

COMMITTEE ON COMBITY PROBLEMS

SIXTH MEETING

30 March 1950
2:30 p.m.

Room 103 Longfellow Building
1201 Connecticut Avenue, N.W.

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

AUSTRALIA	-Mr. J. U. Barstide Mr. P. F. Magee	UNITED KINGDOM	-Mr. Robert Burns Mr. R. E. Stedman
CANADA	-Dr. W. C. Hopper	UNITED STATES	-Mr. F. M. Rhodes Mr. F. A. Linville Mr. James C. Foster
CUBA	-Dr. Ricardo S. Rabasa		
EGYPT	-Mr. Anwar Hazi	URUGUAY	-Mr. Juan Felipe Yriart
FRANCE	-Mr. E. Demont Mr. R. Forestier	SECRETARY	-Mr. F. B. Northrup
INDONESIA	-Mr. R. L. Kuir	FOOD AND AGRICULTURE ORGANIZATION	-Sir Herbert Broadley Mr. G. Boals Mr. A. Erikson Mr. E. Mortensen Mrs. S. Pierson Mr. K.K.P.N. Rao Mr. A. Viton
NETHERLANDS	-Mr. J. E. Hitzema van Ikema Mr. W. G. A. Lammers		
PAKISTAN	-Mr. Mennad Ahmad		
		RECORDING SECRETARY	-Miss H. J. Evans

Representatives of other Member Governments of FAO:

Burma	- U. Khin Maung Gale
Belgium	- Mr. Roger Coustry
Italy	- Dr. P. H. Rogers
Israel	- Mr. A. Liverhant
Lebanon	- Mr. Emile Mattar
Sweden	- Mr. G. Mendz
Philippines	- Mr. V. Paredes
Union of South Africa	- Mr. R. Davies
Yugoslavia	- Mr. V. Hoffman

I. Adoption of Agenda

The agenda was adopted as circulated (CCP50/24).

II. Report of Subcommittee

The Chairman invited comment on CCP50/28, pointing out that subsequent to the Subcommittee's 27 March meeting the Secretariat had modified the phraseology of paragraph 5 (b) in line with certain comments received from members of the Subcommittee.

Mr. Garside (Australia) felt that the third sentence of paragraph 5 required strengthening in an endeavor to ascertain whether the principles enumerated in paragraph 5 were being implemented. He suggested, therefore, that the final clause of the third sentence should be deleted and substituted by the following new sentence: "It is expected, however, that exporting and importing countries should advise the Committee with regard to any specific details of this nature which may be consummated between them." Mr. Garside stated that this suggestion was prompted by the experience of the 27 February meeting. Although it had been announced in the press that certain deals involving sales at special prices, e.g., the sale of dried eggs to the United Kingdom and of dried milk to the Netherlands, the Committee had never been officially notified of these transactions; however he felt such notification was highly desirable.

Mr. Niaz (Egypt) thought Mr. Garside's latter point could more aptly be referred to in the minutes or in the report to the Council and not in the Subcommittee's report presently under discussion.

Mr. Rhodes (U.S.) referred to the Chairman's opening statement and remarked that although he had been a member of the Subcommittee he had not been satisfied with the original drafting of paragraph 5 (b), but that he was prepared to agree with the present phraseology supplied by the Secretariat. In response to Mr. Garside's second comment, he stated that negotiations with regard to the United Kingdom egg deal and other similar transactions had been instituted several months prior to the 27 February meeting and could certainly not be regarded as an outcome of that meeting. He was willing to concur with Mr. Garside's specific suggestion for a re-draft of the third sentence of paragraph 5, although he did not interpret it to mean that every U. S. commodity sale had to be reported to the Committee which he felt, would need to be notified only of sales of special commodities at nominal prices falling within the Committee's terms of reference.

Mr. Garside (Australia) remarked that, presumably, the sales in question necessitated changes in the amounts of the commodities included in the lists circulated by the U. S. Government and were, therefore, of real interest to the Committee.

Mr. Rhodes (U.S.) replied that the U. S. Government intended to continue its previous procedure of keeping the Committee informed with regard to any subsequent list which might be issued, from which the Committee could deduce any changes in the amounts available.

The Chairman agreed that any supplying country effecting a deal for which negotiations had been instituted prior to the 27 February meeting should certainly not be expected to report such a deal to the Committee. However, he thought that if any member requesting information regarding a specific deal involving any of the surplus commodities whose availability had been made known to the Committee, the supplying country might legitimately be expected to give a reply in general terms.

