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**REPORT OF THE 25th SESSION
OF THE
COMMITTEE ON COMMODITY PROBLEMS**



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REPORT OF THE TWENTY-FIFTH SESSION

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I. THE WORLD AGRICULTURAL COMMODITY SITUATION

1. The upward trend of aggregate world agricultural production continued in 1953/54 although the increase was less pronounced than in the previous year. The largest increases took place in Western Europe and the Near East. Fair progress was also made in the Far East and Africa. In other regions there was little change in the overall level of production from 1952/53.
2. In the course of 1954/55, for the first time since the end of the war, the aggregate world production did not rise by comparison with the previous year. Small gains in Western Europe, Latin America and the Far East were offset by losses in North America and the Near East, while production figures in Oceania and Africa showed little change. The fall in production in North America was due mainly to acreage and marketing restrictions in the U.S.A. and to an unfavourable season in Canada, while the Near Eastern decline was largely due to reduced grain crops in Turkey.
3. The per caput index of the world agricultural production has shown, during the period under consideration, a slight rise in 1953/54, and a subsequent fall in 1954/55. So far as it can be measured, real per caput consumption in the Far East and Latin America remains below pre-war levels. This is indicative of the particular difficulties facing these regions with their rapidly growing population.
4. On the whole, the world food position, despite some progress in production, still presents the long-standing problem of unequal rates of progress among different regions and wide disparities in consumption standards.
5. While domestic price levels for food have shown fair stability over the period since the last Session of the Conference, owing in part to national farm support programs and other measures, international commodity prices, due to developments affecting particular commodities, have shown considerable divergence in movements, with some signs of weakness in recent months. Except for the beverages, there have, however, been no pronounced disturbances similar to those of the Korean and post-Korean periods, owing to the fairly steady demand associated with high economic activity and to careful control of stocks by countries holding them. Prices of non-agricultural primary commodities have shown a generally firm or rising tendency in recent months. The existence of large stocks of some of the main agricultural commodities and high levels of crop production on the one hand, and persistent under-consumption on the other hand, create some uncertainty in the outlook for farm commodities.
6. The general ratio of international prices of agricultural commodities to those of manufactured goods, which had fallen between 1951 and 1953, showed in 1954 some improvement over the previous year. This change in the trend, however, was due entirely to a sharp rise between 1953 and 1954 in the price index of the beverages and tobacco group, to the order of nearly 30 percent. ^{1/} Prices of other food as well as feed items fell by nearly 10 percent between 1953 and 1954, while the price index of agricultural non-food items such as fibers, rubber, linseed and linseed oil, remained unchanged. Over the same period, prices of manufactures declined by 2 percent. On balance, therefore, the terms of trade continued in 1954 their adverse movement against countries largely dependent upon agricultural exports other than beverages and tobacco, particularly those exporting food and feed items only.
7. Wheat export prices, after some further adjustment to the heavy supplies, have been remarkably stable over the past twelve months. Export prices for rice have continued the downward drift which began in 1953. Feed grain prices are on balance lower than they were. Owing to freight increases, importing

^{1/} This rise was due in particular to steep rises in the prices of cocoa, coffee and tea, prices of tobacco having shown relative stability.

countries have not benefited to the full extent of these declines. Sugar has also lost some ground, but made some recovery with the recent improvement in trade.

8. Prices of fats and oils show divergent movements. Reduction of stocks has reversed or checked declines in some cases; in others large supplies have depressed prices. Marked fluctuations occurred in cocoa, coffee and tea; all three increased sharply in 1954 but their prices have now fallen below their late 1953 levels.

9. Cotton export prices have been generally stable in line with the U.S. price. Tightness of supply has kept the price of jute firm or rising. Rubber prices have shown a continuing rise since the low point of 1953, owing to an increase in consumption.

10. Stocks of agricultural commodities in general continued to increase in 1954 and it is not yet certain that the stock increases in all commodities will be checked in the current year. The accumulations for some important commodities are large in relation to normal domestic use and exports. Measures to reduce production of some of the basic commodities and, to a limited extent, new special disposal measures providing for additional consumption, are beginning to show their effects, but, if world crop production levels prove to be generally high, there can be no certainty that the stock problems will become less acute in the period immediately ahead.

11. Stocks of wheat reached an unprecedented level at the end of the 1953/54 season and are expected to show little change in total at the end of the current year 1954/55. Part of the heavy rice stocks have been worked off in the past year but, as with wheat, import demand has not increased. Sugar stocks have also increased though the recent improvement in trade may bring a reduction this year. As compared with a year ago, stocks of both butter and dried skim milk were considerably lower. Cotton stocks increased again last year and may show little change at the end of 1954/55.

12. There are prospects of some reductions in United States wheat and cotton stocks in the coming year following very large acreage reductions, though the outlook depends on the results of the 1955 crops there and elsewhere.

13. On the whole, the pressure of surplus supplies has been lessened primarily by counteracting influences on the supply side rather than by expanded consumption.

II. DISPOSAL OF AGRICULTURAL SURPLUSES

II. 1. Principles of Surplus Disposal Recommended by FAO - Replies from Governments

14. The Council of FAO, at its Twentieth Session in September/October 1954, requested the Director-General to ask FAO Member Governments whether they were prepared to adhere to the statement of Principles of Surplus Disposal Recommended by FAO which is reproduced in Appendix A to this Report and which consolidates in one statement the principles already agreed and recommended to Governments at various stages by the Conference and by the CCP. The Council also decided that the attention of Governments should be drawn to the Guiding Lines (see Appendix B) which had been formulated by the CCP, to provide the general background for the consideration of special disposal measures.

15. The Committee noted with satisfaction that the replies thus far received from Member Governments to the Director-General's letter sent out in accordance with Resolution No. 2 of the Twentieth Session of the Council indicate practically unanimous acceptance of the general principles for the disposal

of agricultural surpluses recommended by FAO. ^{1/} It was agreed that flexibility and commonsense should be exercised in the interpretation and application of the general principles of surplus disposal. In this connection, for example, the Committee agreed that:-

- (a) the term "identical or related products" should be interpreted as covering those commodities likely to be substituted;
- (b) in appraising the results of re-exports, account should be taken of how far such re-exports contribute to increased consumption in the country of final destination.

16. The very general character of the principles and the danger of divergent interpretations further underline the importance of intergovernmental consultations on measures of surplus disposal. The need for such consultations was stressed by the Conference. The Committee itself, by establishing the Washington Sub-Committee on Surplus Disposal as a specialised forum for consultations, has given practical proof of the importance which it attaches to such procedures. The Committee wishes to state again that whenever practicable any government engaging in the disposal of surplus agricultural commodities in exceptional quantities or on concessional terms should consult with other governments likely to be adversely affected.

II. 2. Surplus Supplies for National Reserves

17. In addition to provisions for actual emergency relief, surplus supplies of storable foodstuffs also provide opportunities for building up national food reserves in countries living near the subsistence margin and thus vulnerable to famines. Such countries cannot easily afford the sacrifice of diverting part of their meagre resources from current consumption to the creation of larger reserve stocks. The utilization of surplus food supplies offered on concessional terms, or on a grant basis, can help to provide the initial capital required for meeting such reserve needs. The creation or strengthening of such reserves also represents a form of surplus disposal which holds little danger of interfering with other sources of supply. It is thus well in line with the Principles of Surplus Disposal Recommended by FAO. The beneficial effect of insurance against future emergencies will be strengthened, and the risk of interference with other trade channels lessened, if countries receiving surplus supplies on special terms for reserve purposes are prepared to give guarantees that the supplies will actually be set aside as reserves to be used only in times of emergency and replenished as soon as possible.

18. The Committee invites governments of interested countries to bring to the notice of the Washington Sub-Committee their requirements for such additional reserves. It asks the Washington Sub-Committee to give assistance on request.

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The following Governments have informed the Director-General that they are prepared to adhere to the Principles of Surplus Disposal recommended by FAO:-

Argentina	France	Netherlands
Australia	Germany	New Zealand
Austria	India	Norway
Belgium	Iran	Pakistan
Brazil	Ireland	South Africa
Burma	Israel	Spain
Cambodia	Italy	Switzerland
Canada	Japan	Turkey
Ceylon	Jordan	United Kingdom
Costa Rica	Lebanon	United States
Denmark	Libya	Yugoslavia
Finland	Mexico	

II. 3. FAO Pilot Study in India on "Uses of Agricultural Surpluses to Finance Economic Development in Underdeveloped Countries"

19. The Council of FAO, at its Twentieth Session in the autumn of 1954, noted with interest the FAO survey undertaken in Egypt in regard to possibilities of surplus utilization for special welfare distribution programs. The Council asked the Director-General to consider whether another FAO mission could be organized in an interested country in the near future, to explore the practical possibilities of using surpluses in aid of development projects and to assist in the planning of surplus utilization for such purposes.
20. In compliance with this request, discussions were held by FAO with officials of the Indian Government in late 1954, and India agreed to have the study made there. At its current Session the Committee had a preliminary discussion of the resulting FAO Report which had just been completed (CCP 55/13), many Governments not having had adequate opportunity to examine the Report prior to the Session.
21. The Committee wishes to express its great appreciation of the work done by FAO and of the cooperation given by the Government of India in the preparation of this Report.
22. The Committee was informed that the Report was prepared in strict compliance with the conditions suggested by FAO in its standards for surplus disposal in that consumption within the country would increase to the full amount of surpluses provided to assist in the financing of economic development so that no burden would be created either on domestic markets or on international markets.
23. The Report examines the economic implications of using surpluses of farm products to finance additional economic development; considers specific concrete illustrative projects in the Indian economy and the possibilities and problems of using surpluses in connection with them. It also includes technical discussions on the statistical and economic problems in estimating the increase in consumption of surplus foods which might result from additional projects based on farm surpluses and on the possible inflationary or deflationary dangers in such financing.
24. The Report indicates that the use of surpluses for financing development projects would be facilitated by having as wide a "market basket" as possible of surpluses of different products available for use, and by making arrangements for the use of surpluses for the development programs over a term of years to make it possible to plan and carry through such increased development projects on a dependable basis, without interruption. It also indicates that if the new projects are regarded as an addition to any basic national development program, which the country concerned is able to finance with its resources otherwise available, both the economic and administrative arrangements can be developed more adequately than if additional projects are considered solely on a project-by-project basis.
25. Under conditions existing in India, the Report estimates that additional construction projects such as irrigation and drainage, roads and re-forestation and erosion control projects, involving heavy direct labor expenditures could be financed from 30 percent to as high as 50 percent through surpluses used to offset the increased consumption in the economy. Whether the minimum or the maximum figures could be obtained would depend on whether the additional financing could be provided by further expansion in the non-food sectors of the economy, or whether all the addition not covered by food surpluses would have to be covered by external financing. In the latter case the minimum figure of around 30 percent would apply. In addition, the Report states, there are some types of projects such as the use of foods for direct consumption to stimulate additional education and training, voluntary labor projects, or as direct grants of various surplus products toward milk marketing schemes, where as much as 75 percent of the total cost could be covered through foreign surpluses. There are also possible projects (such as a forestry project in India) where construction of roads or other transportation facilities would open up for ready utilization existing resources previously

inaccessible. In this case the entire cost of the investment could be covered from surplus foods and from the profits on the increased production.

26. The Representative of India expressed special appreciation of the study and stated that the Indian Government would examine with great care what further steps it might take along the lines suggested. He recognized, as indicated in the Report, that the projects put forward were illustrative only and would require further detailed examination before any effort could be made to implement them. He also felt that for India the overall program rather than the project-by-project approach was the most suitable method of procedure. He also called attention to the fact that the Report was not only important to India but to other underdeveloped countries, in considering how to make use both of their own present and potential surpluses and of surpluses from other countries which might be made available to them.

