

Report of the

EIGHTH REGIONAL CONFERENCE FOR EUROPE

(in cooperation with the United Nations Economic Commission for Europe)

Munich, Federal Republic of Germany, 18-23 September 1972



FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Reports of previous regional conferences for Europe are as follows:

1. Pre-Conference Regional Meeting, Rome, 10-15 October 1949
2. Conference for Europe, Rome, 10-15 October 1960
3. Third Regional Conference for Europe, Rome, 8-13 October 1962
4. Fourth Regional Conference for Europe, Salzburg, Austria, 26-31 October 1964
5. Fifth Regional Conference for Europe, Seville, Spain, 5-11 October 1966
6. Sixth Regional Conference for Europe, St. Julian's, Malta, 28-31 October 1968
7. Seventh Regional Conference for Europe, Budapest, Hungary, 21-25 September 1970

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Food and Agriculture Organization of the United Nations
Rome, 1972

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INTRODUCTION

ORGANIZATION OF THE CONFERENCE

1. The Eighth FAO Regional Conference for Europe was held in Munich, Federal Republic of Germany, at the Bavarian Parliament Building (Maximilianeum) from 18 to 23 September 1972, at the invitation of the Government of the Federal Republic of Germany.

2. The Conference was attended by delegations from all the 28 Member Nations of the European Region, viz.

Austria	Hungary	Poland
Belgium	Iceland	Portugal
Bulgaria	Ireland	Romania
Cyprus	Israel	Spain
Czechoslovakia	Italy	Sweden
Denmark	Luxembourg	Switzerland
Finland	Malta	Turkey
France	Netherlands	United Kingdom
Germany, Fed. Rep. of	Norway	Yugoslavia.
Greece		

3. The following Member Nations from other regions were also present as observers:

Canada	New Zealand
Colombia	United States of America.
Japan	

4. The Permanent Observer of the Holy See was also present at the Conference.

5. The following non-Member Nation was represented in an observer capacity:

U.S.S.R.

6. Representatives of the following organizations and agencies of the UN system were present:

United Nations
Economic Commission for Europe
World Food Programme
United Nations Conference on Trade and Development
International Atomic Energy Agency.

7. Representatives and observers from the following international governmental organizations attended the Conference:

European Economic Community
Council of Europe
Council for Mutual Economic Assistance
Organization for Economic Cooperation and Development.

8. Observers from the following non-governmental organizations attended the Conference:

European Confederation of Agriculture
International Dairy Federation
International Federation of Agricultural Producers
International Raiffeisen Union
World Federation for the Protection of Animals.

9. The List of Participants is attached to the Report as Annex I.

OPENING CEREMONY

10. The Director-General of FAO, Dr. A.H. Boerma, opened the Eighth Regional Conference for Europe and gave the floor to the Minister President of the Free State of Bavaria, Mr. A. Goppel.

11. On behalf of his Government, the Minister President extended a warm welcome to the participants of the Conference and observed that FAO, in its efforts to remove hunger and to improve living conditions of the agricultural population, to increase the production of food and its distribution, has shown how much can be done by peaceful co-operation and human solidarity. The Minister President expressed the opinion that the developed countries have contributed to close the enormous gap existing between these countries and the developing world, particularly with regard to food and agriculture. He then reminded the Conference that the imbalances that exist between production of surpluses and short supplies, from which parts of the world are suffering, also arose in the relationship between agriculture and industry. The specific problem of adapting agriculture to the general economy in the industrialized countries was the central theme of the Conference; the question of the social and economic position of agriculture in an industrialized society is a problem which arises in all economically advanced countries. He emphasized that the task of agriculture in the densely populated and highly industrialized regions of Europe is not only to assure food production but also to protect the environment and to reserve land for recreational purposes.

12. The Director-General then gave the floor to the Federal Minister of Food, Agriculture and Forestry, Mr. J. Ertl, to deliver his opening address, the full text of which is attached as Annex II.

13. On behalf of FAO and of those who were participating in the Conference, the Director-General addressed a word of thanks to the Government of the Federal Republic of Germany for the kind invitation to hold the Eighth FAO Regional Conference for Europe in Munich. He thanked the Federal Minister, Mr. Ertl, for the exceptional facilities the Federal Government had provided and for all the efforts it had made to run the Conference in an effective framework and pleasant atmosphere. He then extended a special word of thanks to the Minister President of the State of Bavaria, Mr. Goppel, for his participation in the opening ceremony of the Conference. The Director-General also expressed his satisfaction that Munich had been chosen as the venue of the Conference because Munich and Bavaria were well known far beyond the borders of the Federal Republic of Germany, not only for their natural beauties and the hospitality of the population, but also for remarkable achievements in agriculture.

14. Turning to the work programme of the Conference, the Director-General felt that the questions to be dealt with were of the greatest actuality and importance. He felt that Europe had a very important role to play in world agriculture and that the influence which the fluctuations in the European agricultural markets had on the development of agriculture of the Third World were well known. One of the most important tasks of this Conference was to analyze this inter-relationship and to arrive at clear definitions of the future aims.

15. Finally the Director-General expressed the opinion that the very high level of delegations present from all Member Nations of the European Region was proof that FAO had selected the right items for the agenda of the Conference. He felt that this had also proved that FAO is not only playing an important role with regard to the developing countries but also in Europe.

16. On the occasion of the tragic death of the Agricultural Attaché of Israel in London, the delegate of the United Kingdom expressed the sympathy of his Government to the Government of Israel and requested that the Conference observe a minute of silence in memory of the Agricultural Attaché. The delegate of Israel thanked the delegate of the United Kingdom and the Conference for this expression of international solidarity.

ELECTION OF CONFERENCE OFFICERS

17. On the proposal of the Delegation of Hungary, the Conference unanimously elected the Minister of Food, Agriculture and Forestry of the Federal Republic of Germany, Mr. J. Ertl, as Chairman of the Conference. Following the proposal of the Delegation of Belgium, seconded by the Delegation of Austria, the Conference elected unanimously as the three Vice-Chairmen, the following delegates:

First Vice-Chairman: Mr. J. Okuniewski, Minister of Agriculture of Poland

Second Vice-Chairman: Mr. T. Allende Garcia-Baxter, Minister of Agriculture of Spain

Third Vice-Chairman: Mr. I. Eckersten, Under-Secretary of State for Agriculture of Sweden.

ADOPTION OF THE AGENDA

18. The Conference adopted the following agenda:

- 1) Agricultural Policies of Europe and the Developed Countries of Other Continents:
 - (a) Study of agricultural adjustment in developed countries;
 - (b) Study of the relationship between milk and beef production in Europe;
 - (c) Study of the market possibilities for selected fruit and vegetables in Europe.
- 2) Current and Future Activities of FAO and WFP:
 - (a) Medium-term Plan, 1972-77;
 - (b) Current and future activities in Europe;
 - (c) The role and functions of Regional Offices and Country Offices and their relation to the role and functions of Headquarters;
 - (d) World Food Programme activities in Europe.
- 3) Future of FAO Statutory Bodies in Europe.
- 4) Other Business.
- 5) Adoption of the Report.
- 6) Closing of the Conference.

CLOSING OF THE CONFERENCE

19. The Conference, at its closing session, adopted the first 50 paragraphs of the Report. For the remaining paragraphs (51 - 149) it was agreed that Governments would send their remarks in writing to the Secretariat before 15 October 1972. These remarks would be submitted to a meeting of governmental representatives to be convened for 15 November at FAO Headquarters in Rome for the purpose of approving the remaining part of the report.

20. The Chairman of the Conference, Mr. J. Ertl, Minister of Agriculture, Food and Forestry of the Federal Republic of Germany, expressed his thanks to delegates and

observers for their contribution to this Conference in which all European Member Governments of FAO, many extra-European countries' delegations and a number of international organizations had participated. He felt that the Conference had promoted a better understanding of the problems currently facing European agriculture. The Chairman made a number of suggestions which in his view, could help to improve the organization of future Regional Conferences.

21. He stated that, for instance, when highly complex problems of political, economic and technical natures were to be discussed, perhaps ministers of agriculture should be invited only to participate in matters of policy while the technical and economic questions might be dealt with separately by other members of the delegations before or after the policy discussions, or in a Committee-of-the-Whole which could take place simultaneously.

22. Minister Ertl stated also that he felt that future Regional Conferences should have a more selective agenda. Concerning the agenda, he felt that the important problem of the adjustment of agricultural policies should be discussed again by the Regional Conference after having been considered at the next FAO Conference. Regarding the report of the Regional Conference, the Chairman suggested that the Secretariat might study means of producing a shorter, more concise, document in future.

23. On behalf of the Director-General, Mr. G.E. Bildesheim, Regional Representative for Europe, thanked the Chairman and the three Vice-Chairmen for the able manner in which they had conducted the discussions. He thanked once again the Government of the Federal Republic of Germany for the perfect organization of the Conference, the Free State of Bavaria, the City of Munich and the Parliament of Bavaria for the hospitality given. He thanked also the representatives of Governments and of international organizations for their active and constructive participation in the debate.

24. Finally, the Chairman closed the Eighth FAO Regional Conference for Europe and expressed the hope that during the subsequent excursions, delegates would be able to see interesting aspects of German agriculture.

25. Convened by the Director-General on 15 November 1972, the representatives of Member Governments (see Annex VI) elected the representative of the Government of the Federal Republic of Germany, Mr. E. Lühe, to chair the resumed session of the Eighth Regional Conference for Europe. In that session the remaining part of the final report was adopted.

SUMMARY OF PROCEEDINGS

26. In his introductory statement the Director-General referred to the key problems affecting agriculture in the Region. The Director-General's statement is reproduced in Annex III.

27. The Executive Secretary of the UN Economic Commission for Europe, Dr. J. Stanovnik in his address to the Conference, underlined the results of the close cooperation between FAO and ECE, and expressed the hope that this close cooperation would continue in the same constructive way. The Executive Secretary's speech is contained in Annex IV.

AGRICULTURAL POLICIES OF EUROPE AND THE DEVELOPED COUNTRIES OF OTHER CONTINENTS

(a) Study of Agricultural Adjustment in Developed Countries

28. The Conference noted with appreciation that the Study of Agricultural Adjustment in Developed Countries, as contained in Document ERC 72/3, had been undertaken primarily in response to the Fifteenth Session of the FAO Conference which recommended to the Director-General that he evolve the Indicative World Plan into a Perspective Study of World Agricultural Development in order (inter alia) to "... include all member countries in order that its coverage may in fact be world-wide ...". It further noted that the Study had been prepared in cooperation with the UN Economic Commission for Europe whose Committee on Agricultural Problems had instructed its secretariat, the Joint FAO/ECE Agriculture Division, to investigate the impact of recent technological and structural developments in agriculture, including problems arising from such developments, and that in addition to fulfilling these ends, the Study was also intended to provide an important part of the documentation for the discussion by the FAO Conference of international agricultural adjustment, which had been selected as one of the major themes for the Seventeenth Session in 1973.

29. The Conference unanimously described the Study as a major effort to deal with the complex issue of agricultural adjustment, and regarded it as an important FAO document to be used as reference whenever the agricultural problems and the international implications of agricultural policies of developed countries are discussed. All delegations were in agreement with the basic approach of the Study which distinguishes between adjustment at three levels - sectoral, national and international. Such an approach provided a broad framework for the ensuing discussion.

30. Some delegations expressed the regret that the Study had not dealt with the countries in the Mediterranean Region, and that therefore the problems of this part of the world could not be discussed.

31. The great majority of delegations emphasized the recent experiences with sectoral adjustment in their respective countries. It was reported that structural policies were gaining ground everywhere and it appeared that although methods differed, governments were basically pursuing similar objectives.

32. In the majority of Western European countries sectoral adjustment measures were largely concentrated on improvement of farm structures, further reduction in overall agricultural employment and qualitative improvement of the remaining labour force. The methods applied were becoming more diversified with greater attention paid to the human problems and a better understanding of local conditions. Early retirement schemes, compensations to the farmers willing to quit agriculture, promotion of amalgamation of holdings, financial aid at the start to young farmers, rapid spread of training facilities, improvement of economic and social infrastructure, etc., were often quoted as examples of a long list of measures introduced in a number of countries. Several delegations emphasized the role of integrated development programmes well adapted to the conditions of particular rural areas. It was stated that this relatively new approach

proved particularly useful in tackling the problems of agriculture in less developed and less favoured regions, for promoting tourism and preserving environment.

33. In Eastern Europe where huge cooperative and state farms generally prevail, efforts to increase specialization and to promote forms of horizontal and vertical integration were reported everywhere. The agri-business complexes integrating whole chains of production, especially in the livestock sector, were described as particularly promising. All delegations pointed to the special attention given of late to the improvement of planning and management at the farm levels as well as to the promotion of modern marketing methods. Some delegations remarked, however, that the agricultural developments in Eastern European countries were not adequately dealt with in the Study and that it was therefore necessary to include additional data. The delegation of Romania requested that in the Study on Agricultural Adjustment as well as in other studies and documents which may be prepared in the future by the secretariats of both Organizations, the Socialist Republic of Romania should be mentioned as a developing country.

34. While all delegations were confident that the increased efforts of governments would speed up the adjustment process at the farm level, it was generally recognized that the achievement of a satisfactory balance between supply and demand in many products continued to meet with difficulties in many countries. As was stated by several representatives of highly industrialized countries, improvement in farm structures combined with further technical progress and rationalization measures would not on its own bring about a better market balance. Production capacity will grow even faster while little could be done to influence domestic demand. It was agreed therefore that farm adjustment measures must be complemented with policy measures aiming at a better adjustment of agriculture at the national market level.

