

3 October 1951

## REPORT OF

THE COMMITTEE ON COMMODITY PROBLEMS

17<sup>th</sup> session

TO THE

THIRTEENTH SESSION OF THE COUNCIL OF FAO

1. Since the Twelfth Session of the Council, the Committee held one meeting on 1-3 October, under the Chairmanship of Prof. Papi (Italy).

#### I. CURRENT COMMODITY SITUATION

2. The Committee considered a report by the Secretariat on the current commodity situation and wishes to call to the attention of the Council the major conclusions emerging from its discussions.

3. It appears in general that the magnitude of the problem of agricultural surpluses in dollar countries and deficits in other countries, which was a principal reason for the establishment of this Committee, may be increasing rather than decreasing as a result of the most recent developments and that there is a prospect that the world may become more and more dependent on production in the dollar countries of the Western Hemisphere.

4. Some of the important commodities for which there seems to be increasing dependence on supplies from dollar areas are cereals, sugar and some fats and oils, notably linseed and soybean oil.

5. Although there have been substantial increases in production, and the present levels of production can be expected to be maintained or even increased, production in general is not increasing as rapidly as population. In most of the exporting countries, moreover, growing domestic requirements due largely to higher standards of living have tended to reduce supplies available for export. This is particularly noticeable in those of the non-dollar exporting areas where production has failed to expand, or has even decreased.

6. The problem of obtaining supplies is accentuated by a tight shipping situation and increased freight rates and, in addition, in some cases by internal transport problems such as those involved in moving the Canadian wheat crop.

#### II. LONGTERM COMMODITY PROBLEMS

7. The Committee notes that except for the Wheat Agreement very little progress has been made in the solution of agricultural commodity problems through the development of international commodity arrangements. Interest in this direction may have decreased to some extent following the outbreak of the Korean conflict. There have, however, been continuing intergovernmental consultations on a number of important commodities which have resulted in better understanding and some coordination of policy. The Committee feels strongly that efforts should be continued to find solutions for these problems. It is important that current efforts to expand agricultural production in order to increase consumption and raise standards of living be associated with measures to assure stability of prices.

8. The Committee commends the initiative of the Secretariat in giving special study to the possibility of new approaches which might be made to commodity problems. In this connection the Committee heard with satisfaction a statement by the Director of the Economics Division concerning the proposed

program of work of the Commodities Branch of that Division including a study of national as well as international programs designed to bring about price and income stabilization.

### III. OBSERVATIONS ON SPECIAL COMMODITIES

9. In addition to the general commodity situation, the Committee wishes to call to the attention of the Council some specific problems relating to certain commodities.

#### A. FERTILIZERS AND PESTICIDES

10. It appears from the report of the Secretariat on the fertilizer and pesticide situation that the shortage of sulphur will have an adverse effect on the available supply of plant nutrients, particularly phosphate, not only in the coming year but for some years in the future. It recommends, therefore, that the Council call this matter to the attention of Member Governments and urge them to take all practicable steps to secure a more efficient use of available materials. Governments should also be urged to study the extent to which it may be practicable to substitute nitric acid for sulphuric acid in the manufacture and use of fertilizers with a view to conserving available supplies of sulphur.

#### B. FRUITS AND VEGETABLES

11. Considering the fruit and vegetable situation in Europe, the Committee noted the resolution adopted by the Food and Agriculture Committee of the Organization for European Economic Cooperation and recommends that the Council consider the adoption of a similar resolution. (See Appendix A). ...

#### C. DAIRY PRODUCTS

12. The Committee had before it a memorandum from the Netherlands Member on the stimulation of consumption of milk and dairy products, recommending that a working group be established to study the marketing of these commodities and the possibility of increasing their consumption through international propaganda. The Committee recognized the importance of increasing the consumption of these products but, because of the complexities of the studies recommended and the financial implications of the proposed propaganda program, felt that this matter should be referred to the Council for action. The memorandum is attached hereto as Appendix B. ...

### IV. RELATIONS BETWEEN FAO AND IMC

13. The Committee noted with satisfaction the steps taken by the Director-General to establish working relationships with the International Materials Conference. It hopes that he will continue to pursue this policy, including the maintenance of close liaison with the Secretariat of IMC, and recommends that Member Governments be requested to instruct their representatives on IMC and its Commodity Committees to make full use of FAO's facilities in dealing with agricultural commodities or commodities which are essential in the production of agricultural requisites.

### V. MEMBERSHIP OF THE COMMITTEE

14. The Committee recommends that the Council, in appointing the Committee, take into consideration the changed circumstances resulting from the transfer of Headquarters and give special consideration to those Governments which undertake to make well qualified representatives available to attend meetings in Rome

EXTRACT FROM REPORT OF OEEC FOOD AND AGRICULTURE COMMITTEE  
PARIS, 1st OCTOBER 1951 - AC(51)26

1. At its 148th meeting, the Council considered the report on problems of liberalisation and integration for certain food and agricultural products /AG(51)8/ which had been approved by the Food and Agriculture Committee in February, 1951. The decisions were as follows /C/M(51)29 item 204.7,

## "THE COUNCIL :

- (a) referred to the Joint Working Party of the Food and Agriculture Committee and of the Trade Committee those parts of paper AG(51)8 concerned with liberalisation and to Working Party No.6 the parts concerned with integration;
- (b) took note of paragraph 3 of the cover note of AG(51)8 - Summary of suggestions of the Fruit and Vegetables Working Party for the development of markets and the increased consumption of fruit and vegetables.
- (c) Decided that:
  - (i) meetings of experts from the main importing and exporting countries should be held from time to time for an exchange of views on prospective supplies and requirements of milk and milk products, eggs, pigmeat, fruit and vegetables, and to discuss what action could be taken (including, if thought desirable, multilateral agreements) to overcome any difficulties which might then be foreseen.
  - (ii) Where seasonal liberalisation of fruit and vegetables was adopted by an importing country, the restricted periods and the quotas during these periods should be decided only after consultation with the exporting country".

CCP - 20th SESSION

5-14 NOVEMBER 1952

ROME.

LIST OF DOCUMENTS

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