27. With respect to the general principles, he emphasized especially the need of assurance of the continuity of supplies over several years to make possible proper planning of economic development and also that, if foreign surpluses were made available on a loan basis, it was important that they be delivered to the recipient country at a price not higher than the corresponding domestic prices of the recipient country for the same product if they were to make full use of them. He also suggested that smaller countries might arrange among themselves a pool of surplus stocks to be made available for financing economic development so as to assure continuity of supplies, even though supplies from individual countries might vary. This point would be particularly important in providing the widest "market basket" of several commodities, as emphasized in the Report. He also felt that the suggestion of financing in part through surpluses, in part by external financing to cover at least the external costs for imported machinery and equipment, and in part by increased deficit financing within the recipient country, was practical.

28. It was agreed that the Indian delegate's statement should be considered along with the Indian pilot study, and it is therefore attached as Appendix C to this Report for the information of the Council and Conference.

29. A number of other delegates expressed great interest in the Report and felt that further opportunity for its full discussion should be provided after governments had given it detailed consideration and study. Accordingly, it was agreed that the Report would be placed on the agenda of the next Session of the CCP and that the CCP would recommend to the Council that the Report be also given full Conference distribution and added to the agenda for the next Session of the Conference. The next Session of the CCP would then prepare comments and suggestions concerning the Report which could also be placed before the Conference at the time of its examination of the matter. In preparation for this further discussion, the Committee suggested that governments and interested international organizations should give careful consideration to the Report.

II. 4. Report of the CCP Consultative Sub-Committee on Surplus Disposal

30. The Committee considered the Second Report of its Washington Consultative Sub-Committee on Surplus Disposal, covering the period from 8 September 1954 to 12 April 1955 (CCP 55/8 and Addendum), including Reports of the Sub-Committee's Working Parties on Dried Skim Milk and Butter.

31. The Committee agrees with the Sub-Committee's own observations on its work. The following summary of these observations is included here for the information of the Council and Conference:-

- (1) After almost nine months of operations some preliminary conclusions can be drawn as to the role of the Sub-Committee and its future value. As is unavoidable in any international co-operative effort, the start was slow and the machinery was set in motion only after a period of trial.

- (2) These early months have, however, been far from fruitless. They have served to promote understanding and establish acceptable **procedures** between representatives of nations whose interests in surpluses are frequently conflicting and whose roles in their disposals are therefore difficult to reconcile, however true it may be to say that the ultimate goal of all is the same. As time has passed, the activities of the Sub-Committee have taken a well-defined shape, at the initiative of interested members, towards investigation into and advice on the disposal of specific commodities in which burdensome surpluses exist. That this has become the major activity of the Sub-Committee is due, in substantial part, to the fact that few Member Governments have sought the advice or assistance of the Sub-Committee on other problems.
- (3) The experience to date therefore leads to the conclusion that the value of the Sub-Committee is not to be assessed only in terms of its employment as an intermediary between the interested parties in specific bilateral problems. It may well be, however, that emphasis will shift as and when the movement of commodities under existing surplus programs increased beyond its present volume. With respect to the United States surplus situation, it should be remembered that the actual movement of surpluses in the early months of the operation of Public Law 480 (the Agricultural Trade Development and Assistance Act) and Public Law 665 (the Mutual Security Act of 1954) has in most cases been small in relation to the resources made available for this purpose under the powers provided.
- (4) In recent months promising attempts to come to grips with the essence of surplus disposal problems connected with specific commodities have been made under the auspices of the Sub-Committee. Through the establishment of ad hoc working parties, whose membership in practice consisted of the delegates of the countries principally involved in trade of the commodities concerned, it has been possible to undertake an objective analysis on a multilateral basis. The response by interested countries has been most encouraging and the recommendations developed by one of the Working Parties have promoted further co-operative action.
- (5) The Working Parties have had freedom of action to analyse and study thoroughly the specific problems assigned to them, keeping in mind the Principles of Surplus Disposal endorsed by FAO. They report regularly to the Sub-Committee.
- (6) Experience suggests that the activities of the Sub-Committee have been advantageous and that procedural flexibility has contributed to this result. It is anticipated by the Sub-Committee that work on the lines undertaken by the Working Parties on Dried Skim Milk and Butter will also be found desirable for studying disposal problems for other commodities. The Sub-Committee is confident that much useful work can be accomplished by the methods already established.

32. This Committee has been particularly glad to note the practical approach adopted by the Working Parties in their tasks and the recommendations made for international co-operative action in regard to disposals of dried skim milk in under-developed countries. Comments on the Working Parties' findings and recommendations on milk and butter, together with requests and suggestions for further action, are given in Section III.4 of this Report which deals with Dairy Products. Another reference to the Sub-Committee's work is contained in Section II.2 of this Report: "Surplus Supplies for National Reserves".

33. The Committee requests the Sub-Committee to continue its activities under its terms of reference and in the light of its own observations on the value and character of its work. In the Committee's view, the influence and usefulness of the Sub-Committee's work cannot solely be judged in terms of concrete action.

An intangible but very important result is the climate of confidence which has been created in, and through, its work. Some benefits derive from the very existence of a specialized forum open to all FAO Member Nations who are interested in consultations on surplus problems. At the same time, the Committee wishes to recall again to all interested parties the importance attached under the Sub-Committee's terms of reference to a full and timely flow of relevant information and comments from both exporting and importing countries as a main premise for the effective functioning of this form of consultative machinery. In this connexion, the Committee also wishes to draw attention again to its more general observations in paragraph 16 above concerning the need for consultations on matters of surplus disposal.

II. 5. Proposals by the Government of Argentina

34. At its Twenty-fourth Session, the Committee gave informal consideration to proposals presented by the Government of Argentina for International Action for the Defence of World Markets for Primary Commodities (CCP 54/18) and agreed to consider, at the Twenty-fifth Session, a revised version which it was understood the Argentine Delegation would wish to present.

35. The Committee was informed in the closing stages of its Session that the revised proposals had now been received by the Director-General from the Government of Argentina, and in these circumstances they could not be considered until the Twenty-sixth Session.

III. FAO CONSULTATIONS AND ACTION ON INDIVIDUAL COMMODITIES AND COMMODITY GROUPS

III. 1. International Effects of National Policies for Grains

36. The Seventh Session of the Conference recommended that FAO should study the international effects of national agricultural policies, particularly for those products that were important in international trade, with the aim of creating better understanding of each others' policies among governments, and of facilitating the adjustment of national policies and the conclusion of international commodity agreements. It also recommended that the Committee on Commodity Problems should undertake appraisals of this problem as part of its regular activities. In accordance with this recommendation the Committee at its 25th Session made a review of the problem of grain policies on the basis of a survey prepared by the Secretariat (CCP 55/6: "International Effects of National Policies for Grains").

37. After an analysis of the current and past events in the world grain situation, the document examines the effects of domestic price policies on the international grain economy, the inconsistencies among the different policy schemes adopted, their bearing on the stability of world markets and their impact upon the expansion of international trade - particularly in times of surpluses.

38. The study concludes that continuing or increasing pressure of surpluses may well result in a further intensification of such inconsistencies between national policies, and that the desirable adjustments are not likely to come about merely through the automatic working of the "market". A few countries, in response to the development of surpluses or owing to improvement of the balance of payment situation, have recently introduced adjustments in their policies. Among some exporting countries these adjustments have taken the form of limitations to incentives or production restrictions to reduce or limit over-supply for export or to reduce the cost of subsidies and, among some importing countries, liberalization of imports allowing consumers to benefit from lower international prices. There is still, however, need for a more general movement towards the adjustment of national policies.

39. In considering possible international action for improved co-ordination, the Report concludes that intergovernmental commitments are the form in which international co-operation is most effective, and that no effort should, therefore, be spared to obtain international co-operation on national price

policies in that form. It also points out, however, that it will not always be possible to obtain formal commitments from governments in regard to their national policies, but that it may be possible, nevertheless, to obtain some degree of effective co-operation by means of inter-governmental consultations, possibly of a supplementary character.

40. The Committee in considering the Report, recognised the usefulness of international consultations with the aim of reconciling national policies for grains, but felt that in so far as wheat was concerned, the venue and form of consultations would depend on the outcome of forthcoming negotiations for the renewal of the International Wheat Agreement. In view, however, of the importance of the subject and the Resolution of the Conference, it was recommended that the question should be placed before the Eighth Session of the Conference and that the Secretariat's document should be made available to it. The Committee will again review the problem at its first Session in 1956, when the outcome of the renegotiation of the International Wheat Agreement should be known.

III. 2. The World Wheat Situation and the International Wheat Agreement - Memorandum by the International Wheat Council

41. The Committee also considered the above-mentioned report (CCP 55/2) which had been submitted to the Committee by the International Wheat Council for its consideration and possible endorsement. The Committee took note with interest of this document, which it considered a useful and authoritative account of the present world wheat situation. Many delegations concurred in the general findings of the Report and expressed the hope that it would be possible to obtain wide participation in an international wheat agreement, embracing the bulk of international trade in wheat.

III. 3. Consultations on the Economic Aspects of the Rice Industry

42. The Committee discussed the report of the Special FAO Meeting on the Economic Aspects of the Rice Industry held in Rangoon in November 1954 (CCP 54/31) and agreed that this had been a successful and fruitful gathering. Several delegates described steps taken by their Governments to implement the recommendations of the Rangoon meeting and general satisfaction was expressed at the willingness shown by both exporting and importing countries to further the stabilization of the international trade in rice. The Committee noted that the FAO report on possible measures for such stabilization (CCP 55/14) requested by the Rangoon Meeting had been completed and submitted to Member Governments, who were asked whether they wished a special meeting to be held to consider this report. The Committee recognized that further action regarding this meeting would be taken by the Director-General in the light of the replies received from Member Governments.

43. It was agreed that, should a meeting on measures for the stabilization of the rice trade be held, Member Governments should report to that meeting on the steps taken by them in implementation of the recommendations addressed to them by the Rangoon Meeting on the Economic Aspects of the Rice Industry. Should a meeting not be called, it was agreed that Member Governments should be asked to report on such measures to the Director-General for the information of the Committee.

III.4. Milk and Milk Products

44. The 25th Session of CCP reviewed four papers dealing wholly or in part with dairy products. "Milk for World Health and Agricultural Development" (CCP 55/10), prepared at the request of the Committee at its previous Session by FAO, UNICEF, WHO, IFAP, IDF, and OEEC, reviews the work being done to stimulate the consumption of milk and considers, particularly in areas where consumption is low, possibilities for further action. Two of the papers contained in the "Second Report of the Consultative Sub-Committee on Surplus Disposal" (CCP 55/8) dealt with dried skim milk and butter: for dried skim milk promising proposals are suggested for international co-operative action. The fourth paper, "Uses of Agricultural Surpluses to Finance Economic Development in Under-developed Countries" (CCP 55/13), includes an outline of methods, taking India as an example, of financing milk marketing schemes through surplus products.

45. The following paragraphs which summarize the salient features of the four papers and contain certain recommendations are under three headings, i.e. stimulation of milk consumption; proposals for co-operative international action; and butter surpluses.

Stimulation of Milk Consumption

46. The paper "Milk for World Health and Agricultural Development" (CCP 55/10) points out some of the main obstacles to increased consumption of milk and ways of reducing them. On the technical side the problems of low quality and adulteration include the effective control of animal diseases, the enforcement of minimum standards, and education regarding handling and processing of milk. While there is no substitute for hygienic production, pasteurization, sterilization, drying and evaporation may all have an important place in making milk available for consumption in a form which will be conducive to human health.

47. On the economic side, the most important obstacle to increased consumption especially in under-developed areas is the high consumer price in relation to income. In developed countries the price of a litre of milk usually represents 1/40th to 1/50th of a worker's daily earnings, whereas in the less developed countries the proportion is as high as 1/5th or more.

