

COMMITTEE ON COMMODITY PROBLEMS

TWELFTH MEETING

7/8 September 1950
2:30 p.m.

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

PRESENT: (In the Chair) Dr. G. S. H. Barton

AUSTRALIA	- Mr. F. F. Magee	URUGUAY	- Mr. J. F. Yriart
CANADA	- Dr. W. C. Kopper	INTERNATIONAL COMMISSION FOR INTERNATIONAL TRADE ORGANIZATION	- Mr. P. R. Judd
CUBA	- Dr. Ricardo Sarabasa	DIRECTOR-GENERAL	- Mr. W. E. Dodd
EGYPT	- Mr. Anwar Eliaz	SECRETARY	- Mr. F. B. Northrup
FRANCE	- Mr. Andre Voisin**	FOOD AND AGRICULTURAL ORGANIZATION	- Sir Herbert Broadley Mr. H. G. Clowes** Mr. W. Hughes* Mr. D. N. Lubbock* Mr. K.K.P.N. Rao* Mr. A. Viton
INDIA	- Mr. P. Vaidyanathan		
ITALY	- Dr. P. N. Rogers		
NETHERLANDS	- Mr. J. B. Ritzema van Ikema Mr. R. L. Beukenkamp*		
PAKISTAN	- Mr. Mahmud Ahmad**	RECORDING SECRETARY	- Miss M.B.W. Apperson
UNITED KINGDOM	- Mr. A. E. Stedman		
UNITED STATES	- Mr. F. W. Rhodes Mr. A. Ioanes Mrs. Doris Rafter Mr. L. I. Highby		

Representatives of other Member Governments of FAO:

Denmark	- Mr. O. Brahe-Pedersen
Ireland	- Mr. D. A. Holmes
Israel	- Dr. Y. Lowe*
New Zealand	- Mr. H. J. Futter Mr. S. T. Murphy
Sweden	- Mr. G. Bendz

Observer:

IFAP - Miss Barbara Cartmel

- * Attended 7 September Session
- ** Attended 8 September Session

The Chairman opened the meeting, and the agenda (CCP50/73) was adopted as circulated.

I. Progress report on food Distribution Programs

The Secretary reported that in response to the special offers (CCP50/42 and CCP50/50) of the United States two contracts had been concluded by the Government of Israel, one for 300 tons of non-fat dry milk solids (CCP50/70) and one for one million pounds of Mexican canned meat (CCP50/72). He referred to the letter addressed by the Director-General (31 July) to his regional representatives in accordance with the Committee's decision at its Ninth Meeting (Minute II, Page 5). A reply had been received from Mr. Terver, in the Latin American Office, reporting that approaches made to Brazilian Government officials indicated that all governmental departments which might be concerned were informed about the U. S. Government offer of surplus commodities for sale at nominal prices, but payment in dollars appeared to be a major obstacle. Mr. Terver promised to report later on the outcome of further expected discussions.

II. Subcommittee Report (CCP50/74)

Dr. Rogers (Italy) presented the report of the Subcommittee, which had been appointed at the Tenth Meeting (Page 15), and on which he had served as Chairman. His comments are appended to these Minutes as annex 1.

The Chairman thanked Dr. Rogers for his statement and commended the Subcommittee for its work and the useful document it now placed before the Committee. He drew attention to the dual nature of the Subcommittee's Report, which presented (1) material suitable for inclusion in the Committee's Report to the forthcoming Tenth Session of the Council of FAO, and (2) suggestions and recommendations calling for decision and possible action by the Committee. It was agreed to proceed with discussion of the report page-by-page with both of these aspects in mind.

The Chairman suggested that the Subcommittee's report on the first two items of the Council's suggestions to the Committee (namely items (a) and (b) under Part I, 3 of the Council's report on its Ninth Session) would lend itself to inclusion in the Committee's report to the Council down to the paragraph beginning at the bottom of Page 2. This paragraph offered the opinion that there was likely little to gain by again communicating with all FAO member governments in the same manner as was adopted in January, and suggested that the emphasis should rather be directed toward specific countries and areas where need which might be met through known available surpluses is believed to exist. The Chairman doubted the wisdom of including this observation in the report to the Council and questioned that it had been heretofore considered by the Committee or had sufficient substance to warrant its inclusion. Mr. Vaidyanathan (India) thought that this paragraph should be related to Sub-paragraph (ii) on Page 5 regarding further study of the food balance sheets, on the basis of which a communication regarding available surpluses might be directed to specific governments indicated to have a need for such commodities. Mr. Ritzema (Netherlands) thought that the general approach to governments should be continued, especially in view of the necessity for keeping all governments informed, but that an additional specific approach to selected governments would be good. Mr. Magee (Australia) recalled, however, that the Subcommittee had had in mind a follow-up letter to that of the Director-General sent 20th January (G63). He agreed that the paragraph, which was a comment by the Subcommittee, might not find a place in the report to the Council.