Mr. Rhodes (U.S.) pointed out that the U. S. Department of Agriculture had issued a press release regarding the dried egg transaction the very day the deal was consummated.

Mr. Ritzema (Netherlands) remarked that the Committee felt it had discharged its "policing" function when it had determined that any sales at the prices mentioned, which might result from the U. S. Government's letter of 7 February, were not likely to prejudice the interest of third parties at that time. However, it was possible that if sales were effected at lower prices the interest of third parties might be prejudiced, and he pointed out that the Danish representative had made a strong statement to this effect at the 27 February meeting. Therefore, in order that other countries might safeguard their own interests he felt it advisable that any transactions of this nature should be reported to the Committee.

Mr. Rhodes (U.S.), in response to an inquiry from the Chairman, believed that his Government would be quite prepared to report any transactions which might result directly from the Committee's operations. However, he did not feel that his Government could undertake to report on all its sales any more than the Government of an importing country could undertake to report on all its purchases.

Mr. Garside (Australia) maintained his point, remarking that there seemed little advantage in setting forth principles if no steps were taken to see whether such principles were adhered to, for how otherwise could the Committee ensure that the interests of other exporting and importing countries were not prejudiced, or that these special sales did not disrupt normal commercial trade? In response to the Chairman, he stated that he had mentioned the United Kingdom egg deal and the Netherlands dried milk deal as instances of known transactions which had not been reported to the Committee but which, even although discussed prior to the Committee's establishment, might have an effect on the interests of third parties and on the Committee's own operations. It seemed to him that contrary to the present apparent secrecy, the fullest publicity should be given to any transactions at nominal prices which provided supplies for needy consumers and which did not upset normal commercial trade.

Mr. Rhodes (U.S.) agreed that publicity in such instances was desirable, but pointed out that a press release had been put out at the time and that it would be an extremely burdensome proposition for the United States to make a special report to the Committee on each and every sale effected. If the Committee wished to receive information regarding all sales, such deals could just as easily be secured from the importers and, in any event, interested persons could obtain information from the press releases.

Mr. Garside (Australia) stated that he was not specifically requesting exporters to provide the information; he agreed that it could be obtained from importers, but he felt the Committee should have some official notification.

Mr. Stedman (U.K.) believed that the Committee was presently suffering from some confusion of thought; as far as he was aware no transaction falling within the terms of the Subcommittee's report, i.e., with regard to nutritional programs, had been effected. He felt that if such transactions were ultimately concluded, the U.K. Government would be as much in favor of publicity as Mr. Rhodes had expressed himself. He had no objection on the modification of the third sentence of paragraph 5 suggested by Mr. Garside.

The Chairman believed that two separate issues were currently being discussed. He felt it would be generally agreed that if any sales in connection with nutritional programs were effected there would be obligations upon both importers and exporters to report such transactions to the Committee. However, he believed that Mr. Garside's point with regard to publicity in respect of other deals had a certain validity. He felt that any country believing its interests affected might legitimately request information regarding any transactions which might ultimately change the amounts of surplus commodities set forth in the U. S. list, whether negotiations in this respect were instituted prior to the Committee's establishment or thereafter.

Mr. Yriart (Uruguay) believed that the present discussion indicated a deviation from the Committee's terms of reference, which did not confine its consideration to surplus commodities utilized solely for nutritional purposes but specified that the Committee should "consider such statements as might be submitted by the governments of countries holding surpluses concerning their proposals for disposing of supplies on special terms and to make recommendations thereon to the governments concerned, having regard to the effects of such transactions on the interests of other importing and exporting countries".

Mr. Stedman (U.K.) suggested that the present discussion might be confined merely to the adoption or otherwise of CCP50/28, and that the question of what arrangements should be made for reporting might be dealt with as a separate issue.

Mr. Demant (France) suggested that the Committee should endeavor to ascertain what elements determined the usefulness or otherwise of reporting transactions. He would go further than Mr. Yriort and personally suggested that in certain cases there was a definite commitment on the part of governments to report any transactions which fell within the Committee's terms of reference.

The Chairman again urged the Committee to segregate Mr. Garside's two suggestions and to deal at a later stage with his point regarding reporting.

The Committee agreed to Mr. Garside's re-draft of the third sentence of paragraph 5.