48. Basically there are three major requirements: a reduction in the consumer price of milk; an increase in the supply and improvement in the quality of milk; and a greater appreciation of the nutritional value of increased milk consumption. These requirements can be achieved largely by: increased efficiency in production, processing and distribution; provision of modern processing facilities; the use of dried skim milk to produce milk with a low fat content, i.e. "toned" milk; and supplementary feeding programs together with intensive educational measures. Increased efficiency requires more and improved agricultural extension services to demonstrate better breeding, feeding and management; adequate animal disease control and veterinary service and sanitation; and reasonable stability as to prices and markets. It also requires suitable dairy plants, not only to provide a wider and more reliable outlet for milk production but also to help in attaining the much-needed improvement in quality of milk.

49. Recent work by FAO has demonstrated the considerable value of comprehensive local milk surveys to evaluate the possibility for increasing local milk production and consumption and to show how international assistance can be utilized most effectively. Such surveys can be a useful and often necessary means of formulating a long-term development program for milk; widening the appreciation of the value of an expanding dairy industry; and stimulating the creation of a co-ordinating body for the dairy industry as a whole.

50. The bulk of the action to raise milk production and consumption must obviously be within each country. The attention of Member Governments is drawn particularly to the need for technical improvements in milk production, processing and distribution. FAO can, however, help member countries considerably, for example by the carrying out of basic long-term trend studies, of comprehensive country or local milk surveys, and provision of technical training of personnel and of help in appropriate educational measures. Whilst much is already being

done in this way, much more is needed. The Committee endorsed the work of the Organization in this field and felt that this should be given due consideration in the future program of work. It decided to postpone making a decision concerning the suggestion of IFAP that a Working Party be set up to consider means of stimulating consumption of dairy products.

51. The Committee noted with satisfaction the Director-General's statement that he will be presenting to the Conference in November 1955 an expanded program including the idea of more surveys and other work in this field under the heading of "More Milk and Better Child Nutrition", and recommends that:

- (a) FAO continue its work of comprehensive country or local milk surveys; and
- (b) the whole question of increasing milk consumption should receive the attention of the Conference.

Proposals For Co-operative International Action

52. Appendix VI of CCP 55/8 "Consultative Sub-Committee on Surplus Disposal: Second Report to CCP" outlines proposals for international co-operative action by countries exporting dried skim milk. One of the immediate aims of co-operative action would be to demonstrate that by the use of available dried skim milk for producing a processed toned milk, increased milk supplies of better quality can be made available at lower prices to consumers. It has been shown that, by the addition of dried skim milk - even at present commercial prices - and water to locally produced supplies of buffalo milk bought at existing prices, a nutritionally satisfactory processed "toned" milk can be produced and sold at about half the present consumer price.

53. "Toning" of locally produced supplies of milk to provide a low fat content, and thereby considerably cheaper, milk is one means of gaining a quick increase in milk consumption. The value of "toning" is insufficiently appreciated. Its introduction, however, is being held up in many areas of low consumption by lack of modern dairy plants. Thus, the co-operative action by exporting countries might take the form of (a) assistance in establishing suitable dairy plants where they do not exist - e.g. provision as a gift or on special terms of the dairy machinery (which generally involves foreign currency) and/or the technical assistance needed for the erection and initial operation of the plant; and/or (b) the provision of dried skim milk on special terms or as a gift for a period of time to demonstrate the value of "toning". Having in mind the longer-term aspects, it is believed that projects should be designed to operate on a commercial basis as soon as possible.

54. In addition to making available larger quantities of safe milk at considerably lower prices, the proposals - where they involve the establishment of a dairy plant - would also provide an outlet for locally produced milk supplies and a centre around which the dairy industry can become organized. It would thus help to stimulate development of the local dairy industry. Consequently, the co-operative action would not adversely affect the local dairy industry but would facilitate its long-term development, while at the same time utilizing surplus productive capacity in other countries.

55. The comprehensive milk surveys carried out by FAO/UNICEF/WHO could provide the necessary overall dairy analysis which would indicate the possibilities for co-operative action and show how it could be integrated into the long-term development of the dairy industry in the recipient country. Thus the comprehensive survey would usually be an essential part of co-operative action. Subsequently the detailed operational plans of each specific project would have to be worked out by the exporting countries together with the recipient country.

56. From the point of view of potential recipient countries, local producers would have to be assured that the arrangement would be to their long-term advantage; consumer resistance might have to be overcome and education might be needed to develop the tastes for "toned" milk; and the potential importing country would need some assurance as to the continuity of supplies and the price

at which these would be available. Some of these problems have been considered already. For instance, exporting countries might provide, during the initial period, some concessions in the way of dried skim milk, either on special terms or as an outright gift, and again they might give some long-term assurance as to price and quantity of supplies. It has been emphasized, however, that any project must give every confidence that it will be self-sustaining in the long run and that interested countries must not be encouraged to create an artificially high demand that could not be sustained on a commercial basis.

57. For exporting countries, too, there are unresolved questions. For instance, further thought has still to be given to (i) ways of ensuring that such co-operative action will not interfere with normal trade and its development; (ii) the methods of providing any supplies on concessional terms, or, alternatively, assuring importing countries as to supplies and prices; and (iii) how the proposed international co-operative action would work in practice.

58. The present situation is that eight exporting countries (Australia, Canada, Denmark, Germany, Netherlands, New Zealand, Sweden and the United States) have agreed - subject to appropriate invitations from importing countries - to co-operate in developing workable plans, and five of the countries have agreed to provide experts to work out the detailed operational plans of a specific project as soon as an invitation is received.

59. One interesting aspect of the proposals is that, although they arose out of the Washington discussions on disposal of surpluses, they do not necessarily depend on the existence of surpluses. In fact, only one of the eight countries holds surpluses of dried skim milk. In practice, for instance, the greater part of the help by the exporting countries could be in the form of dairy machinery and the necessary technical assistance. However, the proposals would provide an important beneficial outlet for surpluses of dried skim milk and at the same time would, of course, help to stimulate milk consumption.

60. Some of the important points of principle which must be adhered to in the proposed co-operative action are:

- (a) plans for international co-operative action to a specified area should not be designed to replace action which might otherwise be taken by commercial or other interests;
- (b) similarly, plans should as far as possible be designed to utilise commercial channels and should give full recognition to the desirability of establishing long-term commercial relationships in such a way as will conform to the national interests of both importing and exporting countries concerned;
- (c) an invitation from the potential importing country to proceed with further enquiries and with discussions should be an essential preliminary to the consideration of the details of a plan through international co-operative action; and
- (d) the plans should be designed to ensure that the type of management for the processing or distributive unit in the importing country will facilitate the establishment of an efficient enterprise on a long-term basis.

61. The Committee is encouraged by the promising progress which has so far been made by discussions among exporting countries and hopes that potential importing countries will give early consideration to the proposals to see how far they can be put into operation. Surveys already carried out by FAO/UNICEF/WHO indicate possible areas for early action. It is clear, however, that action must now await an invitation from potential importing countries through FAO to the exporting countries to consider co-operative action in specific areas. The Committee appreciates that such an invitation would not

involve any commitment on the part of either importing or exporting countries.

62. The Committee considers that the proposals for co-operative international action are in keeping with the principles of surplus disposal and:

- (a) requests the Consultative Sub-Committee on Surplus Disposal to invite the Washington representatives of exporting countries to continue their discussions, through FAO machinery, with a view to resolving outstanding practical problems; and
- (b) requests the Director-General to bring these proposals to the attention of FAO Member Nations, particularly for the consideration of potential importing countries who in the case of their being interested in the proposals should inform FAO of their interest at an early date.

63. Closely related to the proposals for international co-operative action are the suggestions outlined in Chapter VI of the FAO Pilot Survey in India (CCP 55/13 "Use of Agricultural Surpluses to Finance Economic Development in Under-developed Countries") for the possible use of surplus products to finance milk marketing schemes. Under these suggestions surplus foods would be used to meet part of the costs of building the new dairy plants, and surplus feedstuffs would be used to supply additional food to the dairy cattle, while surplus dried skim milk would be used to produce the additional "toned" milk. The study estimates that the value of the surplus food, feed, and milk, or the local currency proceeds therefrom, over the first three or four years of the operation, would provide sufficient funds to cover the entire cost of the investment, if the surpluses could be provided on a grant or long-term loan basis. Although the study has yet to be examined by many Governments interested in these matters, the preliminary discussions indicate that the suggestions made in the Pilot Survey in India deserve the careful attention of Member Governments.

Butter

64. The Committee reviewed with interest the report of the Washington Working Party on butter. It notes the view of the Working Party that a potential seems to exist for a higher level of consumption in some countries with relatively high incomes and holding surpluses and that this would be facilitated if butter were permitted to find a market price level in those countries which would be more competitive with other edible fats. It also notes that there would appear to be very limited possibility for expanding present consumption of butter sufficiently to absorb the present surpluses by export sales in a way which would not conflict with the principles sponsored by FAO. The Committee notes with interest that possibilities exist for increased Ghee consumption but these markets would take time and special effort to develop. Because of these limited possibilities, the Working Party concluded (paragraph III) that the effects of the present disposal of large volumes of butter and butteroil through welfare agencies need careful study with a view to protecting the long-term development of the local dairy industry in the recipient country and the commercial sales of traditional exporters.

65. The Committee therefore requests the Consultative Sub-Committee:

- (a) to keep the butter position under continuous review;
- (b) to study the effects of disposals of butter, butteroil and ghee; and
- (c) to report back to the next Session of the CCP.

III. 5. Olive Oil

66. The FAO Council, at its 20th Session, adopted the draft resolution on olive oil prepared by the CCP. The Director-General, in accordance with the terms of this resolution, requested the Secretary-General of the United Nations

to convene an international olive oil conference, following the procedures laid down under Resolution 296 (XI) of the United Nations Economic and Social Council.

67. This request was referred for advice to the ICCICA, which body, meeting in December 1954, approved in principle the convening of a conference, ^{1/} and announced its readiness to co-operate in the technical arrangements for the conference, on being informed by the Secretary-General of the FAO confirmation of the recommendations to that effect.

68. A second session of the CCP Working Party on Olive Oil was convened in Rome, in March 1955, and in its report submitted a revised draft text as a basis for an intergovernmental agreement, while re-affirming its recommendation for the convening of a conference at the earliest possible date. The Director-General accordingly transmitted this recommendation to the Secretary-General of the United Nations, and has now been informed that arrangements are being made to convene an International Conference on Olive Oil in Geneva, in early October. The Committee took note of this information, and approved the supplementary report of the Working Party as a suitable document to provide a basis for discussions at this Conference.

^{1/} CCP 55/3: Interim Coordinating Committee for International Commodity Arrangements (ICCICA) - Annual Report for 1954.

III. 6. The International Wine Situation

69. The Committee considered the document presented by the Secretariat (CCP 55/7) and the statement made by the Representative of the International Wine Office (Office internationale du Vin).

70. It noted that the O.I.V. advocated concentration upon production of quality wine and restriction of output of low-quality wines, of which there is at present a surplus in certain Mediterranean countries. It recognized that measures for dealing with the problem of over-production of low-quality wine for which at present no market exists, were within the competence of individual governments since this wine was mainly consumed within the producing countries.

71. The hope was expressed by certain producing countries that better analysis and quality control of wine in accordance with the international convention signed in Paris in May 1955, under the aegis of the International Wine Office, should do much to facilitate international trade in this commodity. Attention was drawn to the important part played by tariffs and internal taxes in controlling the consumption of wine; this was recognized, however, as being a complicated subject going beyond the competence of the Committee to consider.

72. The Committee recalled Resolution No. 18 of the Seventh Session of the FAO Conference, which reads as follows:

The Conference

- recognizing the importance of viticulture which in certain climates is the only possible or profitable agricultural activity;
- draws the attention of various member countries to the excessive expansion of the area under vines compared with world consumption, which may result in a situation likely to become rapidly more critical if no quick remedies are found;
- supports the recommendations of the International Wine Office and, in particular:
 - (i) that the expansion of the total area under vines in the world should be arrested;
 - (ii) that increasing emphasis in viticulture should be put on improvement in quality instead of increasing quantity, especially by the selection of vines and by adjustments to soil and climate;
 - (iii) that the quality of wines sold commercially should be improved by the standardization of quality definitions and analytical methods.