Mr. Vaidyanathan (India) called attention to the listing on Page 3 of possible reasons for so few replies to the U.S. offers of surplus commodities, and suggested that some governments might have no requirement for the commodities offered.

Dr. Hopper (Canada) drew attention to the first of several recommendations beginning on Page 4, that a follow-up letter be sent to FAO member governments which have not yet replied regarding the U.S. offers of surplus commodities, requesting their observations and possible reasons for not taking advantage of the offers as a means of guiding the Committee with regard to future actions.

Mr. Yriart (Uruguay) felt that the Committee knew why certain governments had not replied, and wondered if this section should be included in the report to the Council.

Mr. Rhodes (U.S.) felt this recommendation should stand in the Subcommittee report, but that in the Committee report to the Council, it should be stated that such a letter had been sent.

The Director-General expressed the opinion that a further communication should be addressed to those governments which the Committee had reason to believe could use the supplies offered.

There was general discussion of whether such a letter should be addressed to all member governments which had so far not replied, or to a selected list of governments which might be expected to have an interest in the offers made. It was generally agreed, however, that the absence of a clear or reliable basis of selection made it desirable to address all member governments from which no reply had been received, and that the letter should be most carefully drawn to elicit from each the desired observations and information for the guidance and assistance of the Committee.

The Chairman then referred to Sub-paragraph (ii), the second of the Subcommittee's recommendations under items (a) and (b), to the effect that there should be further study of the food balance sheets and of the World Food Survey (to be revised in 1951) with a view to determining more precisely the areas toward which future proposals for the disposal of surplus commodities might be directed. The Chairman recalled that the Committee had supported this idea in a previous meeting, but that it was his understanding from the Nutrition Division that time would not permit a report to the forthcoming Conference on the basis of the food balance sheets and work done on the revision of the World Food Survey. Mr. Lubbock (Economics Division), on the invitation of the Chairman, stated that the food balance sheets are currently under study, and that a certain amount of additional information concerning them is now available. He said he felt there would be some additional information by the time of the Conference but it would necessarily be only a small part of the eventual analysis to be reported in the revised World Food Survey. Sir Herbert Broadley added that no detailed report on the food balance sheets was contemplated for the Conference. It appeared, therefore, that the Committee would not be able to make concrete suggestions to the Conference on the basis of the food balance sheets, but the Council could be given an indication that this would be done later.

Regarding the third recommendation there was considerable discussion as to the propriety and usefulness of requesting governments to consult their own national relief agencies about programs for utilizing surplus commodities. It was generally agreed that it would be preferable to substitute for "consult" the phrase "bring to the attention of", but some members felt that regardless of the wording such a course of action would be futile. It was agreed that every effort should be made to ensure that all possible purchasers of such surplus supplies are informed of their availability, and that it was merely a question of what channels would be most effective, especially in view of the different procedures and policies in the different governments. It was suggested that an approach to the international relief agencies might be made through FAO. The Chairman agreed that it would be proper for FAO to make such an approach but suggested that the Committee's avenue was through governments. It was agreed that this recommendation in combination with the fourth ("that consideration be given to initiating action through an approach to the FAO national committees") be incorporated in the Report to the Council.

There was no discussion of Item (c), except the suggestion that the word "internationally", appearing in the fifth line of Page 6, be changed to "multilaterally". Attention was accordingly directed to the Subcommittee's report on the Council's Item (d), "Directing surpluses of food for specific purposes". The Subcommittee's suggestion "that FAO could usefully maintain a current inventory of surplus foods which might be utilized when those needs arise" was thought impracticable, but it was pointed out by Dr. Rogers (Italy) that FAO should undertake to make such information available to organizations concerned in the noted projects (technical assistance, relief, immigration, etc.), and should publicize existing surpluses. The Chairman observed that the Committee should certainly be regarded as the source of information on food availabilities and that FAO would be the instrument for providing information regarding most readily available supplies when needed.

Discussion proceeded to the Subcommittee's report in respect of the Council's Item (e), "seeking new methods to achieve price stability and dispose of surpluses through international machinery".

