraph III (4).

The Committee agreed to Mr. Demont's first suggestion, but felt that paragraph III (4) should be retained.

Mr. Niazi (Egypt) suggested that paragraph VI should provide that subcommittees submit reports to the full Committee, but following a discussion, the Committee agreed, at the suggestion of Mr. Burns (United Kingdom), that the phrase "with appropriate terms of reference" should be inserted at the end of the first line of this paragraph, it being understood that such terms of reference should call for the submission of reports by subcommittees to the full Committee.

Mr. Ritzema (Netherlands) suggested that paragraph VI might provide for attendance at meetings of subcommittees, in line with the provisions for attendance at full Committee meetings as set forth in paragraph II. It was agreed that the terms of reference for any subcommittee should include a statement as to attendance.

Subject to these modifications, the Rules of Procedure were agreed by the Committee and the Secretariat was instructed to forward them to all FAO member governments.

III. Results of Special Meeting held on 27th February 1950.

IV. Letter from U.S. Government dated 28th February (CCP50/11) and attached announcement of March export sales list Discussion of methods of assisting in disposal of surplus commodities

The Secretary reported briefly on the results of the 27th February meeting, and it was agreed that the informal minutes of that meeting should be circulated first to members of the Committee for their comment and approval, after which they should be circulated to all FAO member governments.

The Chairman suggested that the Committee discuss Items III and IV concurrently, and drew attention to CCP50/11 already circulated by the Secretariat. He called for comments from members regarding the special meeting held on 27th February.

Mr. Yriart (Uruguay) remarked that although little interest had been shown in the United States offer at the special meeting, this was no different from what had been anticipated in many quarters. However, he did not feel this lack of interest indicated that the Committee should give up its endeavours, rather that it should go a little further, in line with its terms of reference under paragraph 16 (a) and (c) of Document C49/46 Add. The report of Commission I of the Fifth Conference of FAO had indicated nutritional deficiencies in certain countries, and he felt the Committee should now of its own initiative endeavour to ascertain where surplus foodstuffs were needed, which information he believed was probably already in the possession of FAO. In his opinion the Committee had to make some findings both as to the countries in which deficits existed and why such countries had not shown any interest at the 27th February meeting in the United States offer. Any determination of the Committee's procedure following such findings would fall under the terms set out in

paragraph 15 (c) of 645/16 Add.; the findings themselves might well be presented to the FAO Council for circulation to member governments as the Council saw fit.

The Chairman stated that he had prepared a note in connection with the two lists submitted by the United States Government, but before requesting the Secretary to read this note he asked whether the United States representative wished to make any comment.

Mr. Schweiger (United States) regretted that he had no comment at this stage.

Mr. Muir (Indonesia) drew attention to the difficulties engendered as a result of current United States tariff procedures, which precluded for instance the import of Indonesian copra into the United States, and thus prevented Indonesia from obtaining dollars with which to make purchases from the United States.

Mr. Schweiger (United States) appreciated this difficulty but believed that the present was not the appropriate forum for discussion of the matter, which was under consideration currently by the United States Government.

Mr. Demont (France) supported Mr. Yriart's suggestion as to the Committee's future procedure, pointing out that so far the Committee's activities had been confined to drawing attention to two offers previously made public by the United States Government, and that even if the results of the 27th February meeting had been more encouraging any transactions thus effected could hardly be ascribed solely to the efforts of the Committee, nor could the Committee state accurately that it had thereby fulfilled its terms of reference. He therefore agreed with Mr. Yriart that the Committee should widen its field of endeavour.

The Chairman remarked that he was anxious to segregate the general question of commodity problems resulting from financial disequilibria, which could most appropriately be discussed under Item V, from the specific question raised by the two communications received from the United States Government.