73. Subject to the comments made in the preceding paragraphs in this Section, the Committee draws the attention of the Conference to the Resolution adopted by the International Wine Office at its 34th Plenary Session (Paris, September 1954) which, after review of the world situation for viticulture and the measures taken by the Member Governments, again recommended:

- the selection of varieties and soils;
- the reduction of excessive yields incompatible with high quality;
- the limitation and, if necessary, the prohibition of new plantings;
- the reduction of levies and excessive taxes imposed on wine moving into trade, or imported;
- compulsory declaration of production;
- improved control and suppression of fraud.

Adjustment of Mediterranean Agriculture

74. Both wine and olive oil face situations where the trend of world demand is not as favorable as for most other agricultural products. The Committee, therefore, calls attention to the necessity of developing a more diversified agriculture in regions where viticulture and olive culture alone are unlikely to

provide a sufficient income to the rural population, in spite of the measures which might be taken in accordance with the observations made above. This involves both issues in developing changes in agriculture which will provide other productive activities for the land and farm population concerned, and expansion in non-farm industries which will provide supplementary employment and income for these populations. In its consideration of progress in selective expansion, the Conference might well consider whether FAO should extend its procedure of staff visits to countries and regional consultative meetings of experts from the countries concerned to the wine and olive growing countries largely located in the Mediterranean region.

III. 7. Hard Fibers

75. The Committee was informed of a request by the Philippine Government that FAO undertake a study of the world market for hard fibers, including trends in production, world demand and world prices, costs of production and the effect of devaluation of currencies on the competitive position of exporting countries.

76. It was understood that the Director-General was looking into the possibilities of meeting this request. The Committee asked the Director-General to keep it informed of work done in this field.

IV. REVIEW OF INTERGOVERNMENTAL COMMODITY MACHINERY AND CONSULTATIONS

77. The Committee considered recent developments concerning intergovernmental machinery and consultations on commodity problems.^{1/}

78. The Committee was glad to receive the Director-General's account of statements made on his behalf before other bodies in regard to FAO's functions and interests in regard to commodity problems and suggestions for cooperation. It endorsed the actions taken by the Director-General and requested him to continue FAO's work and cooperation on the same lines.

79. Because of the importance of some of the issues involved and intergovernmental consultations scheduled between now and the next FAO Conference Session, the Committee requests the Director-General to prepare, for the information of the Conference, an up-to-date version of document CCP 55/5: "Intergovernmental Commodity Consultations and Arrangements". The Committee decided that it would also review recent developments in this field at its next Session, in preparation for the Conference discussions on the subject.

V. REPORT ON CCP ACTIVITIES SINCE THE SEVENTH SESSION OF THE FAO CONFERENCE

80. The Committee considered the best way of presenting to the Conference through the Council, a consolidated report on its activities since the Seventh Session of the Conference, particularly on work carried out under Conference instructions, keeping in mind that the Conference would not have before it the individual Reports of earlier CCP Sessions. While considering it preferable to confine its own Report of this Session to matters considered in the course of the Session, the Committee asked the Secretariat to summarize the relevant background information and explanatory notes concerning the Committee's work since December 1953 (see Appendix D).

^{1/} The Committee's discussions under this item were based on statements presented by the Director-General in his opening speech to the Twenty-fifth Session and in document CCP 55/5: "Intergovernmental Commodity Consultations and Arrangements"; a statement made by the Director of Commercial Policy of the GATT Secretariat and some observations on proceedings during the second part of the First Session of the ECOSOC Commission on International Commodity Trade. The Committee also had before it the text of the general part of the ICCICA Report for 1955 (CCP 55/3).

VI. AGENDA AND DATE OF TWENTY-SIXTH SESSION

81. The Committee decided that the provisional agenda for its Twenty-sixth Session should be as follows:

Adoption of the Provisional Agenda.

Adoption of Summary Records of the Twenty-fifth Session.

Major Developments in the World Food and Agriculture Commodity Situation since May 1955.

Major Developments in Intergovernmental Commodity Policies and Arrangements since May 1955.

International Commodity Stabilization Measures (Proposals by the Government of Argentina).

Indian Pilot Survey.

Report of Consultative Sub-Committee on Surplus Disposal.

Economic Aspects of the Rice Industry.

Methods for Stimulating the Consumption of Dairy Products.

Olive Oil - Report on Further Action pursuant to Council Resolution No. 3/20.

Date and Agenda of Twenty-seventh Session.

Other Business.

82. The Committee, in pursuance of the Conference resolution and of its resulting decision, taken in December 1953, to consider the international effects of national policies for livestock products, agreed to do so at its first Session in 1956.

83. The Committee agreed that its periodic reviews of recent developments in the commodity situation should also include brief reviews of developments in the situation of forestry and fisheries products, and that related problems might also be considered by the Committee from time to time as **appropriate**. In general, however, the Committee would not intend to undertake detailed work on forestry and fisheries commodity problems other than on matters specifically brought to its notice for consideration or action.

84. The Committee agreed that the length of the Twenty-sixth Session should be approximately one week. It was informed that the Eighth Session of the Conference would open on Friday, 4 November and the Twenty-first Session of the Council on Monday, 31 October. It, therefore, decided that its Twenty-sixth Session should open in Rome on 24 October 1955.

APPENDIX A

PRINCIPLES OF SURPLUS DISPOSAL

RECOMMENDED BY FAO

Section I

General Principles

Paragraph 1

The solution to problems of agricultural surplus disposal should be sought, wherever possible, through efforts to increase consumption rather than through measures to restrict supplies.

Paragraph 2

Member Governments which have excess stocks of agricultural products should dispose of such products in an orderly manner so as to avoid any undue pressure resulting in sharp falls of prices on world markets, particularly when prices of agricultural products are generally low.

Paragraph 3

Where surpluses are disposed of under special terms, there should be an undertaking from both importing and exporting countries that such arrangements will be made without harmful interference with normal patterns of production and international trade.

Section II

Principles Governing Sales

on Concessional Terms

Paragraph 4

In determining whether or not sales on concessional terms or grants to a given region ^{1/} cause any harmful interference with normal patterns of production and international trade, and prices, account should be taken of special factors affecting trade in the commodity concerned, with particular regard to the following aspects:

- (1) the extent to which commodities supplied on concessional terms are likely to be absorbed by additional consumption (i.e. consumption

^{1/} The "given region" may be either "all foreign markets" or a particular area.

which would not have taken place in the absence of the transaction on special terms);

(2) to the extent that sales of the commodities supplied on special terms may constitute some danger of displacement of commercial sales of identical or related commodities, that danger will have to be assessed in the light of relevant factors, particularly the following:

(a) the exporter's share in the region's imports of the commodity concerned during a representative base period, due allowance being made for factors which lessen the significance of such historical comparisons;

(b) whether the exports on special terms are likely to form so small (or large) a share of the region's imports of the commodity ^{1/} that the effect of special terms on such trade is likely to be of minor (or major) significance;

(c) the degree of importance of trade in the commodity to the economy of the exporter concerned, to the economies of competing exporters of the commodity concerned and of closely related commodities and to the importing region's economy;

(d) the character and extent of the concession offered and their probable effect on (i) the region's usual total imports of the commodity concerned and related commodities, (ii) the exporter's share in the region's imports of the commodity concerned, and (iii) the interference with implementation of treaties or agreements which deal with world trade in these commodities;

(e) the degree to which commercial market prices are, or are likely to be, affected in the importing region and in world trade;

(f) the degree, if any, to which effects of the kind mentioned under (d) and (e) above are likely to affect the stability, or desirable expansion, of production and trade of the commodity concerned and of closely related commodities in both exporting and importing countries.

Paragraph 5

In weighing the advantages to countries benefiting from special disposal measures against the possible harm done to other countries, account must be taken of the relationship of possible sacrifices to the economic capacity of the countries concerned, and in particular to the effects of such sacrifices on their rates of development.

^{1/} If the "region" is "a particular area" the significance of the exports on special terms on world trade generally may have to be considered as an additional criterion.

Paragraph 6

In accordance with Paragraph 4 above, the following more specific considerations should be taken into account in determining whether or not harmful interference with normal patterns of production and trade is caused or likely to be caused, by some of the most important types of transactions on concessional terms, namely the following:

(1) Sales on Concessional Terms, or Grants, in Aid of Development

Account should be taken in particular of the following aspects:

(a) The extent to which commodities supplied on special terms in aid of economic development are likely to be absorbed by additional consumption, which will depend, inter alia, on the net increase in purchasing power resulting from total new development expenditure, and on the extent to which such additional purchasing power will be directed to purchases of the commodities supplied on special terms;

(b) To the extent that exports of the commodities supplied on special terms in aid of development programs may constitute some danger of displacement of commercial sales of identical or related products, that danger will have to be weighed against the advantages resulting from such programs to the receiving country and to the world at large.

(2) Sales on Concessional Terms, or Grants, for Special Welfare Distribution Programs

Account should be taken in particular of the following aspects:

(a) Whether the conditions for, and facilities for, welfare distribution in the recipient country are likely to be such as to lead to additional consumption of the beneficiary group;

(b) To the extent that the transaction may constitute some danger of displacement of commercial sales of identical or related products, that danger will have to be weighed against the character and extent of the benefits resulting from the contribution to the welfare program.

(3) Sales on Concessional Terms, or Grants, for Emergency Relief

Account should be taken in particular of the following aspects:

(a) The character, extent, and urgency of the emergency;

(b) The effect of the emergency on the stricken country's ability to pay;

(c) The volume of relief and the character and extent of the concessions offered, and their probable effect on the total commercial imports of the stricken country and on trade of competing exporters.

Assurances Against Resale
or Trans-shipment

Paragraph 7

(1) In bilateral transactions involving special concessional terms, the intended beneficiary country should make every effort to prevent resale or trans-shipment to other countries, or the use for other than additional domestic consumption, of the commodities supplied to it on special terms.

(2) Care should also be taken by the intended beneficiary to prevent exports of supplies of the same or related commodities which might be freed for sale abroad as a result of the country's imports on special terms.

(3) Where a triangular transaction occurs, under which a commodity supplied on special terms is shipped for processing in a third country, the third country should use its best endeavors to ensure that the commodities supplied on special terms are trans-shipped to the intended beneficiary. The same principles should apply when more than three countries are involved.

Section III

Principles Governing Sales of Government-
Held Stocks in Exceptional Volume, or at an
Exceptionally Rapid Rate

Paragraph 8

Harmful interference with normal patterns of production and international trade can be caused not only by sales on concessional terms, but also by the quantity of the commodity sold, and/or the rate at which it is moved, seen in relation to other market characteristics.

Paragraph 9

Since it is difficult to agree on any precise definition of "exceptional" volume or rate of sales, or of "harmful interference caused by such sales", these aspects need to be ascertained on the merits of each case with the aid of a series of commonsense criteria on the lines of those listed in Paragraphs 4 and 5 above. In the case of very large bulk transactions or sudden drastic changes in governmental sales policies such as the sudden abandonment of price-support measures and large-scale releases of stocks on foreign markets (e.g. liquidation of stockpiles), it will probably not be difficult in practice to ascertain that the volume or rate of offerings are exceptional. Governments undertaking, or proposing to undertake, such large-scale releases, should, whenever practicable, consult with other governments interested in the possible effects of such transactions.

References

Paragraph 1: based on Preamble to FAO Conference Resolution No. 14 (53); Report of the Seventh Session of the FAO Conference, para. 87; and Report of the CCP Working Party on Surplus Disposal (CCP 54/2) approved by the CCP, para. 114.

Paragraphs 2 and 3: quoted from FAO Conference Resolution No. 14 (53).

Paragraphs 4 and 5: quoted from CCP Resolution No. 5 (23).

Paragraphs 6 and 7: quotes paragraphs 123-128 of the Report of the CCP Working Party on Surplus Disposal (CCP 54/2), which were endorsed in the final paragraph of CCP Resolution No. 5 (23).