35. Here again, a number of delegations referred to measures applied in their own countries, but it appeared that the experience gained so far was not fully satisfactory and that the future lines of action were still under review. Hope was expressed by a number of delegations that the provision of better information to producers' groups concerning the market situation and prospects would enable farmers to take market oriented production decisions. Similarly, the gradual spread of production under contract for large trading firms and food processing industries was expected to act as a self-regulatory device. The discussion seemed to indicate that very few countries considered production quotas as an acceptable instrument for managing supply. By contrast, many speakers were in favour of financial incentives to farmers for reducing production inputs in critical product areas. Several delegations also referred with interest to the OECD study on supply management.

36. The view was expressed that price policies could not by themselves produce a market equilibrium and solve at the same time the problem of farmers' incomes. For this latter purpose they would have to be complemented by structural policies. Some delegates expressed the view that under existing conditions, present price policies could not be discontinued. Other delegations, however, expressed their preference for more flexible and selective price support policies which would take into account the market situation of individual products. The thesis advanced in the Study that income policies should be separated from price policies was supported by some delegations whilst others could not accept it as a general rule. There was a fairly wide consensus that price policies should be increasingly used for guiding production and not for supporting low-income farms, for which other measures would be necessary. Several delegations pointed to technical and financial difficulties in providing direct income supplements. It was also stated that such an approach should not be confined to the agricultural sector only.

37. Eastern European delegates pointed out that the supply-demand conditions in their countries were generally different from those prevailing in the developed market economies. Surplus capacity in agriculture does not present a problem at this stage. However, rising incomes per head were inducing shifts in demand which increasingly

tended to concentrate on high protein products. In order to avoid imbalances, it was stated that production in future would have to be adapted to the changing patterns of demand.

38. The Conference agreed that agricultural adjustment must be dealt with in an international frame. This arises from the influence which world market situations and prospects have on national policies and production incentives, including prices. It noted that the problems at the international and the farm levels were closely linked at the level of national agricultural policy. The debate on the international dimension to agricultural adjustment concentrated mainly on three aspects: first, agricultural protection; secondly, the problems of the developing countries in world agricultural production and trade; and thirdly, prices and the organization of trade.

39. A number of delegations pointed to the distorting influence on world trade and on adjustment processes of high and in some cases increasing levels of agricultural protection. The severity of the protection was largely determined by the disparity between world and domestic prices and also by the degree of processing of the product. Some delegations suggested that FAO should give attention in the regular work of the Secretariat to the levels of production costs while considering agricultural protection. Some delegations expressed concern regarding the possible impact of the enlargement of the European Economic Community, and felt that efforts with a multi-lateral approach to the reduction of protection should be continued. The representative of the EEC Commission answering the criticism made against the common agricultural policy recalled that this policy was in fact accompanied by an expansion of the imports of agricultural products, especially those from developing countries. Some delegations acknowledged this fact but felt that these imports are realized under unfavourable conditions for exporting countries. Some of these countries needed to increase their agricultural exports in order to be able to import industrial products necessary for their economic development.

40. The Conference noted that the Study had shown the decline in the share of developing countries in world agricultural exports, and there was general agreement that in view of the need of developing countries for foreign exchange to assist economic development, this trend was very disquieting. The causes were, however, not entirely clear and required further analysis. For instance, one delegate pointed to the better growth record of competing products, as compared with non-competing ones. A number of delegations emphasized that developing countries must do their utmost to improve the competitive strength of their exports. Importers must feel assured as to the regularity of supplies and the maintenance of quality. The assumption of the Study that more liberal trading conditions would not necessarily benefit developing countries was questioned by one delegate but the more general opinion seemed to be that assistance of some kind, which might take the form of special preferences, would be required if they were to reap advantages from agricultural adjustment in developed countries. The desirability of developing countries increasing trade amongst themselves was also emphasized by a number of delegations and a suggestion was made that FAO should study ways of encouraging the growth of this trade.

41. Delegations from Eastern Europe did not agree with the views expressed in the Study that their imports of tropical non-competing products were in some sense lower than they might be and a number of instances of high growth rates and of plans for future increases were cited. This import flow could not be considered in isolation and if Eastern European countries had better access to world markets their higher export earnings would enable them to increase more rapidly imports such as those of tropical products. Market economy countries expressed their satisfaction regarding the intention of centrally-planned countries to raise their imports of these products.

42. A number of delegations drew attention to the continuation of under-nourishment in developing countries. In their view, this implied that the expansion and diversification of production in these countries should be oriented toward raising their domestic consumption as well as their exports.

43. Diverging views were held as to the most desirable future framework of trade. The need to ensure a reasonable balance of supply and demand in international trade was generally accepted as an objective. The organization of markets, including commodity agreements which could ensure price stability, would be one approach while another would be an aim at freer trade by the reduction of both tariff and non-tariff barriers. It was noted that these matters would be considered at other forthcoming international meetings.

44. The Conference accepted the following points as representing a summary of its conclusions:

- (i) It is an appropriate national goal of adjustment policy in countries of the European Region which have reached a certain level of development to integrate the agricultural sector harmoniously with current and prospective economic, social and technological developments in the economy as a whole. This will also facilitate the achievement on the part of the farm population of more comparable income levels in comparison with other sectors.
- (ii) To this end it would be appropriate in some developed as well as in the developing countries to continue in agricultural policies to emphasize rationalization and modernization of farm structures and the infrastructure for rural development.
- (iii) Within the policies aiming at a rationalization of farm structures, the income problems of farmers on non-viable holdings, in a transitional stage, need to be treated primarily as a social problem.
- (iv) Agricultural price policies should be designed primarily to orient production, taking into account market possibilities, and not to support low-income farms.
- (v) In some countries and regions the coexistence of full-time and part-time farming must be taken into account; special consideration must be given in those areas to the important role of part-time farming.
- (vi) The maintenance of a certain number of farm enterprises may be an objective of economic and social policy in certain regions of some countries in the interests of maintaining a basis for settlement, conserving the balance of nature, and preserving the landscape and recreational and touristic areas.
- (vii) The agricultural and trade policies of developed member countries of the European Region, and of developed countries generally, should pay attention to enlarging the agricultural export opportunities, particularly for developing countries in all regions. In this regard, several delegations invited the Director-General to consider whether in the regular work of the Organization studies could be undertaken concerning the promotion of the agricultural trade of the group of 25 least developed countries, as well as the expansion of agricultural trade generally among developing countries.
- (viii) It is essential that the various countries together pursue agricultural adjustments at the farm, national, regional and global levels simultaneously.
- (ix) Further international cooperation is needed to develop a world-wide framework within which governments could work together toward greater consistency in their national and regional agricultural adjustment policies, and which would take into account the objectives and strategy of DD2.

45. The Conference adopted the following resolution:

Resolution

THE REGIONAL CONFERENCE,

Considering that the Fifteenth Session of the FAO Conference requested in Resolution 1/69 the Director-General to evolve the Indicative World Plan into a Perspective Study of World Agricultural Development and to include all member countries in order that its coverage may be in fact world-wide;

Considering the decision of the Sixteenth Session of the Conference to include in the agenda of the Seventeenth Session in 1973 an item on agricultural adjustments both in developed and developing member countries of the Organization;

Noting with regret that, while the main policy paper submitted to the Eighth FAO Regional Conference for Europe covered problems of agricultural adjustment of developed countries in and outside Europe, it did not deal with the related problems of less developed countries of the European Region, which consequently could not be considered by the Regional Conference;

Recognizes that a considerable gap thus exists in the fulfilling of Resolution 1/69 of the Fifteenth Session of the Conference, and

Recommends to the Director-General to take the necessary steps for the preparation of a study on the agricultural, commercial, economic and social problems of the less developed countries of the European Region, and in particular of the Southern European Mediterranean countries, in the same way and manner as Document ERC 72/3 on the Agricultural Adjustment in high income developed countries, if possible, in order to enable the Seventeenth Session of the Conference to examine also the problems of this group of countries.

46. The Conference noted that the next important stage in FAO's work on adjustment problems was the preparation of a special study on international agricultural adjustment for consideration at the 1973 Conference. The Study on "Agricultural Adjustment in Developed Countries" would provide valuable material for the 1973 study, and the Director-General would take account also of the discussions and Report of the Eighth Regional Conference for Europe.

47. In fact, the relevant views of all the Regional Conferences would be made known to the Committee on Commodity Problems at its forthcoming session, when the Committee would be invited to comment on the Director-General's more detailed plans for the 1973 study.

48. The Conference noted that the Director-General proposed to make available limited assistance to the Eastern European member countries and to the developing Mediterranean countries of the European Region, to help ensure that their respective conditions, problems and experience of agricultural adjustment would be fully taken into account in the preparation of the 1973 study on international adjustment.

49. Several delegations having expressed interest in learning from the experience of other developed countries in the use of various adjustment measures, the Conference noted that various regional bodies, such as OECD, were organizing discussions on agricultural adjustment problems. Such discussions could provide further opportunities for the exchange of experience among countries of the Region. In addition, the Director-General had invited the OECD and the CMEA to assist the work of FAO in the field of agricultural adjustment.

50. The Conference agreed that the question of including some aspect of agricultural adjustment problems on the agenda of its next session could be examined in due course at the time of the 1973 FAO Conference. The desirability of FAO arranging a technical meeting of officials to study in greater depth various adjustment means could also be considered at a later stage.

(b) The Relationship between Milk and Beef Production in Europe

51. The Conference noted with appreciation that the study contained in Document ERC 72/4 was a joint undertaking of the Animal Production and Health Division, the Commodities and Trade Division and the Agricultural Services Division of FAO, assisted by a group of five high-level consultants in the various subject matter fields from both Eastern and Western Europe. A summary of some preliminary findings of the parts of the study which dealt with the animal production aspects was presented to the Eighteenth Session of the European Commission on Agriculture held in Rome at the beginning of May 1972.

52. It was further noted that although similar studies had been undertaken by the Organization for Economic Cooperation and Development, the United Nations Economic Commission for Europe and the Joint CEA/IFAP Group on Economic Problems, the present study covered for the first time the whole of Europe, except U.S.S.R. and some of the smaller countries in the Mediterranean Basin, taking into account all technical, economic and trade policy aspects of the problems, as well as the inter-relationship between the various disciplines involved. The delegate of Israel expressed his regret that the data from his country had not been included in the study and submitted a special paper on the subject.

53. Nearly all delegations participated in the discussion and welcomed the study as a most valuable source of information and guidance for all European countries interested in this complex problem. They noted that for technical reasons it was not possible to include more recent statistical data on the present situation in each of the countries involved, and offered to provide FAO in writing with the most up-to-date figures to be included in the study before it would be published or otherwise to be inserted in the present version in the form of a corrigendum.

54. The Conference fully appreciated the conclusions and suggestions of the study with regard to technical improvements of the situation, particularly on the increase of beef production. Some delegations stated that a number of the measures proposed were already implemented in their countries. Several delegations felt however that in countries with a small farm structure the possibilities of increasing beef production were limited because of the extensive nature of this type of enterprise and the impossibility of providing the farm families with an adequate income.

55. Owing to the recent changes in national conditions, some delegations expressed the opinion that through increases in size of cattle herds, improvements in feeding techniques and other factors, the prospective outlook for dairy production in Europe in the period up to 1980 might well turn out to be a surplus rather than a deficit position.

56. With regard to the trade policy aspects, some delegations questioned whether the study should have dealt with these issues at all, especially as they were already included in the agricultural adjustment study. Other delegations felt however that the trade policy questions were essential for this study in order to arrive at appropriate solutions.

57. Some delegations mentioned that in countries with a market economy it might be more profitable to produce veal than beef due to the specific price structure. Several delegations stressed that the large capital investment which was necessary for effective development of beef production could not be undertaken by the producers without certain market and price guarantees, particularly as under the present conditions market outlets and prices for beef are subject to considerable fluctuations. Some

delegations felt that market arrangements would be of benefit to consumers in the deficit countries and at the same time to producers in the surplus countries.

58. Many delegations drew attention to the possibility of replacing beef by both traditional and non-traditional substitutes, mainly those based on fish, soybean and eventually petroleum, and requested that due consideration should be given to such substitutes in further studies.

59. It was emphasized by some delegations that in projects where dairy products were supplied as food aid, a reasonable assurance should be obtained beforehand that such supplies would stimulate rather than jeopardize trade and local production of these products in the recipient country.

60. Some delegations from Mediterranean countries expressed their satisfaction with the assistance their governments were receiving through FAO/UNDP projects and IBRD-financed programmes for the development of their cattle production. Several delegations regretted that the study did not deal with veterinary aspects of the meat and livestock trade and expressed the hope that future studies on the subject would include sanitary and veterinary aspects of the problem.

61. The Conference expressed its general agreement with the FAO proposals for follow-up action on the study which would include:

- (i) the possibilities for intensification of beef production in different areas with unexploited potentials to the given high priority in FAO's future Programme of Work and Budget, in order to meet the growing demand for beef on the world market; and
- (ii) a study to be undertaken in Europe on the possibilities of intensifying beef production through the use of locally produced feed grains or imported from surplus producing countries. With regard to this study, the Conference observed that several European countries with unexploited potential should be covered, especially from Eastern Europe and if possible U.S.S.R.

62. The Conference emphasized that possibilities for further intensification and development of beef production should be examined in the framework of the specific conditions in the individual countries, including consumer preferences, taking into account the profitability of such possibilities as compared with other alternatives.

63. The Conference noted the proposal that the Inter-Divisional Working Group on Meat Development would be given a similar status as the one on the International Scheme of Dairy Development, on the understanding that this Group would collaborate very closely with the Intergovernmental Group on Meat of the Committee on Commodity Problems.