Mr. Stedman (U.Z.) questioned whether a systematic analysis of such theoretical proposals as the three on which the Subcommittee had found itself able to offer only a very general judgment should be conducted under the auspices of the Committee. He thought the Subcommittee's Report implied that no benefit could be expected from further examination of theoretical mechanisms or schemes to deal with hypothetical circumstances which might or might not be appropriate to conditions of international trade in the future. He believed that the report of the Committee should embody and expand the view of the Subcommittee on this point, and should include a brief review of the prospects of surpluses arising in the near future. He emphasized that there is at present no general commodity problem, nor is such a general problem likely to arise while governments continue to place emphasis on maintaining a high and stable level of employment. In the circumstances, he felt, there can be no over-all solution to present commodity problems, which are particular and individual and must be dealt with individually.

The Chairman observed that the Committee in its Report to the Council would need to refer to the proposals placed before it by Lord Bruce and Mr. McCarthy (Australia). He asked what guidance, if not recommendations, the Committee could give to the Council regarding treatment of such proposals.

Mr. Rhodes (U.S.) observed that if, as suggested by the Subcommittee as a possibility, a subcommittee were specifically charged with the analysis and evaluation of proposals which might be received from governments or other sources, the representation of the United States, and probably of all the other governments, would have to be quite different. Such an undertaking would undoubtedly require full-time application.

The Chairman expressed the view that the Committee had been given a quite limited field of activity under its terms of reference, and had done its job very well. The fact that the surpluses of food brought to its attention had not been distributed did not reflect on the Committee unless there were factors or reasons which the Committee had not determined or identified. He felt the Committee had established a few things definitely and that these should be made known. He did not know whether the Committee should take a position regarding the proposals which had been placed before it, but felt that such proposals reflected the concern of farmers and producers. He did not think a committee of this kind should contemplate dealing with such proposals, nor did he favor establishing a committee to study them, but he thought it might be useful as a preliminary step if members were to sound out their governments for the guidance of the Committee.

He felt that in drafting its Report to the Council the Committee should be careful and very precise in its recommendations on this point. He regretted that time would not permit the kind of report the matter deserved, but suggested that a supplement might be provided when the Council met.

Discussion of the Council's Item (f), "advocating additional commodity arrangements on a multilateral basis, including some comprehensive plan within which these agreements could be integrated," proceeded concurrently with that of Item (e). Mr. Yriart (Uruguay) referred to Chapter VI of the ITO Charter and stated that he felt the emphasis should be placed on governments utilizing the machinery already provided for dealing with these problems.

At the request of the Chairman Mr. Judd (ICITO) made a statement regarding the work of ICCICA on commodity problems. He referred to a resolution of the Eleventh Session of ECOSOC which authorized the Secretary-General of UN to call commodity conferences.

The Chairman accepted the Subcommittee's Report on behalf of the Committee, expressing appreciation for the valuable contribution it would make toward the Committee's Report to the Council, which would be the major item of discussion the next morning.

The Second Session of the Twelfth Meeting was opened at 10:50 a.m. on 8 September.

III. Committee Report to the Council

The Committee had before it a draft outline for its Report to the Council.

Dr. Hopper (Canada) suggested that the report would need a paragraph or two setting out the Committee's interpretation of its terms of reference and wondered where this statement should be placed. The Chairman suggested it might well be placed under III as preliminary to views reached on the Report of the Council of FAO (Ninth Session). Mr. Stedman (U.K.) agreed, commenting that it should lead into III, with an indication of the time spent and difficulties encountered in connection with the Council's suggestions. Dr. Rogers (Italy) suggested it might better appear under IV (Future Activities of Committee), but agreed that a further brief reference would be sufficient here.

The Secretary suggested that II (Activities of CCP since Ninth Session of Council) should include an appraisal of the results obtained. It was agreed that the Subcommittee's report on Council Items (a) and (b) should be included under II of the outline, and that sub-items 3. and 4. of the outline should be reversed in order.

Mr. Stedman (U.K.) suggested that the final paragraph of the Subcommittee's report on Council Items (a) and (b), beginning near the middle of Page 4, would be more appropriate under III of the outline. He also suggested that, if governments were unable or unwilling to spend dollars, the proposed discussions with national relief organizations could not be very useful, and he wondered, therefore, if the Committee would wish to include in its Report to the Council the third and fourth recommendations included in this section (and appearing on page 5) of the Subcommittee's Report. Dr. Rogers (Italy), however, suggested that these recommendations should be included in the Committee's report. He realized the dollar limitations confronting national relief agencies, but thought relief programs based on higher prices might be expanded if advantages were taken of commodities available at lower prices, thus increasing the quantities purchased for the same expenditure.