Paragraphs 8 and 9: quoting text and recommendation contained in paragraph 121 of the Report of the CCP Working Party on Surplus Disposal and endorsed in paragraph 31 of the Report of the Twentythird Session of the CCP.

APPENDIX B

GUIDING LINES FOR DEALING
WITH AGRICULTURAL SURPLUSES

Within the framework of its general agreement with the findings and recommendations of the Report of the CCP Working Party on Surplus Disposal (CCP 54/2), the Committee on Commodity Problems, in paragraphs 15-21 of the Report of its Twentythird Session, referred specifically to the following aspects:

- (a) Measures to dispose of surpluses already in existence will not solve the surplus problem unless parallel measures are taken to avoid the accumulation of new surpluses.
- (b) In general, the adjustment of supply and demand should be sought in the expansion of consumption especially through increased incomes rather than in the reduction of production.
- (c) Such output reductions as may appear unavoidable, in the light of existing supply levels and market prospects, should be brought about, as far as practicable, through economic disincentives rather than through physical restrictions.
- (d) Steps for improving the international co-ordination of national policies must form an integral part of any sound program of surplus prevention.
- (e) The adoption of special measures to disposal of surpluses must not be allowed to overshadow the importance of price adjustments, of policies of full employment and of economic development, of less restrictive trade policies and of the discouragement of uneconomic production, as basic means of dealing with the problem of surpluses.
- (f) Special consideration must be given to the economies of less developed countries which depend largely on export receipts for a limited number of primary products.
- (g) Consideration must also be given to balance-of-payments problems.

APPENDIX C

PILOT SURVEY IN INDIA - STATEMENT BY THE DELEGATE
FOR INDIA TO THE TWENTY - FIFTH SESSION OF THE CCP

Mr. Chairman,

At the outset I would like to congratulate on behalf of the Government of India the FAO and Dr. Ezekiel and his associates on the most excellent and thought provoking and, I may add, essentially practical report on the "Uses of Agricultural Surpluses to finance economic development in underdeveloped countries" that was presented to us last evening. I remember that in autumn last when I discussed in Rome as well as in Delhi the possibilities of this study there were many who were rather pessimistic. Although I was one of the few optimists, I must admit that the report now presented to us far surpasses even my expectations. I have no doubt that everyone will now agree that the report brings out in an imaginative way many new ideas for the use of food surpluses and what is more important sets down in clear terms the conditions under and the extent to which this can be done and underlines not only the possibilities but also the difficulties and the inherent limitations of such projects in a most practical manner. I have no doubt that the various recommendations made in this Report will in the first place help not only India but also other underdeveloped countries to make a better use of their own agricultural surpluses. Secondly, it will also go a long way towards the mobilisation of the agricultural surpluses of the rest of the world for financing the economic development of all underdeveloped countries and for creating potential markets which will promote the prosperity of all nations. In fact, I feel that the recommendations of this report supplemented by those of the other excellent report recently prepared by FAO on the selective expansion of agricultural production and consumption and possibilities of diversification and complementary development will go a long way in stabilising prices and promoting a steady economic development not only in underdeveloped countries but all over the world.

I should perhaps emphasize here that although this pilot study was undertaken in India, the recommendations which emerge are meant to be applied to all underdeveloped countries subject, of course, to such modifications as may be necessary to suit local conditions. Even for India the projects outlined cannot be regarded as any more than merely illustrative. That is why I am not making any comments about details although there may be a figure here or a statement there which may not be quite correct. As Dr. Ezekiel himself emphasized yesterday, when the stage of implementation comes, details of each project will have to be gone into very carefully and it is quite possible that we may have to revise some of the projects quite drastically or even to replace them by new ones. But at the present stage it is not the details but the principles which are really important. I would, therefore, like to take this opportunity to offer a few comments on general principles.

Now that agricultural prices have started coming down, the problem of surplus disposal has become somewhat more complicated than it was in the past. For example, in India itself we have some surpluses - although

not too much as yet -- and our first efforts will naturally be towards utilizing these surpluses as effectively as possible in the light of the various recommendations made in the report under consideration. At the same time we recognise that with proper planning on a sufficiently long-term basis we could absorb quite a considerable volume of surpluses in other countries provided certain conditions were fulfilled. These conditions deserve careful consideration because if the exporting countries find difficulties in disposing surpluses, importing countries have also considerable difficulties in absorbing surpluses. Yesterday I detected a tone of exasperation in the speeches of the delegates of some of the exporting countries that although the exporting countries were prepared to play the Good Samaritan, the importing countries were not quite playing their part. I can assure you, Sir, that importing countries are only too anxious to make the fullest possible use of these surpluses for economic development and for raising the living standards of their people. But if they have not been able to absorb much of these surpluses so far, it is because they are facing certain genuine difficulties. It is essential that we must face these difficulties squarely and find ways and means for overcoming them. The first difficulty is regarding the continuity of the assistance that one can expect from these surpluses. Any worthwhile programme of economic development or of raising living standards or even of relieving distress of vulnerable groups is likely to take several years at least. If the assistance expected from surplus disposal suddenly ceases when a project is only half finished because of either short crop or change in government policy in the exporting country, it can be very embarrassing for the importing country. We in India are very reluctant to take on any project which involves substantial foreign assistance unless we are pretty sure that the foreign assistance will be available for the whole of the project period or that we could ourselves carry it on with a little tightening of the belt if the foreign assistance suddenly ceased. We do not want to raise expectations in the minds of our people unless we are reasonably sure that we shall be able to fulfil those expectations. I feel that that is also the position in other underdeveloped countries. It would be, therefore, useful if this Committee gave some thought as to how the disposal of surpluses could be made on a relatively long term -- say 3 to 5 year -- basis. This could be done, no doubt, on a bilateral basis in a few cases. But there may be difficulties, for individual exporting countries, especially the smaller ones, to enter into long-term commitments. But if the disposable surpluses as they emerged in a particular country in a particular year could be obligated to some sort of an international pool -- although held in the producing country itself on behalf of the pool -- it should be possible to phase the disposal of the surpluses over a relatively long period in an orderly manner and overcome some of the difficulties mentioned earlier. The problem regarding keeping quality should not be insuperable. Stocks could be turned over from year to year without serious difficulty. This would also go a long way to meet the other point made by Dr. Ezekiel that attempts should be made to make available a "package assistance"

comprising of 3 or 4 commodities rather than a single commodity as the former is likely to make possible more economic and larger absorption of surpluses.

Dr. Ezekiel expects the surpluses to be made available either as a grant or as a long-term loan. As I mentioned in another context yesterday and Dr. Ezekiel agreed with me, the question of price becomes very important when we are thinking of a loan. Unless the landed price is appreciably lower, and in no case higher, than the prices prevailing in recipient countries, I am afraid the latter would not be in a position to absorb as much of the surpluses as they would otherwise like to do.

I would particularly like to underline the word landed price because sometimes the benefits of low f.o.b. prices are completely lost as a result of high shipping charges. As an example I may mention that we in India have not been able to take as much advantage of P.L. 480 of the U.S.A. in respect of commodities like dried milk, butter oil and wheat as we would have liked to do because of this question of landed price. In fact, if the exporting countries view the question of surplus disposal from the point of view of enlightened self interest -- not only as a means of disposing of burdensome surpluses but also as a means of creating potential markets -- they should not mind making the price really attractive for the consumers and governments in recipient countries. This should not be also difficult for them for in this context we are thinking not of their normal exports for which they will continue to get commercial prices but of burdensome surpluses only.

The possibility of utilising the surpluses for economic development will be greater to the extent effective provision is made to meet the gap of 50 to 70% that would still remain partly through external assistance and partly through internal resources. I agree with Dr. Ezekiel that it would not be useful to meet the entire gap from external sources. But an attempt should be made to meet as much as possible of the capital goods required from external sources through such agencies as the World Bank, Colombo Plan, FOA, etc. In this case too the idea of a package assistance would be very useful. As regards internal resources, the availability of surpluses from abroad, would enable the recipient countries to mobilize their own resources better and even to step up deficit financing much further than they could otherwise safely do. But this could be done more effectively if the utilisation of foreign surpluses was matched with the economic development programme of the country as a whole, where such a programme exists, rather than with individual projects. The project-wise approach is likely to limit the possible use of surpluses unduly. This does not mean, however, that we should ignore individual projects. All that I mean is that the over-all assistance should be for the programme of economic development as a whole but the actual utilisation of surpluses will have obviously to be made on the basis of individual

projects selected out of that programme. If this is done and adequate attention is paid to a proper phasing of the development programme as also to the deployment of investment, I believe economic development in most of the underdeveloped countries and the expansion of the world market could progress much faster than has been the case hitherto. I mention the importance of proper phasing and deployment of investment because I feel that by alternating between "quick maturing schemes of production" during periods of rising prices on the one hand and "schemes of social and economic over-heads" as well as "late maturing schemes of production" during periods of falling prices on the other --- it is possible for a country to go appreciably beyond the basic programme of economic development which it feels safe to undertake with its existing resources. And I feel that foreign assistance in the form of surpluses supplemented by complementary capital goods could be very usefully fitted into such a programme and could make possible the most effective deployment of development expenditure in underdeveloped countries. In fact a stage may come when the disposal of surplus manufactured goods could be also with advantage linked with the present proposals regarding agricultural surpluses.

At first sight it may appear that the surpluses of richer countries alone would be utilised in the manner described in the paper before us. Obviously poorer countries which may have their own surplus problems could not afford to give the concessions that are envisaged. But it is no less important that the economies of these countries should also be stabilised. If an international pool of the type that I have suggested could be set up, then it should not be difficult with the assistance of financing institutions like the World Bank to find ways and means for utilising the surpluses of the poorer countries also on a long term loan basis to the benefit of both the importing and exporting countries. This will also help to make the content of the "package" or the "market basket" more varied as desired by Dr. Ezekiel.

Lastly, I should perhaps mention that the second condition mentioned at Ch. I.p. 2 of the report need not be too rigid. In fact there may be occasions when this condition could be relaxed with advantage.

As I have mentioned earlier, Sir, it is in the enlightened self interest of us all, exporters as well as importers, that the best possible use should be made of all our surpluses for economic development and raising living standards in underdeveloped countries. Even private business organizations often invest fairly large amounts for creating and developing new markets. The proposals before us if properly implemented will create new markets and higher incomes in the long run for all the countries of the world. It is important for all of us to remember that the road to economic and also political stability lies only through an expanding economy which these proposals envisage and never through a policy of restriction which is the only other alternative and which, if resorted to, will inevitably start the vicious circle of unemployment, lower incomes, etc. In conclusion, Mr. Chairman, I would again like to thank the FAO for preparing this most excellent Report.

APPENDIX D

CCP ACTIVITIES SINCE THE SEVENTH SESSION OF THE CONFERENCE

The Committee on Commodity Problems, in considering in its Twenty-fifth Session the best way of presenting to the Conference, through the Council, a consolidated report on its activities since the Seventh Session of the Conference, decided to confine its own Report to matters considered in the course of the Twenty-fifth Session, and asked the Secretariat to summarise in an Appendix to the Report the relevant background information and explanatory notes concerning the Committee's work since December 1953. 1/

The following is a statement prepared in response to this request. To facilitate its use, the background information on Activities (Section II) is grouped, as far as possible, under headings identical with those of the Committee's own Report.

I. TERMS OF REFERENCE, MEMBERSHIP, and ORGANIZATION

1. Terms of Reference

1. The Committee's original terms of reference were set out by the Fifth Session of the FAO Conference in 1949 when it was decided to establish the CCP as a Committee of the Conference, to work under the supervision of and be responsible to the Council of FAO. It was agreed at that time that the Committee would be advisory and would "address its attention primarily to the food and agricultural surplus commodity situation arising from balance-of-payments difficulties. 2/"

2. The original terms of reference were considerably widened by the Special Session of the Conference in November 1950 which resolved that the CCP should be regarded:

"as the instrument of FAO to analyse and interpret the international commodity situation and advise the Council on suitable action",

and that it should:

"address its attention to commodity problems falling within the competence of FAO to consider, whether arising from balance-of-payments difficulties or from other causes".