Sir Herbert Bradley, on behalf of the Secretariat, inquired whether the Committee felt it particularly important that both assignments (a) and (b) set out in paragraph 4 should be undertaken simultaneously. The Committee on Financial Control was giving close attention to the Organization's budget and the Secretariat desired, therefore, to concentrate first on those activities which would be of most value. He suggested that it might be possible to postpone assignment (b) until after completion of assignment (a). He further suggested that assignment (a) might be expanded to include the collection of detailed information on (i) the nature of these types of schemes; (ii) the contribution they might make towards movement of surplus commodities; (iii) the administrative machinery necessary to achieve their purposes; and (iv) the safeguards envisaged under such schemes to ensure that supplies did not enter into or displace normal commercial transactions for the commodity concerned.

The Committee agreed to a re-draft of paragraph 4 in these terms, including also a reference to food stamp plans as suggested by Mr. Ritzema.

Mr. Stedman (U.K.) suggested that the opening sentence of paragraph 2 might refer more specifically to the "current general shortage of dollars, current price policies, and the present appraisal as to the seriousness of actual or emerging surpluses ..." rather than as at present to "overall international financial difficulties".

Mr. Rhodes (U.S.), however, felt that the present phraseology was more inclusive in that certain countries were currently experiencing difficulties in connection with currencies other than dollars.

Mr. Muir (Indonesia) believed that the second sentence of this paragraph would cover Mr. Stedman's point.

The Committee agreed to the retention of the present phraseology in the opening sentence, paragraph 2, on the understanding that the validity of Mr. Stedman's remarks was not disputed.

Dr. Hopper (Canada) suggested that the final sentence, paragraph 2, might be recast to cover commodities which did not enter into or displace commodities entering normal commercial trade.

The Chairman, however, pointed out that such a contingency was provided for by the terms of paragraph 3 (iii) on page 2.

The Committee agreed that the final sentence of paragraph 2 should conclude with the phrase "of nutritional food distribution", the rest of the sentence being deleted.

Mr. Stedman (U.K.) suggested the insertion of the phrase "ad hoc" or "temporary" after the word "valuable" in the third sentence of paragraph 4.

Dr. Hopper (Canada) supposed that the temporary nature of such a solution was in respect of the nutritional advantages which might be obtained and not in respect of the temporary nature of the surpluses in question.

The Chairman, however, believed that Mr. Stedman's intention was to give the temporary nature of surpluses which might arise which would not provide any permanent relief from the problem of surpluses.

At Mr. Garside's suggestion, it was agreed to re-phrase this sentence to refer to "surplus supplies of such supplementary food commodities as may arise from time to time".

Upon a motion of Mr. Rhodes, the Committee agreed to adopt the report of the Subcommittee subject to amendment in accordance with the foregoing discussion, and it was arranged that the Secretariat should circulate an amended document (CCF50/32) in order that members of the Committee might indicate any minor verbal changes they felt desirable.

The Chairman invited comment on CCP50/27, the Committee's first report to the Council for consideration at its Ninth Session.

The Secretary drew attention to certain textual changes suggested by the Council Secretariat in sections 1 and 2, to bring the phraseology in line with previous Council recommendations, as set forth in the report of the Eighth Session of the Council.

Mr. Demont (France) requested details regarding the replies received from governments other than the U.S. and Canada referred to in the second paragraph of section 5 on page 2.

The Secretary drew attention to CCP50/22 and CCP50/26, which contained a summary of the only substantive replies received to date, all the rest being of an interim nature.

It was agreed that a summary of the replies received to the Director-General's 20 January letter (J/O) should be included as Annex II to the report.

In reply to an inquiry from Mr. Demont regarding the second paragraph of section 2, the Secretary stated that the Government of Poland had officially notified the Director-General on 23 January 1950 of its inability to accept membership on the Committee.

Mr. Rhodes (U.S.) pointed out that the 7 February communication from the U.S. Government referred specifically to only five items, rather than 11 commodities as mentioned in the opening sentence of the third paragraph, section 5, the confusion apparently having arisen as a result of the subsequent announcement transmitted to the Secretariat by the U.S. which included a number of commodities offered for export sale at market prices.

It was agreed to correct this mis-quotation with a consequential change in the penultimate sentence of the first paragraph on page 3, to the effect that the "prices proposed by the U.S. were in most cases below the ruling market price".

At the instance of Mr. Rhodes (U.S.) it was agreed to recast the third sentence, third paragraph of section 5 to indicate that the Committee believed that "with the possible exception of Mexican canned meat the surplus commodities on the terms offered were not likely to prejudice the interests of other exporting countries", in order to bring this statement in line with the findings of the Subcommittee. Further it was felt that this new wording met Mr. Ritzema's point that it was only at the time of the presentation of the Subcommittee's report that the Committee held this view.