64. Finally, the Conference recognized that the additional information provided by all delegations in the course of the discussion on technical as well as economic aspects that had emerged in their countries during the period the study was prepared, was of great value to FAO's future work in this field.

(c) Market Possibilities for Selected Fruit and Vegetables in Europe

65. The Conference considered Document ERC 72/5 "Study of the market possibilities for selected fruit and vegetables in Europe" which had been prepared by the FAO Secretariat in accordance with Recommendation No. 1 of the Seventh Regional Conference for Europe. ^{1/} After a general review of the situation and outlook for fruit and vegetables, the study dealt with the specific situation of apples, table grapes and tomatoes.

^{1/} See Paragraph 79 of the Report of the Seventh Regional Conference for Europe.

66. The Conference took note of the major trends prevailing generally in European fruit and vegetable production, consumption and trade. Production had expanded strongly in recent years, especially in Southern and Eastern Europe but the rate of consumption growth had declined in many countries. The rapid expansion of production capacities had led to the development of structural surpluses of certain commodities (e.g. apples, pears, peaches) in some parts of the region and generally the heavy supplies had exercised considerable pressure on prices received by producers. It was noted that Europe was the most important outlet for fruit and vegetables in the world and that trade which consisted to a large extent of intra-regional exchanges had further increased during the past decade.

67. It was also noted that there was a considerable degree of government intervention aimed at protecting domestic production on the one hand and extending support on the other. Such measures were applied at varying degrees and were often differentiated according to the output period of domestic production in the various countries. However, there were strong additional factors at work such as the reduced manpower availability in the traditional producing countries which could provide opportunities for new suppliers and may lead to shifts in growing areas in and outside Europe provided that efficient production could be developed.

68. Concerning the prospects for the three selected kinds of fruit and vegetables reviewed in the study it was noted that for apples the production outlook in the whole region remained expansionary although somewhat less so in Western Europe because of the efforts being made in a number of countries to achieve production adjustment. However, despite these measures supply surpluses were expected to persist for some time.

69. The prospects for table grapes were that supplies in exporting countries would remain abundant in relation to import requirements. An upward movement in labour and other costs in traditional Western European countries could result in increased opportunities for suppliers in other areas.

70. For tomatoes it was expected that trade in fresh tomatoes would show only moderate growth. However, shifts in supply areas could occur also in this commodity. It was also noted that some traditional exporting countries with large outlets in the United Kingdom and other new EEC entrants were facing uncertain prospects and their trade could be adversely affected by the enlargement of the Community.

71. In the ensuing discussion many delegations expressed their general agreement with the overall findings of the study. They stressed the importance of the fruit and vegetable sector for their countries and provided additional information on the measures undertaken to improve the structure of production, achieve greater efficiency in marketing and promote increased consumption. They considered that despite declining growth rates there was still further room for consumption expansion. Market opportunities had to be carefully evaluated with regard to consumer preferences for the right varieties, qualities, the best form of presentation and the most suitable period of supply. Inadequate knowledge of these factors had led in the past to excessive expansion of production of produce not fully meeting consumer demand.

72. With the view to further increases in productivity and especially to the persisting surplus situation of certain kinds of fruit and vegetables it was felt that continued efforts of production adjustment were greatly needed. The lack of coordination of policy measures at the international level was also emphasized and it was pointed out that better harmonization of policies was of primary necessity to achieve balanced growth of the fruit and vegetable sector in all countries and to avoid the development of further structural surpluses. In this connection some delegations stressed that the positive measures to bring production in line with market outlets undertaken in their countries had not been sufficiently taken into consideration in the study. Concern was also expressed at the disturbing effects on international trade of export subsidies in general and in particular the practice of providing special subsidies for the

disposal of surplus supplies. During the discussion it was proposed that according to the recommendations of the Seventh Regional Conference for Europe, necessary steps should be taken for organizing commodity consultations.

73. Attention was also drawn to the existing protection measures in particular the large extent of tariff and non-tariff barriers which constituted distorting elements in international trade. The desirability of reducing such barriers in order to promote larger international exchange and increased consumption was emphasized. Special reference was made to the barriers constituted by phytosanitary regulations, regulations pertaining to pesticide residues and other health regulations. While the necessity for such measures in order to protect the consumer was not questioned, the strong desire was expressed for a better harmonization of such regulations so as to reduce their possible detrimental effects on trade. The Director-General was invited to give due attention in the programming of the Organization's activities to these aspects and also to bring the need for further progress in this field to the attention of other international organizations concerned with these problems.

74. The Conference concluded that the type of information provided in the course of the discussion had proved of great value. It had contributed to the clarification of a number of problems confronting the European fruit and vegetable industry. It was considered that further work in this field was desirable but it was necessary that such activities should not overlap with those of other international organizations working at the regional level such as ECE and OECD. The Director-General was therefore requested to ensure such coordination.

CURRENT AND FUTURE ACTIVITIES OF FAO AND WFP

(a) Medium-Term Plan 1972-77

75. In his introductory statement, the Assistant Director-General, Development Department, referred to Document C 71/15 approved by the Sixteenth Session of the FAO Conference and to the extract from the Report of the Twenty-First Session of the Programme Committee contained in paragraphs 74 to 84 of Document ERC 72/INF.2 which was before the Regional Conference.

76. He referred to the new situation which had emerged since the last session of the FAO Conference in autumn 1971, particularly with regard to the deterioration in FAO's financial position and the present priorities and savings exercise. In this context he pointed out that efforts had already been made to combine sub-programmes in order to arrive at a clearly identified set of priority issues which could be undertaken by the Organization within the resources available for the Regular Programme and the extra-budgetary funds. Consequently, as suggested by the Programme Committee, the examination of individual programmes and sub-programmes as contained in the present Medium-Term Plan would not be useful.

77. He considered, however, that this recent shift in the medium-term planning exercise had not diminished in the least the validity and usefulness of the Plan as adopted by the Conference, because in its present form it still provided the Director-General with an overall strategy in agricultural development policy. It identified the main problem areas in the agricultural sector of the member countries in terms of priorities and objectives for both the Regular Programme and Field Programme activities, to be reflected in future Programmes of Work and Budgets in the most economical and effective way within the limits of foreseeable financial and manpower resources of the Organization.

78. For the next biennium a change in the presentation of the Medium-Term objectives was contemplated. In the programme and sub-programme narratives appearing in the Programme of Work and Budget a reference would be made to their medium-term implications. This would make it possible to dispense with the rather complicated trends tables used in Document C 71/15 and then the Medium-Term document would become a policy paper.

79. Referring to the United Nations Conference on the Human Environment held in Stockholm, Sweden, in June 1972, the Assistant Director-General pointed out that the recommendations of this Conference in the field of agriculture, forestry and fisheries were clearly falling within the competence of FAO, and were therefore at present being carefully studied by the Organization for possible inclusion in the future medium-term programme, assuming that extra-budgetary resources for activities in this important field would be forthcoming from the newly established United Nations Environment Fund.

80. However, he added that in some cases the Stockholm recommendations call for a substantial increase in the scale of present FAO activities, and the Regular Programme support would have to be increased accordingly insofar as resources permit.

81. The Conference expressed its general agreement with regard to the medium-term planning exercise, recognizing at the same time that it was still in an experimental stage and needed still further improvement in order to arrive at a realistic and practical statement of objectives, priorities and trends in FAO's future work which the Member Governments had in mind when the 1969 FAO Conference requested the Director-General to take the initiative for the preparation of such a document.

82. The Conference generally endorsed the recommendations made by the Twenty-First Session of the Programme Committee in respect of the further conduct of the exercise, and welcomed the proposed shift in terminology from "plan" to "objectives" as a more realistic approach. It recognized at the same time that the setting of priorities and future trends is a complex undertaking which to a large extent should rest with the Director-General, with the help and guidance from the governing bodies of the Organization.

83. The Conference agreed that individual sub-programmes in the Plan should be further consolidated, but it considered that sharpening up of priorities did not necessarily mean a reduction of sub-programmes but rather a clearer identification of major priorities among the proposed sub-programmes. It was appreciated that it was clearly impossible for the Director-General to accommodate all wishes and proposals of Member Governments in the exercise, taking into account the limited financial and manpower resources available to the Organization.

84. Some delegations expressed their concern about the difficulty of forecasting future trends and priorities both in the Regular Programme and the Field Programme under the special circumstances that the level and magnitude of extra-budgetary resources were beyond the control of the Organization and could therefore not realistically be appropriated against the areas of emphasis selected. It was also felt that a better methodology should be worked out for relating and comparing the two types of programmes of the Organization within the document. The presentation of sub-programmes in the documents "Programme of Work and Budget" and "The Work of FAO" should be sufficiently consistent and similar in order that they can be compared.

85. Several delegations were concerned about the presumed dispersal of scarce resources in sub-programming of proposed activities and about a disconcerting lack of coordination and integration between the selected programmes and sub-programmes. They considered that a further amalgamation of the sub-programmes would still be necessary, taking into account the multi-disciplinary approach proposed by the Programme Committee. Also the statistical background data for the selection of the areas of emphasis should be further improved.

86. Some delegations expressed the view that mobilization of human resources and rural unemployment should be given high priorities in the global medium-term exercise. Other delegations stressed the need to give due attention to nutritional issues in the focussing of plans for future activities, to be based on improved statistics.

87. It was generally felt that although the protection and enhancement of the human environment was likely to become an important field of action for the Organization, considerable dispersal of valuable resources could occur between the specialized agencies involved due to possible overlapping and duplication of efforts. The necessary collaboration between and the required definition of responsibilities among the agencies should therefore be carefully studied before the Organization would embark on an action programme in this field, taking also into account the activities already initiated by other international organizations such as the Organization for Economic Cooperation and Development in Paris.

(b) Current and Future Activities in Europe

88. The discussion took place on the basis of Document ERC 72/6 which referred to the current and future activities of FAO in Europe and Document ERC 72/6-Sup.1 which gave the picture of the field programmes in this region.

89. In its introduction, the Secretariat stressed that Document ERC 72/6 did not pretend to be an exhaustive catalogue of all the activities the Organization was carrying out in Europe but gave the overall lines and indicated the main fields. It was also pointed out that in view of the changes the medium-term programme was undergoing at the time this document was prepared it had not been possible to link the priorities suggested for Europe with those of the overall medium-term objectives. However, this would be done as soon as the Organization's medium-term objectives were positively defined.

90. The Secretariat indicated that the document showed some dispersion in FAO's European activities as a result of the fact that they were based on recommendations made over the years by the FAO Statutory Bodies and that inadequate efforts had been made to integrate them into an overall coherent programme.

91. The document also did not attempt to propose an overall programme for Europe but was intended to serve as the basis of discussion so that the Regional Conference could exercise its right, under its terms of reference, to guide the formulation of the priorities. The Secretariat therefore proposed for consideration in the debate four main fields which in the light of the discussions in FAO's European statutory technical bodies seemed to be of major importance to Member Governments. These fields were:

(i) Structural problems

On this subject the ECA had already initiated certain activities such as the study on new organization forms in agriculture. Furthermore, the discussions during this same Conference on agricultural adjustment had also brought to light a number of structural problems which were suggested for further study. It was necessary, therefore, to ensure close coordination between the ECA study and those which might be undertaken as a result of the discussions on adjustment.

(ii) Environment

The Secretariat pointed out, with regard to environment, that it was not yet possible to define a performance since the recommendations of the UN Conference on Environment had still to be discussed in the UN General Assembly. However, countries could nevertheless already indicate the basic issues they would like to see included in FAO's programme. Contacts had already been established with other organizations, in particular, ECE, OECD and the Council of Europe, to ensure from the very beginning that there should be no overlapping and the closest cooperation.

(iii) Exchange of scientific and technical information

The Secretariat referred to the proposals contained in Document ERC 72/6 on the subject and stressed the particular importance of the suggestion for the establishment of networks of scientific and research institutions and universities in selected fields.

It also emphasized the importance it attributed to the question of technological forecasting which could be considered of great value for the long-term planning of agricultural development. The subject should be dealt with in a practical manner and deal with carefully selected fields such as, for instance, the development of water resources.

(iv) Marketing

This subject was suggested as of particular importance for the less industrialized countries of the Region.

92. Finally, the Secretariat referred to the important work carried out in the two Joint Divisions (Agriculture Division and Timber Division) with the Economic Commission for Europe. These Divisions represented an extremely valuable addition to FAO's work and the Secretariats of both Organizations were conscious of the need for closest coordination.

93. During the course of the discussion the Conference expressed general agreement regarding the importance of FAO's role and activities in the European Region. The Conference was also appreciative of the accomplishments over the past years and felt that an adequate level of activities had been maintained in spite of the limited resources available for the European Region.

94. The Conference was satisfied with the arrangements FAO had made to ensure good cooperation with other organizations working in the field of agriculture in Europe and recommended that this matter should receive continuous attention.

95. Some delegations felt that the activities in Europe should be expanded and made several suggestions which are referred to later on in the context of the priorities. However, other delegations felt that under the present budgetary circumstances the existing level of activities might be adequate. It was also pointed out that limitation of resources made it particularly necessary to determine very carefully the priorities and countries agreed that this should be a primary function of the Regional Conference.

96. The Conference also endorsed the criteria for selecting the activities to be carried out in Europe set out in Document ERC 72/6 as it felt that they would help to achieve a better order of priorities. It further agreed that FAO's limited resources should be focussed on key issues; efforts should be highly selective and not dispersed on a number of issues of limited interest, and in particular on projects which can be carried out as well, or even better, by other organizations. In the selection of priorities FAO's character as an intergovernmental action-oriented body should be taken into full account and therefore high priority assigned to fields of action where practical results can only be achieved by a cooperative action of governments. Projects of an academic or theoretical nature should receive a low priority.