3. The Sixth Session of the Conference, after reviewing the Committee's activities, adopted the following Resolution (No. 12):

THE CONFERENCE

Conscious of the importance to the Council that adequate studies in regard to international commodities should continue to be made and that advice on suitable action should continue to be given,

Taking note of the work which is being done by the Committee on Commodity Problems in this field,

1/ Report of Twenty-fifth Session, Section V.

2/ Report of the Fifth Session of Conference, Chapter II "World Review and Outlook - International Commodity Problems".

Considering that discussions in the Committee should take place between government representatives who are fully informed of the problems which arise or are likely to arise,

Draws the attention of Member Nations to the importance of this work,

Requests the Council to instruct the Committee to continue and extend its work in this field in the light of the views expressed by the Conference and to remind the Committee of its competence to set up working groups and to invite countries not represented on the Committee to participate in its deliberations, with full powers when subjects on which they are specially informed are under discussion;

Requests Member Nations participating in the Committee to ensure that their representatives are suitably qualified."

4. The Seventh Session of the Conference reexamined the terms of reference, and found that they were generally adequate for the tasks which the Committee had been or might be called upon to perform. It noted that events had confirmed the wisdom of the decision taken by the Special Session of the Conference in November 1950 to widen the Committee's original terms of reference, and it reaffirmed these. At the same time it requested the Committee to interpret its widened terms of reference in a broad sense and to continue and extend its work in the light of the Conference's views, findings and recommendations. It also, when considering the frequency and location of the Committee's Sessions, decided that flexibility in the Committee's operations must be ensured for the organization of its work. ^{1/}

2. Membership

5. The member governments of the CCP are elected annually by the Council. The Conference, at its Seventh Session, increased the Committee's membership from 14 to 20. Membership during the last three years was as follows:

<u>1953</u>	<u>1954</u>	<u>1955</u>
Argentina	Argentina	Argentina
Australia	-	Australia
Belgium	Belgium	Belgium
-	Brazil	Brazil
Burma	Burma	-
Canada	Canada	Canada
-	Ceylon	-
-	-	Colombia
Cuba	Cuba	Cuba
-	Denmark	Denmark
Egypt	Egypt	-
France	France	France
-	Germany	Germany
India	India	India
-	-	Iraq
Japan	Japan	Japan
-	Netherlands	-
-	New Zealand	-
-	Pakistan	Pakistan
-	Spain	Spain
Sweden	-	-
-	-	Thailand
-	-	Turkey
United Kingdom	United Kingdom	United Kingdom
United States of America	United States of America	United States of America
Yugoslavia	Yugoslavia	Yugoslavia

^{1/} Report of the Seventh Session of the Conference, paragraphs 93-97 and Resolution No. 15.

6. In addition, a large number of countries and international organizations were represented as observers at the Sessions, ranging from 25 to 30 countries and 4 to 8 organizations.

3. Chairmen and Vice-Chairmen

7. The following officers were elected by the Committee in 1954 and 1955:

	<u>Chairmen</u>	<u>Vice-Chairmen</u>
1954	A. Niazi (Egypt)	C.J. Morales (Argentina)
1955	A. L. Senger (Australia)	J. Alba (Spain)

4. Sessions

8. During the period under review the Committee held the following three Sessions:

	<u>Date</u>	<u>Report</u>	<u>Summary Records</u>
Twenty-third Session	3-11 June 1954	CCP 54/13 CL 20/4	CCP 54/14
Twenty-fourth Session	20-24 Sept. 1954	CCP 54/29 CL 20/5	CCP 54/30
Twenty-fifth Session	23 May-3 June 1955	CL 21/4	CCP 55/19

The Twenty-sixth Session will be held from 20-26 October 1955.

II. ACTIVITIES

1. World Agricultural Commodity Situation

9. At each of its Sessions, the Committee reviewed major developments in the world agricultural commodity situation since the preceding Session and drew the attention of the Council to aspects requiring special consideration, as is done, for example, in Section I of the Committee's Report of the Twenty-fifth Session.

2. Disposal of Agricultural Surpluses

10. The Seventh Session of the Conference in Resolution No. 14(53) on the "Disposal of Agricultural Surpluses", requested the CCP to consider:

" (i) the most suitable means of disposing of surpluses including proposals for setting up consultative machinery through which the disposal of agricultural surpluses can be facilitated;

"(ii) the principles which should be observed by Member Nations in order that the disposal of surpluses be made without harmful interference with normal patterns of production and international trade."

(a) CCP Working Party on Surplus Disposal

11. The CCP decided to establish a Working Party of eight members, which met in Washington in February/March 1954. The terms of reference of the Working Party were those set out in the previous paragraph.

12. The Working Party, in reporting to the Twenty-third Session of the CCP in June 1954, ^{1/}based its findings and recommendations on the following two main ideas which had been accepted by the Conference and which it regarded as closely related to each other: first, that a solution should be sought for the current surplus problem through efforts to increase consumption rather than by measures to restrict supply, and second, that measures taken by countries having surpluses to dispose of should be framed with due regard to the interests of other countries. The first of the two objectives, namely the expansion of consumption, was found desirable not only as an end in itself, but because it held better guarantees than any other for meeting the second of the two objectives, that is, for avoiding harmful interference with normal patterns of production and international trade.

13. The Working Party drew up a set of Guiding Lines (reproduced in Appendix B) which, in its view, formed the general background against which any consideration of special disposal measures and of the formulation of principles had to be viewed.

14. Starting from these general premises, the Working Party, in attempting to formulate Principles of Surplus Disposal, first tried to arrive at an interpretation of the phrase "harmful interference with normal patterns of production and international trade". It concluded that there was no way of arriving at a precise internationally applicable definition of "normal" patterns of production and trade. Any definition based solely on a historical base period would clearly not be adequate since it would not allow for the crucial fact that change is normal and that it is neither possible nor desirable to freeze the status quo. Moreover, to define any average of trade over a number of years as normal would not take account of the width of the range between lows and peaks which, in the case of some commodities and some countries might well exceed, within a period of, say, five years, a range of several hundred percent. For the same reasons, no one year could be taken as a base. Nor would it be possible, for various reasons, to take the very width of the range between peaks and troughs as a measure.

15. The Working Party therefore felt that a more flexible commonsense approach had to be found for ascertaining any "harmful interference with normal patterns of production and international trade". The operative word, it concluded, was "harmful". For clearly, unless disposal of surplus stocks could be fully absorbed by truly additional consumption, their release in any market would always, almost by definition, cause some interference with normal patterns of trade. A ruling as to whether or not such interference is "harmful" implied some judgement of values and weighing of interests, i.e., a combination of the kind of criteria comparable to those proposed for the determination of "equitable shares of trade" under Article 28 of the Havana Charter.

16. Based on these general lines of reasoning, the Working Party attempted to formulate some of the criteria which, in its view, had to be taken into account in determining whether or not special disposal measures would cause any harmful interference with established trade patterns.

17. The Working Party also recommended that in weighing the advantages to countries benefiting from special disposal measures against the possible harm done to other countries, account should be taken of the relationship of possible sacrifices to the economic capacity of the countries concerned, and in particular to the effect of such sacrifices on their rates of development.

^{1/} Report of the Working Party on Surplus Disposal to the Committee on Commodity Problems (CCP 54/2). See also CCP 54/1: "Disposal of Agricultural Surpluses" FAO Secretariat paper, Feb. 1954, subsequently reproduced for general circulation as No. 5 in the FAO Commodity Policy Studies Series (Rome, April 1954).

(b) CCP Recommendations on Principles

18. The CCP, in Resolution No. I(23) passed at its Twenty-third Session commended the findings and recommendations of the Working Party to the serious attention of the governments of FAO Member Nations.

(c) Principles Endorsed by the Council of FAO

19. The Council of FAO, at its Twentieth Session (September/October 1954) resolved as follows:

Resolution No. 2/20: Principles of Surplus Disposal

THE COUNCIL

Recalling FAO Conference Resolution No. 14(53) on the Disposal of Agricultural Surpluses,

Having noted the findings and recommendations presented in pursuance of Conference Resolution No. 14(53) in the Report of the CCP Working Party on Surplus Disposal (CCP 54/2),

Having further noted the recommendations transmitted to FAO Member Governments by the Committee on Commodity Problems in Section VI of the report of its Twenty-third Session,

Endorses the findings, recommendations and actions of the Committee on Commodity Problems in pursuance of Conference Resolution No. 14(53),

Urges FAO Member Governments to give serious consideration to the Principles of Surplus Disposal which are contained in the attached statement and which were recommended to governments by the Committee on Commodity Problems and endorsed by the Council,

Requests the Director-General of FAO to transmit to Member Governments this Resolution, together with the attached statement of "Principles of Surplus Disposal Recommended by FAO", ^{1/} asking Member Governments to inform him well in advance of the next Council Session whether they are prepared to adhere to these principles, and to communicate to him any observations they may wish to make on them,

Decides that the matter, including replies received from governments, should be considered further at the next Sessions of the CCP and Council,

Draws the attention of Member Governments to the attached statement of general guiding lines formulated by the CCP at its Twenty-third Session.

A statement on the replies received from Member Governments is given in the Committee's Report (Section II.1).

(d) Methods of Surplus Disposal

Sales on Concessional Terms, or Grants, in Aid of Development

20. In its review at its Twenty-third Session, of possible methods of surplus disposal on concessional terms, ^{2/} the CCP attached particular importance to the determination of suitable means for special disposal in aid of development and therefore resolved as follows:

^{1/} The text of these Principles is reproduced in Appendix A.

^{2/} Concessions in terms may relate to prices or to other conditions of sales or payment.

Resolution No. 2(23)

THE FAO COMMITTEE ON COMMODITY PROBLEMS

Believing that carefully planned sales on concessional terms, or grants in aid of development hold better prospects than any other form of special export disposal measures for moving substantial amounts of surplus agricultural commodities into truly additional consumption;

Recommends that governments and appropriate international agencies should give special attention to the possibilities of taking advantage of surplus supplies which may be available on special terms, for the expansion or acceleration of development programs;

Further Recommends that consideration should be given to the possibilities of using, where necessary, technical assistance facilities for helping countries in the solution of the difficult and important problems of internal organization involved in the utilization of commodities supplies on special terms for development purposes.

21. The Committee also attached particular importance to the benefits which in its view could be derived from close cooperation on these questions with the International Bank for Reconstruction and Development. 1/

22. The Committee suggested that FAO Member Governments should indicate to the Consultative Sub-Committee on Surplus Disposal (See Section II.2(e) below) their additional requirements, if any, for supplies of surplus commodities on special terms in aid of the expansion or acceleration of development programs in their own countries, setting out the relationship between the proposed receipts of surplus commodities and projected development plans.

23. The Council, at its Twentieth Session, noted with much interest the findings and recommendations of the CCP with regard to sales of surplus commodities on concessional terms or grants in aid of development and, as recorded in Section II.3 of the Committee's Report, suggested the undertaking of a pilot survey. The results of the survey subsequently made in India, are given in CCP 55/13 which is described in Section II.3 of the Committee's Report.

Other Special Disposal Measures

24. The CCP concluded that any large-scale disposal of surpluses against importers' currencies would in most cases have to be in areas where there is large scope for additional consumption and on terms which would link the use of local currency receipts to development programs, primarily in less developed areas, on the lines referred to in the preceding paragraphs.

25. The Committee also passed a Resolution, No. 4(23), on the use of surpluses for special welfare distribution programs, based on the Working Party's findings. Subsequently, national surveys were undertaken in Egypt and Spain with particular reference to the use of dairy products in this connection. An account of the former Mission is given in Section II.3(d) on Milk and Milk Products, paragraph 46 below.

1/ CCP Resolution No. 3(23).