There was general discussion of the channels through which these recommendations would be most effectively directed, and it was agreed to adhere to the practice of addressing such communications through the Washington representatives, who could direct them to the proper authorities in their own governments. It was also agreed to combine these two recommendations into a single one that "FAO member governments be requested to bring to the attention of their own national relief agencies and to their FAO national committees the fact that supplies of certain surplus food commodities are available at very low prices in an endeavor to initiate action through all appropriate governmental and non-governmental agencies".

Mr. Magee (Australia) suggested that the final paragraph on Page 2 be excluded from the Committee's Report to the Council.

Mr. Yriart (Uruguay) suggested that the word "multi-laterally" (substituted the previous day for "internationally") appearing in the fifth line of Page 6, be changed to "bi-laterally".

There was considerable discussion of the food reserve aspects of Council Item (d), "directing surpluses of food for specific purposes", and it was agreed that it would suffice to point out, since as a general rule food for the specific purposes considered would be procured as needed, supplies would not need to be held in reserve for any appreciable time before initiation of such projects, but that in connection with such programs full advantage of any available supplies of surplus food should be taken.

Discussion followed regarding the suggestion that FAO might usefully maintain a current inventory of surplus foods which might be utilized when such needs arise. This suggestion had been considered impracticable the day before, and it was decided to suggest instead that FAO could usefully "expand its current information on availability of surplus foods", etc., bearing in mind the responsibility of governments for the provision of the information required to that end.

Mr. Yriart (Uruguay) proposed that Council Items (e) and (f) be dealt with together in the report to the Council, as in his view it was impossible to separate them. He felt that the Committee should stress that machinery has been created by governments for dealing with these larger aspects of commodity problems, through the yet unaccepted charter of ITC, through ICCICA, through the ECSSOC Resolution regarding the establishment of study groups. He felt governments should be urged to make use of and increase the effectiveness of the machinery already created.

Dr. Sarabasa (Cuba) stated that in the view of his Government the problem of probable surpluses of agricultural commodities should be resolved through inter-governmental commodity agreements which are adequate instruments for avoiding such surpluses, and that disposal of such surpluses should be regulated by these agreements. Only if governmental commodity agreements cannot avoid the accumulation of surpluses or resolve the problem of disposal should other procedures be adopted, and then only when the government of the country in which the surplus exists presents the case to FAO.

It was agreed that while proposals for an over-all solution to an over-all commodity problem were referred to the Committee as an alternative to commodity agreements, they, as well as commodity agreements, were techniques which might be suitable for some commodities and not for others, but that all such proposals might contain elements which would offer assistance in a commodity-by-commodity approach.

There was some discussion regarding what the Committee would wish to say regarding its future activities, terms of reference, etc., but no final conclusion was reached. It was agreed that the Secretary would prepare a draft of the Committee's Report to the Council for circulation on Friday, 15 September, that the Committee would meet Wednesday 20th September at 2:30 for completion of its report, and that members could expedite this completion by sending forward their comments or suggestions meanwhile. Sir Herbert indicated that if the Committee could complete its task by the end of Thursday, 21st September, it would be possible to dispatch the English text of the report by 25th September, though the French and Spanish versions would be somewhat later, and that this schedule should enable delegates to the Council Session to consult their governments as required before leaving their home countries.

IV. Other business

The Chairman on behalf of the Committee expressed regret that Miss Hilda Evans would no longer lend her very able and valuable services to the Committee because of her recent marriage. It was agreed to record the Committee's admiration of Miss Evans' performance, its appreciation for her helpfulness and unfailing co-operation, and its wishes for her every happiness in the years to come.

The Secretary indicated that Miss Martha Apperson, formerly associated with the Secretariat of the ILFC Committee on Rice, would undertake the responsibilities heretofore discharged by Miss Evans.

V. Date of Next Meeting

The Committee adjourned at 1:00 p.m., having already agreed to meet again on Wednesday, 20th September, at 2:30 p.m., in the expectation of completing its report to the Council by the end of the following day.

Statement by Dr. P. N. Rogers (Italy), Chairman of Subcommittee

Mr. Chairman:

I have the honor to submit to the full Committee, on behalf of my colleagues of the Subcommittee, the report which is now before you. I do sincerely hope that there isn't anywhere too much expectation as to the results that our labors have achieved, and that there will not be undue disappointment because of the fact that our main conclusions are somewhat on the negative side. On the other hand, however, I trust that the positive suggestions of our report, and the general drift of its views may be favorably received. The Subcommittee has had an opportunity to examine thoroughly the issues which have been submitted to it, and its debates have been characterized by complete frankness and candor. If in many instances our conclusions have been negative, this has been because we became fully convinced that we could not recommend any different course of action.