97. The Conference requested that the developing countries of the European Region should receive an adequate share of FAO's efforts to assist developing countries generally.

98. The Conference was generally in agreement with the four priorities suggested by the Secretariat.

99. As concerns work on agricultural structures, the Conference suggested that the Secretariat should look carefully at the existing plans with ECA and the outcome of the discussion on agricultural adjustment of this Regional Conference in order to arrive at a coherent and coordinated approach to the question.

100. On the problem of environment, the Conference felt it was too early to discuss the shape of an eventual programme in this field and that it would be preferable to await the outcome of the discussions in the UN General Assembly. The Conference noted that

the Director-General would submit concrete proposals to the Council and Conference in due course and that European member countries would have an opportunity at that time to express their views. The Conference was pleased to note that the Director-General had already taken steps to ensure coordination with other organizations.

101. Many delegations hoped that action in the field of the exchange of scientific and technological information could be started soon. It should include the proposals contained in Document ERC 72/6 concerning the establishment of networks of universities and scientific and research institutions and regarding technical forecasting. The Conference noted with gratitude the offer of the Government of Spain to utilize the Centre for the Improvement and Demonstration of Olive Production Techniques located in Cordoba, on a pilot basis, to study the shape such a network could take. The Conference noted that the detailed arrangements for this purpose would be worked out between the Spanish Government, FAO and other interested governments.

102. The Conference felt that these activities should only require limited funds from FAO since the Organization's role would be promotional and catalytic. In the same sphere a further possibility would be the organization of cooperative research projects, particularly in animal and plant production.

103. A number of delegations also looked forward to the benefits which would be derived from AGRIS and hoped that this programme could be implemented at an early date.

104. It was suggested that the question of the position of agricultural research in Europe in respect of the emerging international programmes such as CARIS, Consultative and Technical Advisory Committees, its orientation and its value to the development effort in Europe and elsewhere might be considered for inclusion in the agenda for the next Regional Conference.

105. It was also suggested that the possibility of the establishment of Regional Demonstration, Training and Research Institutions, supported by FAO, UNDP and interested Member Governments should be further explored.

106. With regard to marketing of agricultural products, the Conference agreed that this was of great importance for a number of countries of the Region and that it should deserve further attention from FAO.

107. Several delegations made suggestions for fields which in their view also should be included in the European activities of FAO. These included nutrition, the influence of technological progress on rural families, animal health, irrigation development, fertilizers, structural problems of forestry, forestry management, evaluation of stocks and fish diseases in inland fisheries. With reference to animal health, several delegations suggested that Brucellosis should be added to foot-and-mouth disease as a disease requiring special attention. The Conference agreed that the Secretariat should take these additional suggestions into account when preparing the next Programme of Work and Budget.

108. The Conference expressed the view that while the overall aim should be to arrive at a coherent and integrated programme, this should not mean that certain activities which might not fit into this general picture should necessarily be excluded. This would depend on the individual merits of each programme or project, with due regard, of course, to the financial possibilities of the Organization.

109. The Conference was happy to note the very close working relations with the Economic Commission for Europe as shown by the activities of the two Joint Divisions and by the fact that the present Regional Conference had been organized in cooperation with that Commission.

110. The Conference felt that Document ERC 72/6-Sup.1, which gave a review of the full activities in Europe was very useful and suggested that for the next Regional Conference it should not be confined to UNDP projects, but should also include activities of the Investment Centre, associate experts, etc.

111. The Conference felt that in the exercise of its overall coordinating function in respect of FAO's activities in Europe, the Regional Office should pay particular attention to the definition of priorities for future activities in the Region and requested that the Director-General submit to future Regional Conferences proposals for priority projects in Europe, taking into account the recommendations of FAO's European statutory technical bodies as well as the suggestions of the European Regional Office.

(c) The Role and Functions of Regional Offices and Country Offices and their Relation to the Role and Functions of Headquarters

112. The Conference considered Document ERC 72/7 "Outline of the report on the role and functions of the Regional Offices and Country Offices and their relation to the role and functions of Headquarters".

113. In introducing the document, the Secretariat pointed out that the report prepared by the former Deputy Director-General of the Development Department, Mr. Pierre Terver, would be submitted to the next session of the FAO Council, together with the opinions expressed by Regional Conferences and the Programme and Finance Committees, and with the comments of the Director-General.

114. The hope was expressed that the deliberations of the Council would give the Director-General the necessary directives required to enable him to define more clearly the functions of the Regional Offices and the Country Offices and their relationship with Headquarters.

115. The establishment of a clearly defined regional structure was indispensable to FAO, not only in order to increase its own efficiency but also to facilitate co-operation with regional organizations and, in particular, with the Regional Economic Commissions.

116. The Secretariat expressed the opinion that the organization, role and functions of the European Regional Office were adequately defined. It functioned satisfactorily and did not require any change.

117. The Secretariat also reported that the recently concluded two Regional Conferences (Latin America and Near East) had recognized that FAO's resources should not be weakened through undue dispersal. Most of the developing countries wanted that the work should be fed directly into Headquarters. At the same time, however, these same countries expressed the opinion that the regional contributions to a world-wide FAO policy and the formulation of regional priorities should be done at the regional level.

118. The Conference, taking up the main points of Document ERC 72/7, expressed its regret that it had before it only an outline of the study which did not contain sufficient indications on the proposed solutions.

119. It expressed the view that the present trend of regionalization in FAO might lead to a fragmentation of the work of the Organization. Some delegations felt that the regional structure recently established at headquarters of UNDP and IBRD - two organizations from which the Organization obtained most of its extra-budgetary resources - might serve as an example for FAO as regards the possibility of a regional structure at Headquarters. In this aspect it was observed that the transfer of the Regional Office for Europe from Geneva to Headquarters in Rome served as a good example, since this action had led not only to satisfactory results for all member countries in the Region but also to savings. It was also felt that the cost of the regional offices was too high in relation to the total budget.

120. Several delegations emphasized the importance of the offices at the country level and felt that their role and functions were sufficiently defined. At the regional level, however, there was a need for a better definition of competences and functions in order to avoid duplication and overlapping with other parts of the Organization.

121. It was observed that the study on FAO's regional structure should not only contain a description of possible functions of regional and country offices but mainly a critical analysis of the possible alternatives. Some delegations felt that the Outline might be reduced in its documentary parts and simplified by the elimination of the references to organizations outside the UN System.

122. It was felt that FAO's regional and country structure should take into consideration the dual role of FAO, namely its activities under the Regular Programme and those financed by extra-budgetary funds. With respect to the latter activities, the regional offices should be mainly concerned with regional projects.

123. The Conference considered that the essential task of the Regional Office should be devoted to regional policy and programme formulation, policy contacts with member countries and public relations. Technical competence should be limited and oriented toward selected specific regional activities. Ad hoc technical teams could be sent from Headquarters to take care of specific technical tasks.

124. Other delegations were of the opinion that if FAO's regional and country structure needed to be strengthened, this should be done through a redistribution of competent staff from Headquarters to the regional and country levels.

125. It was also recognized that the regional structure should take into account a more efficient cooperation with the other specialized agencies of the UN System, mainly with the Regional Economic Commissions, with UNDP and the regional banks. The importance of the UNDP consensus was emphasized.

126. Some delegations expressed the view that any future modification in the present financing arrangements with UNDP of the SAA/CRS should be duly reflected in the decision to be taken concerning FAO's regional and country structure.

127. The Conference finally considered that the main aim of any change in regional and country structure should be geared toward a substantive improvement of efficiency in activities adapted to the needs and with the minimum use of financial resources.

128. The Secretariat, in answering questions raised by some delegations, pointed out that Document ERC 72/7 was not an expression of opinions but constituted merely an outline of certain questions to be analyzed in the report of the consultant.

(d) World Food Programme Activities in Europe

129. Document ERC 72/8 was introduced by the Director of the Project Management Division of the WFP and the text of his statement may be found in Annex VI.

130. The Conference expressed its general satisfaction and appreciation of the work done by the World Food Programme and of its contribution to the economic and social development of the developing nations as well as to the improvement of their nutritional standards. It noted that the European Region was among the principal contributors to the Programme.

131. The Conference felt that the insufficiency of cash resources frequently represented a serious problem to the Programme in its efforts to meet the varying needs and requirements of the developing world and recommended that contributions could be subject to long-term planning on the part of the donor nations in order to enable the Programme to carry out forward planning.

132. The Conference also felt that the composition of the food pledges merited serious consideration on the part of the donor countries in as much as supplies rich in protein content tended to be substantially smaller than actual needs. The Conference consequently recommended that the contributions to the Programme should represent an adequate component in protein rich foods.

133. It was felt that while natural disasters and emergencies should continue to receive high priority in the Programme's actions, more emphasis should be given to the development of human resources in the developing countries. It was also felt that very large food aid projects for development purposes should be avoided. Some delegations expressed the view that in addition to aid in food the Programme should seek means of providing other aid in kind such as fertilizers and farm machinery needed for the development of agriculture in the developing countries.

FUTURE OF FAO STATUTORY BODIES IN EUROPE

134. The Conference discussed the future of FAO Statutory Bodies in Europe on the basis of Document ERC 72/9.

135. The Conference stressed the importance of FAO's role in the Region and expressed the view that the activities FAO carried out in Europe were of great value for the countries of the Region, particularly in the light of the rapidly changing economic and social situation in agriculture which made a continuous exchange of experience and information on the technical, economic and social aspects of agriculture even more important. This was felt to be particularly true because FAO was the only world organization dealing with agricultural problems in the Region and therefore could be of benefit to Europe and to other parts of the world.

136. The Conference further felt that the work of FAO's European Statutory Technical Commissions was particularly valuable for the strengthening of technical cooperation between European member countries and for the exchange of technical and scientific information and experience, as well as the relations between Europe and the developing regions.

137. In this light it endorsed the recommendation that the four Technical Commissions, whose terms of reference and work were analyzed in the document, should continue to function as statutory bodies of FAO in Europe.

138. The Conference also agreed to the modifications proposed in the working methods of these bodies and particularly the recommendation that these bodies should attempt to work less through permanent subsidiary organs such as working parties, but more and more through ad hoc meetings, symposia, etc. The savings which may accrue through the abolition of some of the working parties should continue to be at the disposal of the European Region and might be used for the financing of ad hoc meetings and any possible other activities of interest to the Region.

139. The Conference endorsed the proposal of ECA to abolish the Working Party on Soil Classification and Survey after it has completed its task in 1973 and to incorporate the activities of the Working Party on Rural Sociological Problems into the Working Party on Agrarian Structure. It recommended that the number of meetings to be held should be kept to a minimum, and that the Commissions should review carefully, on a periodic basis, the work of the various subsidiary bodies and evaluate the results achieved.

140. The Conference strongly endorsed the Director-General's proposal to continue negotiations with the Executive Secretary of the UN Economic Commission for Europe with a view to establishing a closer relationship and possibly merging the FAO statutory bodies in Europe and the corresponding organs of the ECE. It requested that the findings of such negotiations should be reported, preferably already to the next session of the FAO Conference or, in any event, to the next Regional Conference.

141. The Conference requested the Director-General to investigate particularly the possibilities of closer cooperation between the ECA and the Committee on Agricultural Problems of ECE, for instance, the possibility of establishing a joint working party incorporating the ECE Working Party on Farm Rationalization with the ECA Working Party on Agrarian Structure and the ECA Working Party on Water Resources and Irrigation with the ECE Committee on Water Problems.

142. The Conference also considered proposals about further integration of work between the European Forestry Commission and the ECE Timber Committee, including the possibility of establishing a joint body. However, the view was also expressed that the division of work between these two bodies was adequate and could serve as a model for the division of work between the ECE Committee on Agricultural Problems and the ECA. It was further suggested that the ECA and the ECE Committee on Agricultural Problems should be served by the same secretariat, as is the case for the ECE Timber Committee and the EFC.

143. With regard to the terms of reference of the ECA, some members expressed the view that the proposal contained in Document ERC 72/9 could have a somewhat limiting effect on the scope of ECA. These members were of the opinion that the Commission might well continue to work on the basis of its original terms of reference which might be expanded to include nutrition and economic questions as decided by the 1957 Session of the Conference.

144. The Conference reaffirmed the great importance of the European Commission for the Control of Foot-and-Mouth Disease. It noted with satisfaction that the Government of the Federal Republic of Germany would soon become a member of that Commission. It recommended that the possibility of holding the sessions of the Commission every two years should be investigated, maintaining at the same time the frequency of the meeting of the Executive Committee. Furthermore, consideration should also be given to additional meetings of the Executive Committee in cases of emergency.

145. The Conference declared it was equally satisfied with the contribution the European Inland Fisheries Advisory Committee was making to the development of inland fisheries in Europe.

146. The Conference finally re-emphasized the importance of the policy role of the functions of the Regional Office. It felt that the arrangements which had been recommended at the last Regional Conference had been fully implemented and had led to satisfactory results. It reaffirmed its wish that the European Regional Office should be in charge of all FAO Technical Bodies in Europe and cover all other activities FAO carries out in the Region.

OTHER BUSINESS

Venue of the next Regional Conference

147. The Conference noted with appreciation the renewal of the invitation extended by the Government of Cyprus to hold the next Regional Conference in Nicosia, supported by the Delegations of Greece and the Federal Republic of Germany. It also noted the strong reservation expressed on this invitation by the Delegation of Turkey.

148. It further expressed its gratitude to the Government of Romania for having invited FAO to hold the Regional Conference, which is scheduled to take place in 1976, in Bucarest.