26. The Committee noted that there might also be substantial scope, though it would be unpredictable, for the use of surplus commodities for emergency relief. The Committee's Report, Section II.2 considers an extension of this idea to building up national reserve stocks against emergencies.

(e) Establishment of CCP Consultative Sub-Committee on Surplus Disposal

27. In pursuance of the Conference request for the consideration of the setting up of consultative machinery through which the disposal of surpluses could be facilitated, machinery which "was readily available within FAO through the medium of the CCP which, on the grounds of both past experience and current competence, was well equipped for dealing with these matters", ^{1/} the CCP agreed with the Working Party's conclusion that the establishment of a CCP Consultative Sub-Committee on Surplus Disposal could be of material assistance. It therefore, decided to establish such a Sub-Committee, to hold periodic meetings in Washington.

28. The Committee agreed that the membership of the Sub-Committee should be open to all FAO Member Nations who wished to contribute actively, and on a regular basis, to the carrying out of its mandate. Other FAO Member Nations could attend its meetings as observers, with the right to participate fully in its discussions on any subject of particular interest to them. Any FAO Member Nation should also have the right to bring to the attention of the Sub-Committee any subject under its terms of reference.

29. The terms of reference of the Sub-Committee were defined as follows, on the understanding that it could make recommendations to the CCP but not to governments:

- "(1) to keep under review developments in the disposal of agricultural surpluses, and to assist FAO Member Nations in developing suitable means of surplus disposal;
- (2) to provide a forum for the discussion of proposals, programs, policies or transactions of Member Governments for the disposal of agricultural surpluses in the light of the principles recommended by the Seventh Conference Session and elaborated in this Report / Report of the Twenty-third Session of the CCP - CCP 54/13 / and in the Report of the Washington Working Party on Surplus Disposal, and to promote the observance of these principles;
- (3) To report periodically to the CCP, it being understood that copies of its reports and summary records of its proceedings, including any conclusions, should be circulated to FAO Member Nations as soon as possible".

30. Within the framework of these terms of reference, the Sub-Committee started operating in Washington in July 1954. Its Reports were considered by the CCP in September 1954 and in May/June 1955. The CCP's observations on the work to date of the Sub-Committee are given in Section II.4 of the Committee's Report.

^{1/} Report of the Seventh Session of the Conference, Para. 91.

(f) Proposals by the Government of Argentina

31. The Committee had before it at its Twenty-fourth Session in September 1954 proposals by the Government of Argentina for International Action for the Defense of World Markets for Primary Commodities. These proposals had originally been put forward to the Sub-Committee on Surplus Disposal. An informal exchange of views was held at the Twenty-fourth Session in the light of which the Argentine Delegation decided to present revised proposals. As recorded in Section II.5 of the Committee's Report, these revised proposals will be considered by the Committee at its Twenty-sixth Session.

3. FAO Consultations and Action on Individual Commodities and Commodity Groups

(a) International Effects of National Policies for Grains

32. The Conference, at its Seventh Session, passed the following Resolution (No. 12).

THE CONFERENCE

Being convinced that the examination of the international effects of national policies forms an important part of the review of commodity problems;

Requests the Director-General to continue to develop his reviews of national agricultural policies and of their international effects, with special reference to production, trade, consumption and price of the most important commodities.

33. Such studies, it was decided, should be concentrated primarily on the agricultural commodities important in international trade and special attention should be given to the effects of national price policies on international markets. The Conference further recommended that the CCP, as part of its regular activities, should give special attention to the appraisal of this problem.

34. The Committee, taking note of this request, undertook a preliminary review of the subject, with special reference to grains, at its Twenty-fourth Session. A preliminary working paper prepared by the Secretariat for that Session was expanded in the light of comments by CCP delegations, for review by the Twenty-fifth Session. The Committee's comments are given in Section III.1 of the Committee's Report.

(b) CCP Cooperation with the International Wheat Council

35. A memorandum was presented by the Executive Committee of the International Wheat Council to the CCP Working Party on Surplus Disposal, (Washington, February/March 1954) which the Chairman of the Wheat Council attended.

36. In its "Report on the Council's Resolution at the Fifteenth Session" the Executive Committee of the International Wheat Council accepted the Guiding Lines on Surplus Disposal, as developed by the CCP Working Party and endorsed by the CCP and Council of FAO, as generally appropriate to the problem of surplus disposals and the avoidance of accumulation of new and unduly large surpluses of wheat.

37. The International Wheat Council, at its Sixteenth Session in October 1954, considered a Memorandum prepared by its Executive Committee on "The World Wheat Situation and the International Wheat Agreement". It felt that though this Memorandum had been endorsed by its Council members, it would be desirable to have it considered in the wider context of the CCP, and, as described in Section III.2 of the Committee's Report, it was presented to the CCP's Twenty-fifth Session.

(c) Consultations on the Economic Aspects of the Rice Industry

38. The Conference, when considering at its Seventh Session the outlook for rice, in the light of an FAO survey of production, requirements, international trade, prices and stocks, commended the work done to alleviate the world rice shortage, and, in particular, the Special Meeting held in Bangkok (5-16 January 1953) on the initiative of the CCP. It noted the recommendations adopted there as well as the resolutions regarding rice passed at the Bangalore Regional Meeting. The Conference then passed the following Resolution:

Resolution No. 16(53)

Economic Aspects of the Rice Problem

THE CONFERENCE

Considering the importance of an adequate supply of rice as one of the world major foods,

Recognising the great part played by rice in the economies of a number of countries,

Commends the work done since the last Session to improve rice production,

Requests the CCP to arrange for a periodic review of the world rice situation and other economic aspects of rice, and to consider the desirability and appropriate machinery for a review of the international trade in rice in which all interested member nations could participate.

39. The Committee, when considering at its Twenty-third Session the method of implementing the Conference request, decided that the first step should be to hold a meeting in the Far East (Rangoon, November/Dec. 1954).

40. At its Twenty-fifth Session, the Committee had before it the Report of this "Special Technical Meeting on the Economic Aspects of the Rice Industry" (CCP 54/31). The following recommendations were made by the Meeting in regard to "Future Action":

"This Special Technical Meeting on the Economic Aspects of the Rice Industry,

HAVING REGARD to their discussion on the probable outlook and prospects for the production; consumption and international trade in rice,

NOTING that the immediate problem appears to be one of surpluses in relation to effective demand,

APPRECIATING that in the short run the solution depends on the flexibility and speed with which both exporters and importers adapt themselves to the changed circumstances, and

EMPHASIZING that, in long run, exporters and importers alike can benefit greatly from a greater stability in the world rice markets, or at least a reduction of excessive instability in the world market for this most important of all food commodities,

RECOMMENDS TO GOVERNMENTS

- (1) that all possible steps should be taken to expand the consumption of rice, especially among the less well nourished sections of the population;
- (2) that, to this end, prices should be reviewed in the light of changed conditions, since a reasonable reduction in prices seems likely to increase the amount of consumption, bearing in mind, however, the basic interests of peasant cultivators;
- (3) that, similarly, consideration should be given, where feasible, to abandoning or relaxing any remaining rationing or other restrictions on the consumption of rice;
- (4) that increasing attention should be given to producing the types of rice required in the different markets;
- (5) that efforts should be made to improve the quality of rice by improving the methods of handling and storage and by greater attention to grading;
- (6) that both exporting and importing countries should consider holding larger stocks as a regular practice, since there is evidence that this can have a considerable steadying effect on prices;
- (7) that consideration should be given to relaxing restrictions on exports and imports, where this does not conflict with the general economic policies of the country concerned;

REQUESTS THE DIRECTOR-GENERAL OF FAO

- (8) that a comprehensive study be made as quickly as possible of the various measures which might be adopted for the stabilisation of the international trade in rice, including the financial implications of such measures,
- (9) that this study should be circulated to Member Governments, with a view to convening a meeting for its consideration, after appropriate consultations with the governments of rice producing and consuming countries,
- (10) that immediately before any such meeting an ad hoc working group of experts on rice grading should be convened in the Far East Region to compare the quality of standards adopted in different countries and to examine the possibility of arriving at common standards which might be adopted;
- (11) that in order to assist in improving the accuracy of rice production statistics, which are of basic importance for all policy decisions, favorable consideration should be given to requests from Member Governments for technical assistance on the introduction of improved statistical methods, particularly for projects in which one expert can serve a group of neighboring countries; and

(12) that favorable consideration should be given to any requests from Member Governments for technical assistance in projects to increase the efficiency and decrease the cost of marketing and distribution of rice, or to establish improved methods of grading and quality control."

41. The Meeting, when considering arrangements for further periodic reviews of the economic problems of rice, as recommended by the Conference, considered various alternatives - i.e. that this review might be held in the CCP itself or in a special Rice Sub-Committee of the CCP - but concluded that this question might be deferred until the meeting which might be called to examine the proposed study on methods of stabilising international trade in rice. ^{1/}

42. Comments on the Report of the Rangoon Meeting are given in Section III.3 of the Committee's Report.

(d) Milk and Milk Products

Stimulation of Milk Consumption

43. When considering at its Twenty-fourth Session proposals made by the IFAP for FAO action to stimulate the consumption of dairy products, ^{2/} the Committee re-emphasized the need to examine ways of stimulating such consumption in low-standard areas. At the same time, the Committee decided to refer to its next Session the IFAP suggestion for the immediate establishment of a CCP Working Party on the subject. Meanwhile, it was agreed that the Secretariat should review the work already done in this field and present specific suggestions for further action to the next CCP Session. In addition to obtaining the views of interested member governments, the Secretariat should consult with other international organizations, especially UNICEF, WHO, IDF and IFAP. The Secretariat paper "Milk for World Health and Agricultural Development" (CCP 55/10) is reviewed in Section III.4, paragraphs 46-51 of the Committee's Report.

Surplus Supplies of Dried Skim Milk and Their Effective Use

44. Special attention was given by the Committee and by its Sub-Committee on Surplus Disposal to the utilization of surplus stocks of dried skim milk. At its Twenty-third Session, the Committee considered a paper prepared by the Secretariat with the cooperation of WHO and UNICEF on "Surplus Supplies of Dried Skim Milk and Their Effective Use" (CCP 54/9). It endorsed the view put forward concerning the value of using surpluses to improve nutrition, particularly in countries in which malnutrition is common. It was agreed that if the disposal of surpluses was to facilitate the long-term growth of milk consumption and international trade and at the same time is not to hinder local milk production, such disposal must be encouraged and carefully planned. Alongside the disposal measures there must, therefore, be development programs to ensure that milk consumption levels can be maintained when surplus supplies cease. The Committee recognised the need for integrated plans to be formulated for countries which were potential recipients of surplus supplies of dried skim milk but also recognised that the formulation of such plans in the normal way would take much time.

^{1/} CCP 54/31: "Report of the Special Technical Meeting on the Economic Aspects of the Rice Industry", Section V, last paragraph.

^{2/} CCP 54/22: "IFAP Study Sessions on World Dairy Problems".

45. It consequently was glad to learn at its Twenty-fourth Session that the Director-General had found it possible to organise a pilot survey in Egypt, on the invitation of the Government of that country and in cooperation with UNICEF and WHO. The terms of reference of the Mission were: "to ascertain the extent to which surplus supplies of dried skim milk could be utilised to raise the level of nutrition and stimulate consumer demand, and, at the same time, to assess the potentialities for increasing local milk supplies, particularly over a period of two to three years, i.e. a period during which it might be possible to arrange for imports of dried skim milk on special terms".