Coming now to specific points, I would like to emphasize that, after having thoroughly examined points A and B in the light of world developments and in the light of actions taken by the Committee so far, the Subcommittee is satisfied that the responsibilities of the Committee on Commodity Problems have been fully discharged in connection with matters under these headings. We feel, however, that further useful work can be done by keeping the situation under continued survey and particularly that FAO itself, rather than the Committee, should, through its central and regional offices, survey the position of selected countries where more surpluses could be used to improve local standards.

The results of such additional surveys, even if negative, would be of great help to the Committee in order to appraise adequately the prospects for possible outlets for present and future surpluses. Investigations of this type could be handled by inviting governments to consult with their own national relief agencies in view of acquainting them with food surpluses available at special conditions and assessing their full requirements. Governments should also be encouraged to summon their respective FAO national committees which could contribute their views with regard to national situations.

Coming now to point C, I believe I should say in all frankness that the Subcommittee considered for awhile whether it had been taken by a sudden inferiority complex or whether in fact, the task assigned to it, namely to investigate suitable financial and exchange arrangements, was by its very nature one which could not be profitably undertaken. The conclusion, Mr. Chairman, is that the Committee unanimously agreed that it was inexpedient to come to grips with that task.

With regard to point D, the Subcommittee has considered the suggestions made during the meetings of the Council in Rome last May. One could argue that supplementary feeding programs, the provision of food for workers employed in development projects, the supply of food to immigrants or the relief of famines and other calamities are only various aspects of one problem, namely the overall food consumption, and technically do not involve diversions. However, this may be a subtle argument. The conclusions of the Subcommittee on this item are that FAO could perform a very useful function by:

- a) establishing a closer cooperation with relief organizations;
- b) maintaining a current inventory of surplus foods and making it available to governments and relief organizations whenever the need occurs.

With regard to point E, I have again to ask the Committee's indulgence in receiving another very frank conclusion reached by the Subcommittee. I confess that we have not attempted to analyze with any degree of accuracy the Grondona Plan or any other of the plans which have been brought to the attention of this Committee. Had we decided to undertake such an analysis with regard to the Grondona Plan, and why not, possibly with regard to many other plans which may have been prepared by experts, scientists, universities or study groups the world over and of which this Committee has no knowledge, I am afraid, Mr. Chairman, we would not be reporting today, but would still be deeply involved in appraising the merits and anticipating

the implications of any such plan. We unanimously agreed that our small body was not suitably composed nor competent enough, nor ambitious enough to perform this duty. But the issue is not merely on the question of competence. All these plans are based on assumptions which, in the opinion of the Subcommittee, do not reflect the present world commodity situation and above all, there is no indication at the present time that any government in the world would be prepared to sponsor, promote, or adopt such plans.

The question which is left open to the full Committee is therefore whether this is the time for seeking the establishment of an international machinery as contemplated by these plans, or any other plan which might at a later time be brought forward. If the Committee is of the opinion that such a study should be undertaken, then our recommendation is that a special competent Subcommittee should be established ad hoc.

Finally, with regard to point F, the Subcommittee has reviewed the present international procedure in connection with multilateral commodity arrangements. The report gives a brief outline of recent developments in this field and indicates that ECOSOC has now taken responsibility for these matters and issued detailed instructions to the Secretary General of the United Nations. It would seem, therefore, that in the present circumstances the Committee would run counter certain international resolutions if it were to undertake a major activity or promote initiatives in this field. FAO, however, has certainly an important role to play through its participation in ICCICA and in the various specialized commodity study groups. There is much room for improvement in the relationship between FAO and these bodies. The matter deserves careful study and the Committee might very well decide to promote a reorganization of that relationship. As a first step directed to strengthening connections between FAO and this Committee on one side and ICCICA on the other side, the Subcommittee endorses the suggestion made at the ninth session of the Council that whenever practicable, the Chairman of the Committee be designated as the FAO representative with ICCICA.

The present international procedure on international commodity arrangements provides also for the Secretary General of the United Nations to suggest appropriate methods for the establishment of new commodity study groups. Since FAO has a primary responsibility with regard to agricultural commodities, it would seem appropriate that this Committee explore this matter and possibly put forward concrete suggestions for further action by the Secretary General of the United Nations.

Mr. Chairman, on behalf of the members of the Subcommittee, I would like to conclude that we are not satisfied with our report in that, as I said in my opening statement, it contains a great deal of negative conclusions. However, I would like to point out that this is the result of a long and serious discussion and I feel it my duty to express my appreciation for the splendid cooperation given by all the members, much to the sacrifice of their time and also to extend a word of thanks for the performance of the Secretariat which had to prepare many preliminary documents, analyses and studies.

FAO ARCHIVES