149. The Conference requested the Director-General, when deciding on the venues for the Regional Conferences for 1974 and 1976, to take due account of the two invitations received and of the reservation expressed by the Delegation of Turkey with regard to the site of the 1974 Regional Conference.

ANNEX I

LIST OF PARTICIPANTS - LISTE DES PARTICIPANTS
LISTA DE PARTICIPANTES

Chairman:	<u>J. Ertl</u> (Germany, Fed. Rep. of)
Président:	(République Fédérale d'Allemagne)
Presidente:	(República Federal de Alemania)
First Vice-Chairman:	<u>J. Okuniewski</u> (Poland)
Premier Vice-Président:	(Pologne)
Primer Vicepresidente:	(Polonia)
Second Vice-Chairman:	<u>T. Allende García-Baxter</u> (Spain)
Deuxième Vice-Président:	(Espagne)
Segundo Vicepresidente:	(España)
Third Vice-Chairman:	<u>I. Eckersten</u> (Sweden)
Troisième Vice-Président:	(Suède)
Tercer Vicepresidente:	(Suecia)

MEMBER NATIONS - ETATS MEMBRES - ESTADOS MIEMBROSAUSTRIA - AUTRICHE

Delegate: R. SEUHS
Chairman of the Austrian FAO Committee Vienna

Alternate: H. REDL
Official in charge of FAO matters
Austrian FAO Committee Vienna

Associate: K. HAAS
Permanent Representative of Austria to FAO Rome

BELGIUM - BELGIQUE - BELGICA

Délégué: R. VAN HAUWERMEIREN
Ambassadeur de la Belgique auprès de la FAO Rome

Suppléant: M. STUYCK
Directeur général des Services économiques
Ministère de l'Agriculture Bruxelles

Adjoint: A. DEBOUVERIE
Inspecteur en Chef,
Directeur, Ministère de l'Agriculture Bruxelles

BULGARIA - BULGARIE

Délégué: I. RANTCHEV
Vice-Ministre de l'Agriculture et de
l'Industrie alimentaire Sofia

Adjoint: S. NECHEV
Chef de la Division "Organisations internationales"
Ministère de l'Agriculture et de l'Industrie alimentaire Sofia

Conseiller: K. TANOUCHEV
Spécialiste en Chef près le Ministère de l'Agriculture
et de l'Industrie alimentaire Sofia

CYPRUS - CHYPRE - CHIPRE

Delegate: R. MICHAELIDES
Director-General of the Ministry of Agriculture and
Natural Resources Nicosia

Associate: C. KONTEATIS
Director of the Department of Water Development Nicosia

CZECHOSLOVAKIA - TCHECOSLOVAQUIE - CHECOSLOVAQUIA

Delegate:	E. CAKAJDA Vice-Minister, Federal Ministry of Agriculture and Food, Chairman of the Czechoslovak FAO Committee	Prague
Alternate:	J. ROSA Director, Federal Ministry of Agriculture and Food	Prague
Alternate:	J. GABRIEL Counsellor, Ministry of Foreign Affairs	Prague
Alternate:	J. NEUMANN Secretary, Federal Ministry of Agriculture and Food	Prague

DENMARK - DANEMARK - DINAMARCA

Delegate:	H.J. KRISTENSEN Deputy Secretary of State, Ministry of Agriculture	Copenhagen
Alternate:	K.G. OLSEN Counsellor, Ministry of Agriculture	Copenhagen
Alternate:	J. PEDERSEN Secretary-General, Federation of Danish Small- holders Associations	Copenhagen
Alternate:	L.A. LARSEN Agricultural Counsellor, Royal Danish Embassy	Bonn

FINLAND - FINLANDE - FINLANDIA

Delegate:	S. SUOMELA Director-General of the National Board of Agriculture	Helsinki
Alternate:	J. VUORINEN Director of the Agricultural Research Centre	Helsinki
Alternate:	A. NIKKOLA Head of the Bureau of International Affairs Ministry of Agriculture and Forestry	Helsinki
Alternate:	H. MAURIA Forestry Adviser, Ministry of Agriculture and Forestry	Helsinki

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OPENING SPEECH
OF
MR. J. ERTL, MINISTER OF FOOD, AGRICULTURE AND FORESTRY
OF THE FEDERAL REPUBLIC OF GERMANY

It is a great pleasure and honour for me to welcome you cordially in the Federal Republic of Germany on behalf of the Federal Government. I welcome in particular the Director-General of FAO, Dr. Boerma, who has come to Munich with his staff on this occasion. I would like to thank him for having accepted the invitation of my Government to hold this Conference here in Munich. I still remember with pleasure the Seventh FAO European Regional Conference held in Budapest two years ago, its excellent working arrangements, the important results achieved and the numerous informal contacts we were able to make. I would be pleased if we could manage to create the same smooth and efficient conditions for this Conference. To what extent we will be able to use the possibilities offered here for informal contacts and how our working relations will turn out will be up to all of us. The four excursions we have arranged will no doubt give you a first-hand impression of our agriculture.

Two years have passed since the last FAO Regional Conference and we should now take stock of the situation as it is today. Many aspects which were outlined in Budapest with regard to agricultural policy and technology have moved ahead because of world-wide, regional or national developments.

FAO has actively contributed to these developments; it has made a decisive contribution in outlining the future problems of world agriculture and in presenting possible solutions. Above all, it is thanks to you, Mr. Director-General, that in the course of the past years we have reached a deeper understanding and knowledge of the important world-wide or global relations between agricultural production and trade policy on the one hand, and the campaign against hunger and the solution of the surplus problems on the other.

In spite of many difficulties which to a large extent resulted from uncertainties in recent monetary developments, I should like to state once again with satisfaction that FAO, as a world organization and as the largest specialized agency of the United Nations, is obviously expanding more and more to face the really gigantic tasks assigned to it. It is well on its way to fulfil its role as an international forum for agriculture policy discussions. I am sure this will show very clearly in our discussions of the adjustment problems in the developed countries at this Conference. Although we received it a little bit late and in spite of its rather comprehensive character, I have read with the greatest attention the Conference paper on this issue because it is of great interest to me as an agrarian policy maker.

I feel it was a good decision to start the first deliberations on the adjustment studies in the form of a study which includes the European Region. Despite differences in structure and intensity from country to country, the level of development of European agriculture shows certain common features and characteristics in its problems. At present European agriculture is going through various stages of development in respect of agricultural policy, technology and organization which will also confront a large part of the rest of the world at some future stage. The experience gained here could help other regions in their decision-making. I consider it as one of the most important tasks of FAO to pass on and to coordinate such experiences.

I have noted with satisfaction that FAO has succeeded in further developing the approaches which were worked out in Budapest for the technical and political discussion on adjustment of agricultural production and markets. This makes it easier for me to link my comments on this item directly with what I said there two years ago.

I do not want to anticipate the views which will be expressed by the German Delegation but I think it is important to note that the development of world agricultural problems which has taken place in the meantime has increased our understanding with regard to these questions. Technical and scientific developments inevitably lead to an increased production which in some industrialized countries may result in surpluses of certain agricultural products. This makes greater efforts necessary in order to achieve more balanced markets. At the same time appropriate structural measures must be taken to adjust the social and political conditions and requirements of the different countries. In searching for solutions, however, we all must look beyond the frontiers of our countries and regions. I have read this morning a very interesting new study concerned with the development of the crops of third countries. It is obviously the most recent FAO document, and I presume the topic - probably only published these days in Rome - will possibly be also discussed during this conference. In our efforts to find solutions to our problems we should take into account the world-wide framework more than ever before. This undoubtedly means that in future agricultural and trade policy measures have to be coordinated more and more with the help of the existing and competent international agencies.

The efforts to achieve a reasonable international division of labour which takes into consideration the legitimate claims of all nations must be further continued and should ultimately result in a corresponding development of world trade. The guiding principle should be to allow maximum flexibility in the adjustment of production to market requirements. Everyone must strive to make agricultural trade as open as possible on a global basis. Apart from the central agricultural policy problem of adjusting production and markets in world agriculture, there are of course also other items on the agenda which merit our fullest attention. To find a better balance between milk and beef production is also for us not only an agricultural policy problem of the first order but has important technical and market policy aspects. Price regulations for this sector of production directly affect the incomes of the majority of our farmers. In view of the great share of high-quality products, especially in animal husbandry, in the overall agricultural income, FAO has, in this item, tackled an essential problem. We fully understand that FAO in its study has given attention to the interests of exporting countries of the Third World.

I greatly appreciate that as a first attempt three products have been selected in the fruit and vegetable sector as a start for a more comprehensive study which will be of great importance for the marketing of these sensitive products. We are aware of the constantly rising expectations of the consumer regarding choice and quality. At the production and trade level we have to intensify our efforts to reach the goal of an optimal supply. In this context many structural constraints have still to be overcome.

Concerning the agenda item on the World Food Programme, the Secretariat has given us a very good review of this important field of work in the paper which we have received. The medium-term plan of FAO is also on the agenda. This is a topic which, as a matter of fact, has had our constant attention. We are therefore greatly interested that FAO would work with maximum efficiency. You, Mr. Director-General, and your staff, deserve full recognition for the work you have done in this field. However, we must not overlook the difficult financial situation in which the Organization finds itself at present. Taking into consideration the existing possibilities of the Organization and after having carefully weighed all the interests and real priorities, the medium-term objectives of FAO should show as clearly and as concisely as possible what should and could be undertaken in the course of the years to come. Until now I missed a clear statement but I hope that we will receive this soon and that the forthcoming discussion will make considerable headway in this connection. We attach great importance to the further development of FAO and its activities in Europe and the world at large because the tasks assigned to it are too important to be neglected.

All the Member Nations are constantly called upon to jointly decide the strategy for FAO to follow and to examine the scope of its activities. It might be that we have taken this too light-heartedly in the past. We should not forget that the Organization is as good or as bad as its Secretariat. Above all, it is as good or as bad as the cooperation of its member countries. As for my country, which is a member of the Organization since 1950, I can assure you that we will try to contribute also in future to the beneficial work of FAO. In this context I do not think in the first place of the financial contribution of my country but above all of our cooperation in the numerous bodies of the Organization as well as of providing qualified experts for Headquarters and field staff. Both in Budapest and at the Sixteenth FAO Conference in Rome I had the opportunity to speak about the contribution that the Federal Republic of Germany intends to make, through its agricultural policy, to the solution of national, European and world agricultural problems. In Budapest I described the basic concept of the agricultural policy of the Federal Government, in Rome I reported on the measures already taken in the meantime.

Mr. Chairman, if you permit me, I would like to say now a few words about the experiences we have gained in the meantime from our current work. In the centre of our political planning activities in all parts of the world should be the welfare of man. I therefore think that our concept of agricultural policy is only right if we consider agricultural within the framework of a comprehensive social policy. Already at the time of the adoption of the Treaty of Rome this idea was expressed in Article 39. Since that time this Article is the guiding principle for the member countries of the European Economic Community. Tasks and problems therefore cannot be identified and overcome only in the technical and economic sphere, but must be part of an overall structural adjustment process. Wherever today, and also in the future, farmers cannot solve their problems by themselves, clearly focussed government action becomes indispensable. In our country, for instance, we want to maintain for the future those farms which are efficient and initiate the necessary process of structural change which is socially acceptable. We therefore apply a comprehensive package of governmental measures and attach great importance to supplementary social assistance. I think my Government has made an important step toward an appropriate and systematic agricultural structure policy with its promotion and social supplementary programme for individual farmers. This programme is constantly reviewed with regard to its efficiency and is regularly adjusted to changing requirements. In the meantime this programme has had an essential influence on the formation of a common and regionally differentiated agricultural policy of the EEC.

As you know, our national agricultural policy is part of the common agricultural policy of the European Economic Community which we have undertaken to define. This common policy has restricted the field for national agricultural policy measures but it has proved to be advantageous for the members of the Community and for their relations with third countries. In spite of the criticism of EEC agricultural policy voiced in some places - and I myself am often to be found among the critics of this policy - one should not forget that the European Economic Community, with annual farm imports of now US\$ 10 billion, is the largest customer in the world for agricultural products. I believe that many an industrial nation could take an example by these figures. Of this amount no less than US\$ 5.6 billion are spent for imports from developing countries. However, we should not conceal the fact that we, as also other parts of this continent and the world, have so far not fully succeeded in establishing a balance in the "magic square" of agriculture of which the corner stones are:

- income situation in agriculture;
- optimum combination of production factors;
- progress in production;
- marketing equilibrium, including foreign trade.

Such a balance probably does not exist in any case; efforts to achieve this balance are and must be a continuing process. We will therefore have to deal with it also in future.

We have come to this Conference from all parts of this continent and from other parts of the world in order to continue our search for solutions to the great problems of agricultural policy. Let us hope that we will make some progress in this common undertaking. Even if this progress should not be very great, with regard to the worldwide agricultural dilemma, we should be able to conclude our Conference in the knowledge that "our efforts were not in vain; we made some steps forward".

ANNEX III

OPENING STATEMENT
BY
DR. A.H. BOERMA, DIRECTOR-GENERAL

This Eighth Regional Conference for Europe meets at a significant moment when there are clear and welcome signs of a lessening of tensions across this continent. It is thus most appropriate that the Conference should be taking place in a country that has made a major contribution to this lessening of tensions. I should also like to thank the Federal Republic of Germany for having invited us to meet here and for all the excellent facilities that have been made available to us.

This European Regional Conference is rather a special one, different from those taking place in the other Regions of the world. I should first mention that it is being held with the generous cooperation of the United Nations' Economic Commission for Europe. It also has a more compact agenda than those of the other Regional Conferences - concentrating selectively on the key problems affecting agriculture in this more prosperous Region.