Mr. Yriart (Uruguay) doubted whether these two matters could be kept separate, for he felt that if the Committee were able to make any suggestions as to further steps to be taken in regard to the United States Government's communications the general approach of the Committee to the wider problems would inevitably follow on. He queried the urgency of following up the results of the 27th February meeting, and wondered whether it might not be preferable to hold such consideration in abeyance pending discussion of the Committee's scope of operations.

The Chairman explained that his note CCP50/14 was intended to cover the whole problem of surpluses arising from financial difficulties, whereas the note he now proposed to have the Secretary read was confined to the question of the two communications received from the United States Government.

The Secretary then read the Chairman's note of 9th March regarding the United States Government's communications.

The Chairman explained the contents of this note and remarked that the Committee, having made one approach to the problem with negligible results, now had to decide whether it should take some further initiative, as suggested by Mr. Yriart.

Dr. Barton (Canada) did not believe that the 27th February meeting should be regarded as a total failure, for in his opinion it had been a useful gesture and in any event it had not been anticipated that immediate results would be forthcoming - any transactions which might have been effected required time for negotiation. He did not consider there was any necessity for alarm at the slow progress made during the two months of the Committee's existence, since any negotiations regarding surpluses were time-consuming unless situations of urgency existed. That the latter was not the case was shown by the fact that to date only the United States Government had put forward a statement regarding the existence of surpluses, although he expected that in due course Canada might be faced with small surpluses of a few commodities. He pointed out that under its terms of reference the Committee could move no faster than Governments

were prepared to move. There had been considerable discussion in general terms of low nutritional standards prevailing in certain countries, but the fact that no specific cases had been presented raised doubts as to how acute were the shortages. To his mind there were two possible approaches (i) to ascertain from countries holding surpluses what they proposed to do with such supplies, and (ii) to ascertain the position in countries with low nutritional standards, the degree of acuteness of existing shortages, and the basis on which such countries would be prepared to make efforts to secure more food. These two approaches might either be undertaken separately or jointly. He pointed out that the Preparatory Commission had examined this matter in relation to commodity agreements and suggested that the Committee, or any subcommittee which it might wish to appoint to study the question, might find useful guidance in the Preparatory Commission's report.

The Chairman agreed with Dr. Barton that the results of the 27th February meeting should not be considered a total failure, but nevertheless he felt they were not adequate. In his opinion the Committee needed to decide whether it wished to make any recommendations to the United States Government regarding possible further steps, and he enquired the United States member's views in this respect.

Mr. Schwenger (United States) replied that his Government had not yet had sufficient time to consider such a question. He personally believed that Dr. Barton had raised an important point in his reference to the matter of urgency, and that the Committee could usefully make further explorations regarding possible alternative methods for handling the problem.

The Chairman suggested that the present discussion might be confined to the paper just read by the Secretary, and that consideration of CCP50/14 should be deferred to a later meeting. He then enquired whether the Committee wished to take any action regarding (i) recommendations to be made to the United States Government as a holder of surpluses, and (ii) determination of the state of nutrition in countries where deficits existed, with a view to discovering whether special nutritional programs might be initiated.

Mr. Burns (United Kingdom) remarked that although he was not in a position to express his Government's views at the present stage it might be useful if he made a personal statement. He had felt from the outset that surpluses existing in the United States presented a problem on which the United States itself should make its own decision, being aware both of the existence of surpluses and of deficits, also probably of the location of the latter. In these circumstances he felt that the most that the Committee could do would be to imagine the possibility of the United States Government and needy countries getting together to discuss mutual solutions, and that the Committee might suggest certain principles to guide any bilateral or even unilateral action which might result. He believed that it was the Committee's duty to examine any such schemes to see how world trade might be affected, and to ensure that its pattern was not unduly disrupted. He felt that the Committee might be considered competent to make suggestions as to possible recipients of surplus commodities in an effort to avoid violent repercussions in this respect, but he doubted whether the Committee should permit itself to become involved in any discussions as to priorities of needs. In his view the correct course for the Committee would be to confine itself at this stage to a discussion of principles. It could not be disputed that the basic difficulty was the dollar shortage and there was a limit to what countries were prepared to pay in dollars for marginal supplies, or even for that matter for basic goods. Recent experience pointed to the fact that this limit was soon reached, and that if surpluses and needs were to be matched a "give-away" basis must soon develop, which made it all the more difficult for the Committee to play a positive part; in such event, in his view, the Committee should not attempt anything more than a "policing" role.