Mr. Wiazi (Egypt) was of the opinion that the fourth sentence at the top of page 3 was very weak.

The Chairman pointed out that this sentence had been inserted to meet the point raised earlier by Mr. Garside regarding the advisability or not of requesting countries effecting transactions to report to the Committee. Mr. Garside maintained that the Committee could legitimately expect reports from FAO member governments in this respect.

Mr. Rhodes (U.S.) stated that to his mind no sales had been consummated specifically as a result of the 27 February meeting.

The Chairman agreed that no exporting or importing country could be expected to report each and every sale, but thought it would be desirable for the Committee to be advised of any transactions involving the disposal of commodities at special prices which might assist the movement of surpluses. In this respect, he felt it would be a wise move if all press announcements could be made available to the Committee as not all members had access to such releases.

Mr. Stegman (U.K.) supported the Chairman's last suggestion. It was agreed to delete the concluding phrase of the sentence under discussion, which should now read "The Committee has not officially been advised of any actual transactions".

At Mr. Muir's suggestion the Committee agreed to delete the phrase "these factors together with" from the final sentence, section 5, to bring it into line with previous changes.

In order to meet a point made by Mr. Rhodes (U.S.) the Committee agreed to change the reference to "some exporting countries" and to insert the words "the word" before "basic food commodities" in the opening sentence of the second paragraph, section 5.

The Chairman remarked that originally the draft report of the Subcommittee had contained definitions of the terms "basic" and "supplementary" but it had been felt preferable not to include them in the report to the Council, since various countries held different views regarding the basic or supplementary nature of their produce.

It was further agreed to delete the repetitious opening phrase of the third sentence of the second paragraph in section 5 which should begin "The Committee, however, emphasizes that the problem of surpluses ...".

Mr. Niazi (Egypt) felt that some reference should be made in section 6 to the fact that a major supplying country had taken measures to curtail the production of basic food commodities. Without wishing to discuss the merits or otherwise of such measures, he felt that the Council should be advised of this matter.

Mr. Garside (Australia) remarked that the inclusion of such a sentence would inevitably infer that such measures should not be taken.

Mr. Rhodes (U.S.) was of the opinion that the Committee was not competent to make recommendations regarding the internal domestic arrangements of its member governments, although he had no objection to a reference in general terms being made if it proved to be the wish of the Committee. He would not be able to agree, however, to any suggestion that the U.S. should be named in this connection, since other countries had adopted similar policies.

In response to an inquiry from Mr. Niazi, Mr. Garside suggested that Mr. Rhodes might in this instance be referring to Canada. Dr. Hopper pointed out, however, that Canada had not adopted special measures in this regard but had merely given certain advice to its farmers which might or might not be followed.

Following repeated efforts on the part of the Chairman to obtain the consensus of the Committee, it was finally agreed, upon the suggestion of Mr. Linville (U.S.) to insert as a third sentence in the second paragraph of section 6 "However the Committee takes note of the fact that some supplying countries have taken measures to adjust their production to effective demand".

Following a suggestion from Mr. Stedman (U.K.), it was agreed to expand the concluding phrase of the first paragraph of section 7 to read: "... but that they did not offer a general solution to the problem of dollar shortage or to the problem of 'surpluses' as defined in its terms of reference."

Mr. Stedman (U.K.) pointed out that the 4th sentence of the last paragraph on page 4 would need re-drafting to bring it into line with the amendment agreed in the third sentence of paragraph 4 of the Subcommittee's report and it was agreed to insert as a final phrase in the sentence under discussion of the report to the Council: "... as a method of improving nutrition by the use of such surpluses as may arise from time to time", following a suggestion by Mr. Muir (Indonesia) that it was not necessary to include a reference in this instance to "supplementary foods" since commodities might be considered to be of a supplementary nature by one country and not by another.

Mr. Muir (Indonesia), referring to the first sentence of the second paragraph of section 7, pointed out that the Preparatory Commission of 1947 had not in fact made recommendations for the development of nutritional distribution programs and, following a suggestion from the Chairman, the Committee agreed to recast the opening phrase of this sentence to read: "The Committee also examined the possibilities of the development of nutritional distribution programs, on the lines contemplated by the FAO Preparatory Commission in 1947, as a means of moving surpluses ...".

The Committee agreed that the fifth sentence of the second paragraph of section 7 should be recast to bring it into line with the amended text of paragraph 4 of the Subcommittee's report, regarding the assignments recommended for the Secretariat.

It was further agreed that the last five sentences of section 7 should be deleted and substituted by a new text to conform with paragraph 5 of the Subcommittee's amended report.