But it is also true that any European Regional Conference is bound to be different from those elsewhere due to the special nature of the Region itself. Most of Europe belongs to the developed world. But nevertheless the patterns and levels of development in the various countries are different. Broadly speaking, there are three Europes. There is western Europe, whose prospects are soon to be strengthened with the enlargement of the European Economic Community. There is eastern Europe, whose development policies are linked in the Council for Mutual Economic Assistance. And there is southern Europe, where several countries are at a stage similar to that in some countries of the developing world. It is FAO's hope that these three Europes will draw still closer together in the attainment of their agricultural prosperity.

Indeed, our importance and value to the Region lies in the extent to which we can assist this process. For FAO is the only forum where the countries of Europe, regardless of political or economic groupings, can meet to discuss their agricultural problems. It also provides them with special opportunities for cooperation in research and for the exchange of scientific and technical information on agricultural matters. To take one example concerning research, a number of leading institutes in Europe have been selected with a view to close cooperation with FAO in a coordinated research programme on the problems of the livestock sector. With regard to the exchange of information, there are the European Technical Commissions. I believe that these Commissions are of considerable value to European agriculture, and I accordingly endorse their own view that they should continue as statutory bodies of FAO, although I welcome the trend toward less permanent structures and a more flexible approach. May I say at this point that I also endorse the continuation or enlargement of certain activities which are described in our paper on Current and Future Activities in Europe which you will be discussing in detail in the course of this Conference.

I turn now to speak more generally about the state of food and agriculture throughout the world. We now have our preliminary estimates for the situation in 1971. They reveal a very uneven - and I must add, disturbing - pattern. Take the production side. Generally speaking, the developed countries showed substantial increases over the previous year. The developed market economies of western Europe, for example, increased their combined production by six percent and the centrally planned economies of eastern Europe - with the notable exception of the Soviet Union, where output was below the level of the previous year - registered a combined growth of seven percent. This bountiful situation prevailing throughout most of the developed world makes the contrast with the overall state of the developing countries - where production in 1971 appears to have risen by less than two percent - all the more painfully stark.

The picture of world agricultural trade in 1971 - although we have less complete data for this - is also an unbalanced one. While developed market economies enjoyed an eleven percent gain in the value of their agricultural exports, the developing countries suffered a decline of about one percent below the 1970 level.

I should like to say a little more about the situation in the developing countries, since I think it is important that, here in Europe as elsewhere, the world agricultural picture should be viewed in the right perspective.

I do not attach too much importance to the production figures for a single year such as those which I mentioned a moment ago. The gravity of the situation lies in the fact that they appear to indicate the continuation - or even the worsening - of a trend for agricultural production and trade in the developing countries to fall short of what is required if they are to begin to make real headway. The International Strategy for the Second Development Decade set a target of an average annual growth rate of four percent in the agricultural output of the developing countries as part of a similar target of six percent in their gross product. For most of them, the agricultural sector is the largest one. Thus, every year that they fall below the agricultural target, they are falling farther and farther behind the general rate of growth which it is essential that they achieve if they are to free themselves from their present bonds of poverty, particularly in view of their mounting population pressures. Their average annual increase in the First Development Decade was also well below four percent. And so far we have no solid grounds for believing that this figure will be reached in 1972. Unless urgent steps are taken to correct this trend - particularly with regard to social and institutional problems - there is serious trouble ahead. Of course it is the developing countries themselves which will suffer most. But it is also clear that the situation could well lead to serious social unrest which might involve the interests of developed countries.

Some of these considerations also apply to the agricultural trade situation. Although there has been some increase in the amount of agricultural exports from the developing countries over the last decade or so, there has been a marked decline in their share of world trade, particularly agricultural trade. Insofar as this further contributes to the persistence of poverty in these countries, it also contributes to social unrest. But mention of trade indicates clearly a more direct way in which the interests of developed countries can be affected by continued lack of progress in the developing world. Quite simply, if the poor countries stay poor, they will not be in a position to provide much in the way of new markets which the rich countries are increasingly seeking.

It is clear that the problems of the developing countries must primarily be solved by those countries themselves. Despite the technological progress that some of them have been making recently, much still remains to be done, for example, to bring their products into line with the requirements of markets in the high-income countries. More important, much stronger efforts are required to share the potential and the benefits of technological progress more equitably. There has to be more vigorous reform of antiquated agrarian structures, greater determination to bring about a better distribution of incomes, more intensive measures to reduce the sometimes appalling levels of unemployment and, in general, to improve the quality of rural life. I should perhaps add that the developing countries seem to be showing increasing awareness of the need to tackle these problems more firmly and are taking more definite and positive steps to do so.

However, I know that developed countries, in Europe as elsewhere, realize that the developing countries cannot solve all their problems alone without assistance and that, either bilaterally or in cooperation with FAO, developed countries have already taken some enlightened measures to provide such assistance. Indeed I feel that it is right that I should take a few minutes to refer to one or two of the ways in which these countries have recently been working with FAO to help the developing world.

There is first, of course, our cooperation with individual governments on the bilateral programmes that have been developed over the last few years for joint field projects, for associate experts and for training. I am glad to say that this cooperation has been increasing steadily and I hope that, in view of its great value and the tremendous needs of the developing countries, it will do so more rapidly.

Next, there is the whole question of research. To the extent that technology is one of the keys to agricultural progress in the developing countries - and the onset of the Green Revolution has at least provided a glimpse of the possibilities that lie in store -, everything must be done to step up agricultural research in the developing Regions. I was thus particularly encouraged by the establishment last year of the Consultative Group on Agricultural Research, in which FAO cooperates with no less than nine European donor countries and the European Economic Community, as well as other donor countries, private foundations, the World Bank, the UNDP and regional banks. As part of this overall endeavour, we have started a systematic review of research needs in the developing world with a view to identifying priorities for action. This has already led to the setting-up or expansion of certain research centres or programmes in different parts of the world. Another enterprise, with different and more general objectives, that is being supported by members of the Group is the Computerized Agricultural Research Information System - or CARIS - that has been devised by FAO to provide both national and international research workers with up-to-date knowledge of what is going on in agricultural research programmes elsewhere. The first phase of CARIS - covering some fourteen West African countries - is already under way.

I should also mention in this connection that for the past few years FAO has also been active in promoting the creation of an International Information System for the Agricultural Sciences and Technology (AGRIS), a cooperative effort involving all Member States, which we hope will considerably improve the dissemination of scientific and technical knowledge in agriculture and related fields. The FAO Conference has endorsed this project and we are now preparing the implementation of AGRIS with the support and participation of countries and interested institutions.

There is also other work being undertaken in Europe under FAO auspices which, while initially concerned with European interests, enables the Organization to increase its value to the developing countries. To take but two examples which I mentioned earlier in their European context, there is the projected research programme on the problems of the livestock sector and the exchange of scientific and technological information in the European Technical Commissions.

There is therefore no doubt that Europe offers a lot to the agricultural development of the poorer countries of the world. But, having said this, I must still ask the more general question - are the richer countries as a whole really doing enough to assist the developing ones?

I know that this question is a simple one to ask and that the answer to it is a great deal more complicated. I have referred to some of the efforts that developed countries in Europe are already making to help the developing world. But I am sure that, despite these efforts, this Conference itself would agree that a great deal more needs to be done. This is not the occasion to elaborate at length on the question of aid. But I do not believe that there can be many people concerned, as you are, with any particular aspect of the international development scene who are satisfied with the fact that the developed world as a whole has barely reached half the target of 0.7 percent in official development assistance specified in the International Strategy for the Second Development Decade.

I do not believe either that those who really have the long-term interests of international agricultural trade at heart can be satisfied with the outcome of UNCTAD III. In my statement at Santiago, I stressed the point that, since the developing countries are much more heavily dependent on agricultural exports than the high-income countries, much more room should be made for these exports - both raw materials

and processed products - in the markets of the richer world. This view, unfortunately, did not win general acceptance. But surely in the long run - for reasons of common sense as much as goodwill - it must prevail. It was said that the relative failure of UNCTAD III was due to the fact that the moment was not a propitious one in view of the important monetary and trade negotiations that are now in the offing. Let us hope that this is true and that in consequence future meetings of UNCTAD can be marked by a more accommodating spirit.

I am bound to state, Mr. Chairman, that I regard it as a fundamental duty of FAO to strive for a better deal for the developing countries in their agricultural trade. But, having said this, I would now like to place the question in a more general setting and one which leads me to matters of more immediate concern to this Conference.

Let me first of all say that FAO, in its efforts to advance the just interests of the developing countries in their agricultural trade, will also of course continue to give the fullest attention and understanding to the situation in the developed ones. Indeed, as an international organization, our objective is to serve the best interests of all our member countries so far as we can. In the present context, this means that we should above all be searching for policies that will help reduce the present disparities and distortions of world agriculture and bring it into a healthy and more balanced shape.

It is thus very fortunate at this juncture that the FAO should have authorized us to proceed with our preparatory studies on international agricultural adjustment. By an equally fortunate coincidence, one such study has already been produced as a result of a recommendation by the 1969 session of the Conference on the Perspective Study on World Agricultural Development. This is the Study on Agricultural Adjustment in the Developed Countries which is having its first public presentation at this Conference.

This so-called Geneva Study is the fruit of two years' intensive work. Among those involved in it, I should particularly like to refer to the cooperation of the Economic Commission for Europe afforded by Mr. Stanovnik and to the overall contribution of our former Regional Representative for Europe, Mr. Paul Lamartine Yates.

I do not propose to enter very deeply into the Study myself in this statement. Dr. Ojala will shortly be making a comprehensive introduction to the document, and it would be pointless if we were both to cover the same ground. However, there are naturally some general remarks I should like to make.

The first thing I would wish to stress is that the Study is conceived as a chain of interrelationships. It describes various unsatisfactory features of the farm situation in developed countries, shows how the difficulties confronting farming communities have led to various equally unsatisfactory expedients in the national agricultural policies of those countries and then projects the effects of these policies on to the world trade scene, pointing out the harm they do to agricultural trade, particularly with respect to agricultural exports from the developing countries. I believe that this attempt to link up most of the more important, different elements in the present unbalanced state of world agriculture is one of the most valuable features of the Study.

The point of departure is the rapid technological, economic and social change in the developed countries. In the market economies, this, combined with a slow-down in the growth of consumer demand, has led to surpluses and what the Study calls "the retention of an excess of resources in farming". In the centrally-planned economies, the problem is not so much the uneconomic size of land holdings - which has been largely solved - but rather difficulties of administration and management, particularly with regard to inputs and marketing. At the same time, there is reason to believe that several of these countries may also face the problem of over-production in the not too distant future.

The market economies have chosen to react to their difficulties internally by economic measures such as price supports and supply management to limit production. These are not only very costly, but have been largely unsuccessful. Price supports, for example, have not even served the essential purpose of providing a minimum income for all farmers. They have improved the economic position of the larger farms, but left the mass of small farms impoverished.

The main solution proposed by the Study to the whole complex of agricultural problems in the developed countries is an orderly transfer of the necessary amount of resources, human and material, out of the agricultural sector. Let me say that I am in full agreement with this basic thesis. However, it must be recognized that it is another economic measure and that the structural adjustments involved will require a whole series of counterbalancing social measures.

For example, the Study itself suggests that governments should set a guaranteed minimum level of income to farm families until such time as they are able to find adequately remunerative employment, either in agriculture or elsewhere. This, as the Study says, would give effect to the principle that "income support should be divorced from price support". There would also have to be arrangements for helping farm people to find new jobs and for training them.

One of the most deplorable features of the present approach to solving the agricultural problems of the developed countries as a whole is the extent to which it involves the raising of further trade barriers against imports and the subsidizing of agricultural exports. Developed countries themselves are not happy at finding their access barred to certain of each others' markets. But the greatest sufferers are of course the countries in the developing world, most of which depend so heavily on a rapid and continuing expansion of their exports of farm products as a key element in their overall development. It is significant that, between 1955 and 1970, their export earnings from agricultural commodities rose by 43 percent while those of the developed nations rose by 130 percent. As a result, their share of world agricultural exports fell from 46 percent to 34 percent during this same period. I would only add that the poorer countries of Europe, too, suffer very heavily.

The Study gives one very revealing example of the change that could be made in the pattern of world agricultural trade if the developed countries were to modify their present trade policies only slightly. It calculates that, if the agricultural self-sufficiency ratios of the developed countries were reduced by as little as about two percent - and these countries, taken together, are very nearly self-sufficient in agricultural products which they grow themselves - there could be an increase of about \$4 billion worth of agricultural exports a year from the developing world.

I believe that the conclusions of the Geneva Study on the adjustment process will become all the more important with the enlargement of the European Economic Community. The Community of Ten will account for about 40 percent of world trade in agricultural products. Thus, the impact of its policies on world trade and agriculture will be enormous. I very much trust that so powerful an economic force in the world will not be misled into pursuing inward-looking policies.

In presenting this Study and recommending its conclusions to this Conference, I would like to make it clear that we are not attempting to take over responsibilities that belong to UNCTAD and GATT. But I think that much of the material in the Study will be of value to these organizations.

Before I close this brief review of the issues dealt with in the Geneva Study, there is another comment that I need to make on the current production situation in some of the developed countries. At the beginning of this review, I mentioned the question of surpluses. It is now clear that, so far as cereals are concerned, we are going through a period of sudden and substantial change. This is highlighted of course by the recent arrangements under which the Soviet Union is now buying very large quantities of grain from the United States and some other countries. Our present

information is that as a result of this and other factors, stocks of grain in the major producing countries are now coming down to a lower level than has been the case for a number of years.