The Chairman thanked Mr. Burns for his personal statement and called for further comment.

Mr. Yriart (Uruguay) wondered whether at this stage it might not be useful to consider the question whether the Fifth Conference of FAO had established the Committee as an alternative to a complete rejection of the ICCH proposals, or whether the Committee had been set up in a real effort to accomplish something. As regards Mr. Burns' suggestion that the Committee should merely play a "policing" role, he felt that governments nowadays were well able to defend themselves, and that the Conference had intended a more important function for the Committee.

Mr. Demont (France) pointed out that to date the Committee had devoted most of its attention to the position of exporting countries, and suggested that the time was now ripe to consider the position of countries which might be importers under the schemes being discussed, particularly of those countries which had stated at the last FAO Conference that their nutrition was deficient. In short, could not importing countries be requested to state on what terms they might be agreeable to take what tonnage of what commodity. With regard to Mr. Burns' remarks, he thought some balance should be struck between the Committee on the one hand and individual governments on the other to see what role the Committee should play. He envisaged the Committee as a broker with responsibility for establishing relations between two or more governments with identical or similar aspirations. He felt however that the Committee should not go too far in its recommendations or suggest too strong commitments on the part of governments; the latter should be left entirely free to take whatever measures they saw fit.

The Chairman stressed that the Committee was now discussing Items III and IV and that he was anxious to know whether it was desired to take any further action regarding the United States Government's communications. He felt that Mr. Demont's suggestion that the Committee should study the position of possible importers would be of no avail unless there were some hope that such a study would produce results; for instance, whether any supplying government might be willing to earmark a certain amount of a certain commodity for the development of nutritional programs on terms acceptable alike to that supplying country, to other exporters, and to recipients. Although he realized that the United States representative was not in a position to give any answer in this respect at the present time, he suggested that the Committee might wish to make a recommendation to the United States Government.

Mr. Niazi (Egypt) expressed himself in favour of the Chairman's last suggestion.

Mr. Schwenger (United States), speaking personally, felt that the Committee should proceed slowly with a view to exploring both sides of the question and presenting the one side to the other, and that at this stage it would be premature to make a specific recommendation to any one country.

Mr. Niazi (Egypt) believed that no specific approaches should be made until general principles had been evolved.

The Chairman suggested that in the light of previous discussion it might be better to leave Items III and IV open until Item V had been discussed.

Mr. Yriart (Uruguay) referred back to the Committee's functions, which were designed to prevent destruction or wastage of surplus food as long as shortages existed in the world. The Committee was however limited by the fact that it had no financial resources at its command, and in these circumstances had to proceed slowly and make a thorough exploration of the situation. He felt the requisite data for such an exploration existed within FAO, and that the Committee might do well to study it. He suggested that the Secretariat, in cooperation if necessary with the International Monetary Fund, might present to the Committee a picture of existing needs and purchasing power and that the Committee should then see whether it could develop constructive programs.

Sir Herbert Broadley suggested that the Committee might do well to study the data in the World Food Survey published in 1946, which showed the position prewar and at that time in regard to nutritional standards. Later data had been collected by FAO and appeared in the food balance sheets, and a combination of these sources of information would give a fairly comprehensive picture of the places where food was needed. To revert specifically to Items III and IV, he

It was noted that the creation of any impression that Governments were lured into making statements regarding the existence of a surplus position, only to find they were expected to dispose of such supplies on a "give-away" basis. He felt that if a detailed scheme could be worked out along the lines of the recommendations contained in the Preparatory Commission's report, which had already been approved by FAO member governments, it might then be possible to ask governments whether they were prepared to dispose of surpluses in accordance with such a scheme. He suggested that the report of the Preparatory Commission, together with the World Food Survey and the food balance sheets, might provide a useful basis for working out a practicable scheme.