Mr. Nitzema (Netherlands) pointed out that the opening sentence of section 8 referred to the present "appraisal" of the surplus situation, and remarked that in fact no appraisal had been made.

It was agreed to substitute the word "view" for "appraisal" and to insert the words "... as outlined in paragraph 6 above ..." after the words "food commodities" in the third line of section 8.

Mr. Garside (Australia) remarked that it was hardly proper for the Committee to "direct" the attention of the Council to any particular matter, and it was agreed that the opening sentence of section 8 should "invite" the Council's attention.

Following a suggestion by Mr. Nitzema (Netherlands), the Committee agreed to recast the concluding sentence of section 8 to read: "Since the situation with respect to production, trade and stocks is subject to change it was generally agreed that a continual review of the situation ...".

It was agreed that an amended draft of the Committee's first report to the Council (CCP50/30) incorporating the foregoing changes should be circulated to members on 31 March and that any minor verbal changes should be communicated by telephone to the Secretariat by members by the end of that day.

The Chairman returned to Mr. Garside's remarks regarding reporting. He felt that the sentence from the Subcommittee's report "It is expected, however, that exporting and importing countries should fully advise the Committee with regard to any specific deals of this nature which may be consummated between them" and which would now appear in the report to the Council, would largely cover Mr. Garside's point. However, if governments at any time made announcements to the press in this connection, he suggested it would be helpful if copies were made available to the Secretariat for circulation to the Committee. If any member evidenced particular interest in such a press release and desired further information, the country making the announcement might be willing to supply such details as it felt able to make public.

Mr. Garside (Australia) agreed that it would be extremely helpful if member governments would inform the Committee rather more fully than could be done by means of a press release and should supply the Committee with as many details as they felt able to make public regarding any transactions in this connection.

Mr. Rhodes (U.S.) could not agree to supply details regarding all transactions connected with the items listed in the U.S. Government's export announcements, since this would be an extremely burdensome procedure and in any event sales at regular market prices would not be of any particular interest to the Committee.

Mr. Garside (Australia) remarked that he was referring only to sales made for export at concessional prices and in any event he thought that only sales involving substantial amounts would need to be reported.

Mr. Rhodes (U.S.) suggested that the easiest procedure would be for importers to report purchases.

Mr. Garside (Australia) replied that he was not suggesting that exporters alone should make reports but rather that the contracting parties should keep the Committee informed.

Mr. Stedman (U.K.) stated that so far as his Government was concerned the United Kingdom would be willing to report to the Committee any information which might be made public. He pointed out that the discussion presumably involved transactions in connection with special nutritional programs which in any event were not likely to be numerous.

The Chairman believed it was the consensus that reports would be made as far as sales for nutritional programs were concerned; but the present difficulty arose in regard to other concessional price sales. He suggested that the Committee might agree that members should consult their home governments to see what procedure could be adopted in this connection. It would not be expected that importing and exporting countries should report all transactions as a matter of course, but if any member government, having informed the Committee that it held a stock of surplus commodities, then made a sale in this respect, such government might be willing to inform the Committee whether the whole stock had been sold as a surplus disposal item. If any member requested information on a particular deal in this respect, the Secretariat might approach both countries concerned in an endeavor to secure as much information as those countries wished to make public. Further if the Committee could be furnished with press announcements simultaneously with their release such a procedure should satisfy members in regard to their desire to secure information through the Committee rather than through the public press.

The members of the Committee agreed to make inquiries from their home governments regarding this suggested procedure.

IV. Other Business

The Chairman announced that he had been recalled to India by his Government and expressed his regret that this would be the last meeting of the Committee at which he would be presiding. This raised the question of a new Chairman, but in view of the lateness of the hour he suggested this matter might be discussed at the Committee's next meeting. He expressed his pleasure at the cooperation he had received from the members and Secretariat throughout the Committee's operations and his regrets that the association now had to be broken.

Mr. Rhodes (U.S.) expressed, on behalf of the United States and of the members of the Committee, appreciation of Mr. Abhyankar's excellent and progressive work as Chairman of the Committee and extended best wishes for his future success.

Mr. Garside (Australia) supported Mr. Rhodes' remarks and expressed appreciation of the energetic manner in which Mr. Abhyankar had pursued his chairmanship and the leadership he had provided.

V. Date of Next Meeting

The Committee adjourned at 6:10 p.m. and it was agreed that the next meeting should be held at the call of the Vice-Chairman or Secretary.

FAO ARCHIVES