Hitherto - at least in the more recent past - there have been sufficient reserve stocks in major producing countries to enable them, whenever necessary, to provide emergency assistance to developing countries at times of widespread disaster. You will recall, for example, the tremendous effort made by the United States during the great Indian drought in 1966 and 1967 and, more recently, the combined action of several countries to meet the food needs arising from the cyclone and then the political disturbances in and around what is now Bangladesh.

It is sometimes felt nowadays that, with the Green Revolution, the need for such emergency assistance will grow progressively less. I would like to warn against any over-confidence on that score. For at least some time to come, it will be essential for the major cereal-producing countries in the developed world to maintain sufficient stocks to meet large-scale emergencies in the developing countries. I thus urge them most strongly to keep this need very much in mind in formulating their production and trade policies. They have in the past shown a fine sense of responsibility toward the world community in cases of wholesale disaster. But the time when they can feel themselves relieved of this responsibility has not yet arrived.

Mr. Chairman, in addition to the Geneva Study, there are two other important Studies before this Conference. One deals with the key problem of the relationship between milk and beef production in Europe. As you know, both importers and exporters are now affected by the critical situation with regard to meat supplies. I hope you will agree that this Study, which was carried out in cooperation with a team of high-level European consultants, provides some useful ideas for new policies and technical approaches to the problem.

Then there is the Study of the market possibilities for selected fruit and vegetables in Europe. The market situation for fruit and vegetables is becoming increasingly complicated. Again, I hope that this Study will help to clarify the issues and provide some solutions for the three commodities concerned - namely, apples, table grapes and tomatoes. I also hope that it will show the value of such studies for other commodities and as basic material for negotiations about them.

I turn now, Mr. Chairman, to the present situation of FAO itself as it has developed since the last Conference. It is an exceedingly complicated one and I can only hope to cover it in broad outline.

Earlier on in this speech I referred to the fact that the discussions at the Conference in November, together with the looming financial crisis, made me decide around the turn of the year that there would have to be an immediate and stronger sharpening of FAO's priorities. The two factors underlying this decision must be seen in conjunction. If, as was suggested at the Conference - and as we have also sometimes felt ourselves -, FAO is trying to do too much and spreading its limited resources too thin, there was already clearly need to review our priorities and be prepared, if necessary, to switch resources from activities of less vital importance for the purposes of the Organization to those which had a higher and more urgent claim. When, on top of this, we found ourselves faced in the last few months with a serious financial crisis, the need became an urgent imperative.

I do not wish to say too much about the details of the financial crisis at this moment. The present outlook is still uncertain. Briefly, however, we now estimate that, if we failed to take economy measures, we would have a deficit of about \$7 million on the budget for the biennium of \$86 million as voted by the Conference. This is due to two factors over which we have no control - firstly, the recent changes in currency rates, notably the devaluation of the dollar; and secondly, the acceleration of general inflationary pressures far more rapidly than we could have estimated when the budget was originally drawn up more than a year-and-a-half ago. In addition

to this deficit of \$7 million, we are now threatened with the possible loss of a further \$5 million if the United States Congress decides, as has been proposed, to reduce the American contribution to the United Nations and its specialized agencies to 25 percent and if this decision were made effective on FAO as from the beginning of 1972. As I say, no final decision has yet been taken on this, so that the position is still uncertain. It is a factor, however, which we obviously have to take into account. Finally, Mr. Chairman, to add to our difficulties, we shall, for rather complicated reasons which have their roots chiefly in the past, be facing a growing deficit on our agency costs from the UNDP and our Trust Fund overheads unless significant economy measures are taken. This, then, is the broad picture of the Organization's financial crisis which only struck us in full force in the middle of May when the possibility of losing part of the United States contribution became apparent.

We were thus compelled, as a matter of prudence, to take urgent and rather drastic action, most notably the imposition of a 10 percent cut in the allotment to Headquarters divisions and Regional Offices for 1972 and 1973.

I should like to say, however, that we were fortunately not taken entirely off balance. For one thing, although we could not have anticipated the full possible dimensions of the crisis, we had of course been aware for some time that financial pressures were building up. Accordingly, we had already started applying certain economy measures on such items as travel, purchase of equipment and so forth.

More important, we had already undertaken the review of priorities which I had decided on. Early in this year I set up a Group on the Objectives and Policies of the Organization. In order to translate some of the useful long-term suggestions of this Group into practical programme terms, I reconvened our Inter-departmental Working Groups on the Areas of Concentration - which I now prefer to call Areas of Emphasis - and asked them to re-assess priorities on the assumption of a 10 percent cut in real terms of the resources available for the next biennium. Although the work is by no means finished, I believe that we have gone a considerable way toward a serious selection of priorities. These will have to be worked out in specific terms for the Council session in November, although I will refer in a minute to some of the general lines on which we are already proceeding. The point I wish to make now is that the main objective of the review of priorities which we have undertaken is to achieve a degree of flexibility which will enable the Organization to respond to the main challenges of the future in a realistic and adaptable manner. And one of the advantages of having such a degree of flexibility is that it makes it easier, when necessity arises, to make savings in a more logical way by reducing activities in programmes of lower priority. To be sure, this will not solve our present financial difficulties nor greatly ease the pain of the cuts we are now obliged to make. But it will at least place the process of making such cuts in a more rational setting. It is for this reason that I have said that we should look at the present financial predicament and our review of priorities in conjunction.

Now, what will be the effect on the Organization of the present 10 percent cut? In very general terms, there will be a reduction in some programmes, because the savings we are obliged to make mean that we shall be unable to keep on a number of staff with short-term and fixed-term contracts when these contracts come to an end. Not all the details have yet been worked out, and it is in any event too detailed an operation for me to be able to report on in a statement like this. Of more general concern to this Conference, I think, is the question of priorities.

In speaking of this subject, Mr. Chairman, I think it needs to be said, by way of preface, that a review of priorities should not be regarded as an acknowledgement of possible errors in the past. Such a review, in my opinion, is part of a constantly needed process of organizational adjustment to the ever-changing conditions of our time. It is quite clear that the focus of our work as it was in the past no longer covers the broad range of our present and future responsibilities. Indeed, in the nature of things, it could not. We are all the time confronted with problems -

either new in themselves or new by reason of their increasing magnitude, urgency or complexity - which an international agency such as ours must take into account if it is not to become sterile or lose its impact.

I would now like to tackle the subject of our priorities in three ways. Firstly, bearing in mind our Areas of Emphasis, there are certain broad, general - I would almost say obvious - priorities on the world agricultural scene that, to a greater or lesser extent, derive from them and to which our efforts are naturally drawn. Then there are a few other priority orientations in the structure of FAO's own work. Finally, we must look at the whole question of priorities in terms of the Medium-Term Plan.

So far as the broad, general priorities are concerned, I have already dealt with two of them in particular. These are the need for much greater agricultural research in the developing countries and the question of international agricultural adjustment. I would here only mention a third - the question of the environment.

There is no need for me to harp on the perils and problems of the environment to an audience in Europe. To take but one example close at hand, recent experiments have shown that in the large and lovely Lake Constance - the Bodensee - only 150 kilometers away from here and the main water reservoir for between two and three million people has biologically aged 10 000 years in the last 20 as a result of pollution. Unless urgent action is taken, it will soon, biologically speaking, die.

As you know, environmental problems have always been a major concern to FAO due to the very nature of its work. Now, with the United Nations Conference in Stockholm - preceded by the one in Prague last year on European problems - new impetus has been given to the world's search for solutions to the grave threats involved. There is no doubt that this will have considerable repercussions on some of FAO's programmes. Specifically, much of the work to be done as a result of recommendations adopted at Stockholm has regional implications and is of direct relevance to FAO's activities in Europe. The Organization is of course prepared to assume its new responsibilities in this Region as elsewhere. If it is to play a really effective part, however, it will require resources from the new Environment Fund. It will also need to work in consultation with other parts of the United Nations system - notably the Economic Commission for Europe - and other international bodies such as the OECD, the European Economic Community and the Council of Europe.

Coordination with other agencies is essential since the aspects of the environment threat related to agriculture, forestry and fisheries are only part of the general menace. FAO must fit its activities for the conservation of natural resources into overall plans for dealing with the truly gigantic problem facing us. At the same time, it is worth remembering that those whose business in life is with the management of natural resources - agricultural planners and so forth - have a central role to play. It is they who can make the most positive and knowledgeable contribution to the vital issue of land-use planning, whether this is in the context of encroaching pollution or the need to take marginal lands out of production. It is they who must advise on how to deal with such problems as the run-off of fertilizers into rivers, the proper level of pesticides or the accumulation of livestock sewage due to the heavy concentration of livestock that is found in Europe.

We do not know yet to what extent FAO will be involved. That is why, Mr. Chairman, before we proceed any further in our consultations with other agencies, we very much wish to have the guidance of this Conference on our approach to environmental problems in Europe.

I turn now to some other priority orientations in the structure of FAO's own work. So far as the developing Regions are concerned, perhaps the most important is the development of a better country focus, principally through country perspective studies, in order that our programmes shall more fully reflect the development problems and

needs of individual countries and that a proper basis shall be established for determining priorities in a "problem-oriented" approach. I should also mention my decision, related to this, to centralize responsibilities for coordinating FAO policy analysis on all aspects of agricultural development in what is now to be known as the Economic and Social Policy Department. Semantically, we have just added the word "Policy" to the previous title of this Department. More significantly, the unifying point is to be a new Policy Analysis Division, comprising elements of the former Economic Analysis Division and the Policy Advisory Bureau. Next, in response to the high priority which our governing bodies have placed on the mobilization of human resources among our Areas of Concentration or Emphasis, I am strengthening the policy work of the Rural Institutions Division and have decided in fact to re-name it the Human Resources and Institutions Division. Finally, in order to improve our field operations, I have established a Field Programme Review Board.

Now let us consider the whole question of priorities in terms of the Medium-Term Plan. Our first completed version of such a Plan, covering the years 1972 to 1977, was, as you know, presented to the Conference last November, where it received general approval. I might add that FAO is one of the pioneers in medium-term planning among the agencies of the United Nations system. However, as was only natural at a gathering of the size of the FAO Conference, difficulties arose as to the relative priorities to be attached to the various programmes and sub-programmes set forth in the Plan. The Conference thus turned the matter over to the Committees of the Council - on Agriculture, Fisheries, Forestry and Commodity Problems - in the hope that they would be able to come up with recommendations for priorities that could be judged in the first instance by the present series of Regional Conferences.

Unfortunately, not only were similar difficulties on the choice of priorities encountered at the meetings of these Committees that have now been held, but the whole procedure leading up to a presentation of recommendations to the Regional Conference has been overtaken by events. As I have already recounted, we were being driven by the gathering financial storm, which was one of the things that made me realize that I must myself take some action on reordering FAO's priorities without delay if the ship was not to start floundering around without a proper course. As I have also told you, this action has not yet been fully completed, and we shall only be able to work out all the details of our plans in time for the Council session in November.

In these circumstances, I think that the most valuable thing that this Conference can do with regard to medium-term priorities is to work on the basis of the paper that has been prepared by the Regional Office on Current and Future Activities in Europe. In the light of this paper and other ideas which countries themselves may have, the Conference could then examine those development problems in this Region which it seems feasible that FAO could tackle with its foreseeable resources and with an expectation of making a real impact, whether on a global, regional or national basis. So far as Europe is concerned, I personally believe that our work in future needs to be more selective.

A final word on the European Regional Office. I think that the changes which we made a little over a year-and-a-half ago have generally worked out well. The fact that the Office is in Rome makes it easier and more economical to provide service to the Region. The Office is, by the nature of things, a small one but I can assure you that its size in no way reflects the importance of its policy role, which is considerable.

Mr. Chairman, in much of what I have said today, I have sought to place the concerns of Europe and its agriculture in a world setting. I believe that this is the right way of looking at things. For now that, finally, Europe is moving toward its own international harmony, it is in a better position than ever before - better, probably, than anyone else - to help the rest of the world to achieve the same. This will require vision, courage and a willingness to sacrifice some short-term interests to the common good. But these are the very qualities that have now brought the nations of this continent closer together. I am sure that, if they so wish, they are capable of applying them on the wider world scene. If they can together reach out to help others to climb as they themselves are climbing, it would be by far the greatest of all the contributions that Europe has made to history. It is a magnificent opportunity.

STATEMENT
BY
DR. J. STANOVNIK, EXECUTIVE SECRETARY,
ECONOMIC COMMISSION FOR EUROPE

Before expressing to all of you my best wishes for the success of your deliberations, allow me, Sir, to thank my friend, Dr. Boerma, for having invited the Economic Commission for Europe Secretariat to participate in the preparations for this important gathering.

I am perfectly aware that our contribution has been modest; and I should like to be among the first to congratulate my FAO colleagues for the heavy preparatory work done. I would particularly like to thank our friend, Paul Lamartine Yates, who has indeed done a remarkable job in finalizing the Adjustment Study. Nevertheless, I shall not try to conceal how gratified I am to see the name of ECE appearing for the first time on the documents submitted to this Regional Conference. As I see it, this is a new and important recognition of the friendly and cooperative spirit which has always been present in our two organizations, and which, if anything, is gaining further in strength and scope.

Thanks to our excellent relations at all levels, and to the alertness of our two joint divisions, Agriculture and Timber Divisions, we have been able to develop a whole range of cooperation forms and to avoid duplication of our activities. But I am inclined to think that developments in Europe will make it possible for us to do even better in the future. As you very well know, some of our respective governmental bodies engaged in European work have terms of reference which, in substance, are not much dissimilar. It seems rather evident that closer direct contacts between such bodies - as has been recently suggested by the ECE Committee on Agricultural Problems in the case of some of its subsidiary bodies - would be of benefit to the member governments; in a longer run, this might even lead to a simplification of our present pattern of international activities with respect to European agriculture as it has already been done in forestry.