Dr. Barton (Canada) supported Sir Herbert Broadley's suggestion.

It was agreed that the United States surplus problem should be studied in the context of the general appraisals and recommendations of the Preparatory Commission, together with the data contained in the World Food Survey and the food balance sheets, in an effort to see whether any general principles could be drawn up for circulation to all member governments, to ascertain whether they would be prepared to act on such general principles, the said documents to provide a starting point only and not in any way to impose limitations.

Following the Secretary's enquiry as to whether it was merely intended to circulate the above mentioned documents in toto, or whether the Secretariat should extract relevant data, Dr. Barton suggested that a subcommittee should be appointed to study the documents.

Mr. Demont (France) seconded Dr. Barton's proposal for the establishment of a subcommittee.

It was agreed that the subcommittee should be established composed of the representatives of Australia, Canada, France, United Kingdom, United States, and Uruguay with Mr. Abhyankar as Chairman.

Following a lengthy discussion as to the functions of this subcommittee, it was agreed that it should examine the proposals of the Preparatory Commission and frame general principles which should govern the distribution of food on the basis of special terms for the development of nutritional programs.

It was further agreed that the Secretariat should extract relevant information from the Preparatory Commission's report, from the World Food Survey, and from current food balance sheets.

At Mr. Niazi's request, it was agreed that the working papers prepared for the use of the subcommittee should be circulated to all members of the full committee, who might also attend meetings of the subcommittee if they so desired.

V. Further Consideration of Committee's Scope of Operation (CCP50/14)

The Chairmen pointed out that his note in this connection had been prepared for information only at this stage, and suggested that its discussion be postponed until a later date.

Following an enquiry from Mr. Niazi (Egypt), the Chairman asked whether the Committee would wish to have document CCP/50/14 and his paper submitted at the present meeting circulated to all FAO member governments; circulation of CCP/50/14 had to date been restricted to members of the Committee, and circulation of the other paper had been confined to those attending the present meeting.

The Secretary pointed out that since representatives of FAO member governments beyond the membership of the Committee were at present in attendance, it might be desired to circulate these documents to all FAO member governments.

Mr. Schwenger (United States) thought it important to distinguish, in making a general circulation of documents, between papers which could only be considered as working drafts and those which called for definite action.

The Chairman stated that all official Committee papers were available to all member governments of FAO, and the circulation of these two documents had been restricted in view of the fact that they could legitimately be regarded as working papers only.

At Mr. Yriart's suggestion, it was agreed that reference should be made to both these papers in the minutes, which would be circulated to all FAO member governments, and any government which, on reading those minutes, wished to receive copies of the papers under discussion, could request same from the Secretariat.

It was agreed that further consideration of Item V be deferred until the next meeting.

VI. Preliminary Discussion of Report to the Council

The Secretary repeated that the report to the FAO Council had to be prepared by end-March.

It was agreed that the Secretary should prepare a factual report of the Committee's progress to date, and submit a preliminary draft for consideration at the next meeting.

VII. Other Business

1) It was agreed that at the present time no specific reply should be made to the communications received from the United States Government.

2) It was reported that announcements in the press regarding a sale of dried milk by the United States Government to the Netherlands referred to a product not falling within the lists of commodities published by the United States Government and considered under Items III and IV. Requests were tabled for reports of movements of any commodities contained in these lists.

VIII. Date of Next Meeting

It was agreed that the fourth meeting of the full Committee should take place at 2:30 p.m. on Thursday, 16 March, and that it would be adequate if an agenda were circulated on Friday, 10 March.

It was further agreed that the subcommittee appointed under Items III and IV should meet at 2:30 p.m. on Tuesday, 14 March.

The Committee adjourned at 5:10 p.m.