I know that you are hard pressed for time. I shall therefore confine myself to a few brief remarks concerning the origin and purpose of the Adjustment Study which will serve as background document for the discussion of item 5 - the main item of your agenda.

This study which is sometimes referred to as the Geneva Study - owing to the fact that most of the coordinating work has been done in Geneva - deals with an extremely wide range of subjects most of which are of direct interest to the various ECE subsidiary bodies and to the Commission itself. However, as far as ECE goes, the main interest of the study derives from the fact that, to a large extent, it represents an attempt to discuss in an analytical way the foreseeable trends, problems and policy developments in European agriculture. Though without engaging in new projections, the study can be broadly described as an exercise in long-term sectoral analysis.

For several years now, the ECE has been engaged in studies dealing with long-term growth trends and development perspectives in Europe, both on the aggregate level and by major sectors. In addition, we have devoted considerable time and energy to the methods and techniques of long-term planning and programming. Our Governments have come to realize that day-to-day economic policies and short-term, and even medium-term, planning must be inserted in a longer perspective which, subject to constant adjustment, should stretch ahead as far as realistically possible. But the longer the time horizon, the more important tend to become the international conditions and the international implications of national decisions.

In 1969 the ECE produced, among other things, a rather comprehensive study on structural trends and prospects of the European economy. Some of the material contained, improved and brought up-to-date, was used for the opening chapters of the Adjustment Study before you. The Adjustment Study has also benefited from the series of long-term studies produced by ECE in recent years, some of which, like the studies of trends and prospects of timber production and consumption were also done through the cooperative efforts of the FAO and ECE Secretariats.

The ECE Committee on Agricultural Problems has also urged its subsidiary bodies to pay particular attention to long-term developments in their respective fields and the Group of Experts on Mechanization of Agriculture has succeeded in producing a comprehensive and integrated study of this problem. The Group of Experts on Farm Rationalization has prepared some valuable reports and a joint ECE/FAO Symposium held in 1970 devoted particular attention to the long-term prospects for the production and use of fertilizers.

Our Committee on Agricultural Problems had also discussed the possibility of engaging in a long-term study of European agriculture as a whole, based on national contributions. This, however, proved to be rather difficult. But while the Committee and the Secretariat were still considering how to proceed, I was informed by the Director-General about his own commitment and we together decided to join forces. This Adjustment Study will therefore, also appear on the agenda of our Committee.

I think a lot is to be gained from such a cooperative effort of the two Secretariats and I consider that the study has succeeded in finding the right approach. The Director-General this morning, rightly I would say, called the Adjustment Study an illustration of a chain of interrelationships. I consider this is the best characteristic which one could give to the Adjustment Study.

May I be permitted, Mr. Chairman, to give just one or two illustrations from the ECE angle of this interrelationship of the various sectors in the European economy. We have just completed a study on the development of the European economy from the 1950s to the 1970s. This was done for the Twenty-Fifth Anniversary of our Commission. If anything, this study brings forward very clearly that the overwhelming fact of the European developments after the Second World War was a growth of output unparalleled in European history. Indeed, there has never been in European history any period of comparable length characterized by such fast and uninterrupted economic growth. But this period was also a period of profound structural change in Europe, structural change which has affected not only agriculture but other sectors as well.

I could start, therefore, to consider this process of interrelationship from whatever angle you want, but for the sake of the audience, being an audience of agricultural ministers and high-decision makers in the area of agriculture, I would like to start the illustration by beginning with the agricultural sector. The changes in agricultural inputs have required structural change which involved a shift of the agricultural labour force to other occupations. This carried with it structural changes in both the urban and rural populations. It further carried with it structural changes in the consumption of energy. It further involved change in the structure of manufacturing industry. I could go on into the structure of services which also have changed due to changes in other sectors. Of course all these changes which still remain in the realm of economics would not have been possible had they not been combined with adequate social changes which, added to the first, account for a complex development. It is within this integrated picture that one should look at the changes in European agriculture during the last twenty-five years.

Were it not for the growth of the total European economy, European countries would not have the financial means to support adequately changes in the agricultural sector. Had not other sectors provided demand for agricultural output and, particularly, the demand for the superfluous agricultural labour, and, on the other hand, had not other sectors supplied agriculture with technology, with new implements and inputs which the new type of agriculture requires, the changes in agriculture could not have taken place.

The changes achieved therefore must be looked at against the changes in the entire European economy. Now, of course, after great success has been achieved, one might ask perhaps whether the problems which we are confronted with are results of success or results of failure. I personally am rather inclined to call them problems of success, and I would also like to suggest that the problems with which we are confronted today in agriculture, should be attacked in an integrated way, i.e. by considering agriculture as an integral part of the economic activity as a whole. Such problems like those associated with productivity and, even more, with relative incomes in agriculture should be tackled by relying on other sectors. How else but by further change in the form of the exodus of the superfluous labour force from agriculture into other occupations could the problems of agricultural productivity be resolved. We are also confronted with environmental problems. One could very well say that part of the urban environmental problems is created by the exodus from agriculture into urban congestion. But at the same time while these living conditions in the urban circumstances and surroundings are deteriorating, people are asking for more resort places, people are asking for more services because of the deteriorating living conditions in cities. While the marginal lands are being gradually abandoned by farmers, these lands could productively be used for recreational purposes, and thus we have again a compensating factor at work.

Similarly, if you wish, the trade. While not so long ago the Vienna professors thought that when the world will once be industrialized it will be the end of international trade, just the opposite has happened in Europe due to specialization. Our study of the structure of manufacturing industry has fully confirmed that the pattern of European manufacturing industry tends to be more and more similar at the level of branches, but this has not prevented increased specialization within branches and individual industries which had resulted in the rapid growth of trade.

I would therefore suggest that the further development of agriculture need not mean closing agriculture into self-sufficiency. Modern agriculture contains new possibilities for specialization provided, of course, that it does not close itself into inward-looking policies. May I also add that the analysis which we have provided for the overall trends in European economy point very clearly to the need for a greater attention to the physical or spatial planning in Europe. There is a need for decentralization of economic activity and this certainly is a matter of great interest when the present problems of the agricultural productivity and agricultural population are being considered. I would not like to indulge into this because the time is running after me but the Adjustment Study itself has given in my view a good example of a simultaneous approach to the trends in Eastern and Western Europe, in market economies and in centrally-planned economies. And if anything, this study demonstrates how much can be learned by common experience. Of course, we must aim at more. Exchange of experience is not enough; we must aim at joint action which I would suggest, must be the programme of our joint activities in Europe for the future. Such activities, I believe, should more than in the past develop in a longer-term outlook. It is not that I am insisting on the long-term perspectives because of any particular attachment to forecastings or fortune-telling, but because I believe that we can understand much better our present problem and our present policy alternatives if we have the instrument of economic projections. This is why our Commission has concentrated a great deal of late on long-term projections and perspectives.

A characteristic of most of the overall economic plans or projections of ECE Governments for the 1970s is that they foresee what is essentially a continuation of recent growth rates. But they also envisage a marked increase in expenditures on education, health, environment and similar objectives as well as a greater dependence on international trade. Governments are also becoming increasingly aware of the value of an international exchange of information on their plans and intentions over longer periods as well as with respect to short- and medium-term policies.

ECE's studies of long-term economic problems have been given a new impetus as a result of the recent resolutions and decisions of the Commission. Our subsidiary bodies have been asked to give priority attention to this type of study in their

future work. In addition, the ECE has a body called the Senior Economic Advisers to ECE Governments which has been given special responsibility in respect of such long-term studies and has initiated a study of basic materials and energy and their relationship to the future development of the economies of ECE countries. I expect, also, that our Committee on Agricultural Problems will, taking into account the discussions at the present Conference, consider how it may contribute to such analysis of long-term perspectives for European agriculture.

Permit me now, Mr. Chairman, to express to you, to all the delegations gathered here and to the Director-General, my very best wishes for the success of your Conference.

STATEMENT
BY THE
DIRECTOR OF THE PROJECT MANAGEMENT DIVISION, WORLD FOOD PROGRAMME

On behalf of the Executive Director of the World Food Programme, who regretfully cannot personally attend this Conference, we wish to express our gratitude for the opportunity to participate in the deliberations of this important body. You have before you the document entitled "WFP Activities in Europe" (ERC 72/8) which describes the Programme's activities in Europe and also worldwide, and the increasingly important role of Europe as a principal donor.

The World Food Programme is about to complete its tenth year of operations and has, in the course of these ten years, established itself as the principal instrument of the UN family for food assistance. With a secretariat of well below 200 people, of whom less than 70 are professional officers, the Programme has committed to date over \$1 billion worth of food assistance to more than 500 economic and social development projects. You will find a detailed breakdown of both the origin and destination of these resources in the paper before you.

WFP programme assistance is derived almost exclusively from agricultural surpluses all over the world. The value of the total world surplus averages approximately \$1 billion a year, out of which the World Food Programme receives approximately 15 per cent. Thus, the bulk of the surplus is still either marketed with heavy subsidies, de-naturalized for use as animal feed or channelled into bilateral food aid programmes.

The unique characteristic of WFP food aid is that it is not distributed as relief or as a simple give-away. Nor is it indiscriminately sold in the open market of the recipient countries. Rather, it is channelled to individual groups of beneficiaries who do not have the purchasing power to buy food, but are able to benefit from it for clearly defined objectives in projects for economic or social development. These projects include, for example, mother and child care, school feeding; intensive works such as reforestation, access roads, construction of simple housing, community buildings; dairy development and price stabilization schemes. You will find a more detailed breakdown of the various types of WFP assisted projects in Document ERC 72/8.

Of the total WFP assistance approved to date, approximately 10 percent has gone to countries in the European Region. Most of it, however, was committed in the early years of the Programme. With the increasing emphasis placed throughout the UN family on assistance to least developed countries, we expect the portion of WFP assistance going to European countries will be proportionately less. The role of the European Region for WFP has, on the contrary, become that of a principal donor.

It is in this connection that I wish to add to, and bring up to date, the document on the World Food Programme. Subsequent to the time when that paper went to print, the Pledging Conference was held at the beginning of 1972 in New York for contributions to the Programme for the biennium 1973/74. The total of pledges announced at that Conference amounted to some \$266 million, a substantial increase over the total of pledges made for the comparable period 1971/72. It was gratifying for us to note the numerous donor countries which were continuing to support the Programme and which were regularly increasing their pledges at each succeeding Pledging Conference. The United States continues to be the principal donor, followed by Canada, but we were especially pleased by the greater participation of many European countries. Among the major donors, comparing pledges for the three year period 1963/65 with the two-year period 1973/74, there have been some outstanding increases. To mention but a few: Denmark from about \$1.8 million to over \$23.5 million; the Netherlands, from about \$2.5 to \$16.3 million; Sweden, from \$2 million to \$14 million; Norway from about \$1.7 million to \$8.3 million.

Having said that our total resources have increased, I must now add a brush stroke or two of a darker colour. Although the pledges to the Programme for the period 1973/74 have - with a total of \$266 million - reached a higher level than in previous pledging periods, they are still well below the target of \$340 million agreed upon by the Programme's Intergovernmental Committee in 1971, and endorsed by the FAO Council and ECOSOC. Even this target is, as you may recall, far below the \$600 million, which the Intergovernmental Committee estimated as being the absorptive capacity of WFP in its 1970 Report to the UN General Assembly on Food Aid and Related Issues during the Second Development Decade (Document WFP/IGC : 17/5 Rev.1).

Notably absent from the list of major donors for the period 1973/74 are still France and the European Economic Community. I take pleasure in recalling here that the EEC contributed over \$69 million for the period 1969/70 and again over \$15 million to date for the current pledging period. The EEC can thus rightly be termed a major donor to WFP. Although no contribution has yet been announced for the period 1973/74, we are aware of the fact that the possibility of a substantial contribution is under consideration, and I take the opportunity to express our sincere hope that it will meet with the approval of the Council of Ministers in the near future. The absence of such participants as the EEC and France is sadly felt, especially in the light of another development which I feel I should bring to your attention.

While, as I have said, the total of pledges to the Programme has increased over the years - although they are still short of requirements - the variety of commodities made available to the Programme has narrowed. It has narrowed to the point where, for the planning of new projects, we are largely restricted to only a few commodities (mainly grains, blended food items, and edible oil), with a most regrettable shortage of much-needed protein-rich foods and in particular milk. Concern over malnutrition has been expressed privately and officially by everyone and all agencies involved in the economic and social development of the developing countries, foremost among such agencies, the General Assembly of the United Nations. Consequently, the constraints that this shortage of protein-rich foods places upon the Programme are serious. The Programme is now limited in its ability to fully stimulate undertakings which would reduce the "protein gap", at least by providing supplementary food for the most vulnerable groups, until developing countries can provide their basic requirements from their domestic resources.

The World Food Programme is deeply indebted to the generous support which it has received over the nearly ten years of its existence. That support, we must assume, is also indicative of the confidence that the donors have in it, and in the manner in which it operates. Its operations are based on the concept of additionality, of providing commodities to meet the needs of specific beneficiary groups which would not otherwise have been adequately fed. In other words, the beneficiaries are those who are not in a position to meet their full nutritional needs through regular purchase on the market. Thus normal marketing - the normal patterns of trade and commerce - is not disturbed. The channelling of food supplies, not otherwise marketable, through the World Food Programme for economic and social development is certainly a much more highly acceptable alternative to dumping such supplies on the world market.

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