46. The Committee considered the Report of this Mission (CCP 54/28) and unanimously agreed that it was a constructive document indicating realistic methods for the disposal of surplus dairy products. It showed clearly that adequate preparation, despite its difficulties, needed to be undertaken before surplus supplies could be effectively distributed on a large scale in countries where the consumption of dairy products was low. The Committee concluded that similar studies were desirable in each country likely to receive surplus supplies, particularly because of the danger to its economy, as well as to international trade, if the distribution of surpluses did not bring about a real increase in the level of consumption. The Committee, therefore, recommended that the distribution of surpluses should be preceded by a thorough investigation of the quantity of surpluses the country could effectively absorb and its possible effect on local production. The Committee agreed further that the report should be submitted to the Sub-Committee on Surplus Disposal as an example of a practical approach to an effective distribution of surpluses. The Committee also remitted to the Sub-Committee suggestions which had been presented by the IFAP for the consideration of possible multilateral arrangements for the organized disposal of existing surpluses of skim milk powder. ^{1/}

47. The Sub-Committee subsequently set up a Working Party on Dried Skim Milk. The Report of that Working Party was made available to the Committee as Appendix III to the Second Report of the Sub-Committee on Surplus Disposal to the CCP (CCP 55/8). The terms of reference of the Working Party were as follows:

"The Working Party on Dried Skim Milk shall explore the feasibility of International cooperation in the disposal of dried skim milk with particular attention to the encouragement of consumption and the permanent expansion of markets, with a view not only to the elimination of current surpluses but also to the establishment of higher consumption and adequate production to meet the same, and to examine, amongst others, the following specific possibilities:

- (a) An intergovernmental agreement between interested exporting and importing countries as to expansion of markets and as to supplies to be made available and the prices at which they might be sold and including, possibly, an understanding as to the amounts to be made available for relief distribution, and/or,
- (b) A governmental or quasi-governmental international sales and consumption-expanding agency to which interested countries, or organizations, might entrust certain supplies of dried skim milk for sale, by the agency, through regular commercial channels, or otherwise, to interested importing countries, the returns being distributed on a proportional basis to the suppliers."

^{1/} CCP, Twenty-fourth Session, Resolution 1(24).

48. A Summary of the Working Party's findings and CCP comments, are included in Section III.4, paragraphs 46-51 of the Committee's Report.

49. Among its recommendations, the Working Party proposed that an informal meeting be held to discuss a possible "understanding" among exporting countries on the orderly utilization of surpluses and unused capacity of dried skim milk. Such meetings were held between the representatives of eight exporting countries, whose proposals, with the Committee's comment, are given in Section III.4 paragraphs 52-62 of the Committee's Report.

Butter

50. The Sub-Committee also set up a Working Party on Butter, with the following terms of reference:

"The Working Party is to examine and report as to how surpluses of butter could be reduced in an orderly manner, and in accordance with the principles of surplus disposal endorsed by the Council of FAO.

The Working Party should consider the following aspects:

- (A)
1. The present butter surpluses and surplus capacity. What is the magnitude of these surpluses and where are they located. What is the relationship between domestic consumption, exports and surpluses - i.e., are surpluses large in relation to normal trade.
 2. The action presently taken or contemplated to reduce butter surpluses.
 3. The level of butter consumption, particularly in exporting and importing countries, and the factors which influence this.
 4. The means of increasing domestic consumption of butter particularly in exporting countries with -
 - (a) low levels of consumption, and/or
 - (b) butter surplus to their domestic requirements and normal pattern of trade.
 5. The means of increasing consumption of butter in its various forms in importing countries, with consideration being given to the differing needs of -
 - (a) developed importing countries
 - (b) underdeveloped importing countries.
- (B) The suggestion by the U.S. Representative that the particular aspects of converting butter or butterfat to ghee as a means of disposal of surpluses be examined".

51. The Report of the Working Party was presented to the Committee as Addendum 1 to CCP 55/8 and the Committee's comments are given in Section III.4, paragraphs 64-65 of the Committee's Report.

(e) Olive Oil - Preparation for Commodity Conference on Olive Oil

52. The Committee, after considering at its Twenty-third Session the economic aspects and problems of the olive oil industry and the results of earlier independent intergovernmental consultations, decided to establish a Working Party on Olive Oil, composed of six governments, including those of two importing countries. The Working Party's terms of reference were defined as follows:

- "(1) To consider possible intergovernmental measures of a technical or economic nature, which could contribute towards stabilising the world olive oil economy,
- (2) To draw up its recommendations in a form suitable as a basis for reaching intergovernmental agreement on such measures."

53. The Working Party held its first Session in Rome in July 1954. It worked out a draft agreement and recommended that an inter-governmental conference should be convened for its negotiation. ^{1/} The Working Party's recommendations were endorsed by the CCP at its Twenty-fourth Session and by the Council at its Twentieth Session when the latter requested the Director-General to ask the Secretary-General of the United Nations to convene an international Olive Oil Conference in accordance with procedures laid down under Resolution 296(XI) of the Economic and Social Council of the United Nations.

54. In accordance with these procedures, the Secretary-General of the United Nations, on receiving the Director-General's request, referred it for advice to the Interim Coordinating Committee for International Commodity Agreements (ICCIICA) which body considered, "having regard to the evidence adduced in the Working Party's report, that an international commodity agreement could be of assistance to producing countries, particularly in view of excessive price fluctuations affecting international trade in olive oil". ^{2/} After having reviewed the voting provisions, as well as the Director-General's communications concerning some outstanding points to be resolved, as far as possible, by further preparatory consultations, and other main features of the proposed agreement, the ICCICA announced its readiness to cooperate in the technical arrangements for the convening of a conference, on being informed by the Secretary-General of the FAO confirmation of the recommendations to that effect.

55. A second session of the CCP Working Party on Olive Oil, convened in Rome in March 1955, made some further progress in preparatory consultations and, after agreeing on some revisions to the text of the draft agreement, restated its earlier conclusions as follows:

"The Working Party unanimously renews its suggestion for the convening of an intergovernmental conference on olive oil, bringing together under the auspices of the United Nations all countries interested in the production and consumption of that product. It draws the attention of the United Nations to the value of convening such a conference at the earliest possible time in order that any agreement that it may finally reach may come into force, after ratification by the participating countries, at the beginning of the next olive crop year.

^{1/} CCP 54/17: Report of CCP Working Party on Olive Oil (First Session) July 1954.

^{2/} CCP 55/3: Interim Coordinating Committee for International Commodity Agreements (ICCIICA) - Annual Report for 1954, December 1954.

The Working Party therefore submits:

- (a) a revised draft text for consideration as a basis for an inter-governmental agreement on olive oil. The Working Party takes the opportunity to point out that the difficulties encountered in setting up an International Olive Oil Fund should not, if they cannot be overcome, impede the reaching of an agreement on the other measures recommended to improve the world situation of the olive-growing and olive oil industry;
- (b) revised draft resolutions to be submitted to the Conference covering:
 - (i) the adoption of a standard international contract for the sale of olive oils (Resolution No. 1);
 - (ii) the establishment of international arbitration boards (Resolution No. 2);
 - (iii) the regulation of unfair competition (Resolution No. 3);
 - (iv) the establishment of uniform standards for olive oil and uniform methods of analysis thereof (Resolution No. 4);
 - (v) technical improvements in olive growing (Resolution No. 5);
 - (vi) financial assistance for technical improvement of olive growing (Resolution No. 6)."

4. Reviews of Intergovernmental Commodity Machinery and Consultations

56. In line with Conference instructions, the Committee devoted a good deal of attention to relations with other international organizations concerned with commodity matters and kept itself currently informed of commodity consultations and arrangements of FAO concern. 1/ During the period under review, the Committee continued its practice of considering, at each of its Sessions, reports prepared by the Secretariat on major developments in this field of intergovernmental activities. 2/

57. At its Twenty-third Session the Committee noted the decision of the Economic and Social Council in favor of establishing an advisory Commission on International Commodity Trade, and passed the following Resolution (No.6(23)).

"THE FAO COMMITTEE ON COMMODITY PROBLEMS

HAVING NOTED the Resolution on International Price Relations passed by the Economic and Social Council of the United Nations at its Seventeenth Session, and the provisions made in that Resolution for the establishment of a Permanent Advisory Commission on International Commodity Trade,

1/ The Conference at its Sixth Session, stated that "the Committee had a specially important task in affording guidance to the Organization, through the Council, over the entire field of work on commodity problems, including relations with other intergovernmental organizations and agencies". (Report of Sixth Session, para. 94). The Conference also agreed that in the case of commodities which were already the subject of study or action by other intergovernmental bodies, duplication should be avoided but that the FAO should keep itself fully informed of the programs and policies of these bodies (ibid. para. 95).

2/ See CCP 54/5, CCP 54/16, and CCP 55/5.

REQUESTS the Director-General to transmit to the Secretary-General of the United Nations, for consideration by the Economic and Social Council at its Eighteenth Session, full information on the functions and activities of the FAO Committee on Commodity Problems in regard to international commodity problems and trade, together with the following expression of the Committee's views on the relationship of FAO's functions and activities to those of the proposed Commission:

- (1) In the interest of efficiency and economy of intergovernmental activities, every effort should be made to avoid duplication of effort;
- (2) The Committee trusts that the establishment of the proposed Permanent Advisory Commission on International Commodity Trade will not detract from the established functions and activities of FAO in general and of its Committee on Commodity Problems in particular, not only with respect to individual commodities but also in regard to all those more general aspects and problems of national and international commodity trade situations, policies and arrangements which must be regarded as an essential part of the effective discharge of FAO's mandate.
- (3) Assuming that the points stated under (1) and (2) above are fully kept in mind, the Committee believes that both its own work and that to be carried out by the proposed Commission might benefit from close cooperation, both at the intergovernmental and the secretarial level, between the two bodies, and that the prospects of the formulation of intergovernmental policies for action in this difficult field might thus be improved."

58. The Council, at its Twentieth Session, subsequently endorsed this Resolution, and expressed the strong hope that full use would be made of FAO's secretarial facilities and skills for work on agricultural commodity problems.

59. At its Twenty-fourth Session, the Committee was advised by the Director-General that he had transmitted this Resolution to the Secretary General of the United Nations for the consideration of the Economic and Social Council at its Eighteenth Session. It noted that in paragraph 3(c) of the Resolution passed at this Session establishing the Commission on International Commodity Trade, the Economic and Social Council stated that:

"..... in the interpretation of its terms of reference and in the organization of its work, the Commission shall consult on a continuing basis with various specialized agencies and their subordinate bodies having responsibilities in the field of international commodity trade and in particular with the FAO Committee on Commodity Problems so as to ensure that the most effective use is made of the work already being done in that field and to prevent duplication or overlapping with the activities of these agencies".

60. An account of the continuing relations with this and other international bodies concerned with commodity problems, is given in CCP 55/5, which, as described in Section IV of the Committee's Report, was presented to the Committee at its Twenty-fifth Session and, at the Committee's request, will be brought up-to-date for presentation to the Conference.

APPENDIX E

LIST OF DELEGATES AND OBSERVERS ATTENDING

THE TWENTY-FIFTH SESSION

CHAIRMAN: A.L. Senger (Australia)
VICE-CHAIRMAN: J. Alba (Spain)

MEMBERS:

<u>Country</u>	<u>Delegates</u>
ARGENTINA	J.B. Martese, Economic Counsellor Embassy W. Mangiavacchi Secretary, Embassy
AUSTRALIA	A.L. Senger Commercial Counsellor Australian Embassy Washington F.S. Lynch Commercial Counsellor Legation F.W. Bulcock Agricultural Counsellor London
BELGIUM	Baron P. d'Otreppe Président du Comité Belge, FAO R. Jaune Secrétaire du Comité Belge, FAO
BRAZIL	A. de Viana Minister for Economic Affairs Embassy Pimentel Brandao First Secretary, Embassy
CANADA	S.C. Hudson Principal Economist Department of Agriculture Ottawa C.F. Wilson Commercial Counsellor Canadian Legation Copenhagen

<u>Country</u>	<u>Delegates</u>
COLOMBIA	C.A. Faillace Counsellor, Embassy
CUBA	M.A. Espinosa Counsellor, Embassy Icilio Leoni Ministerio de Estado
DENMARK	V. Andersen Counsellor Ministry of Agriculture A. Høgsbro-Holm Secretary-General Agricultural Council H.J. Kristensen Assistant Head of Section Ministry of Agriculture C.V. Hansen Agricultural Attaché Legation
FRANCE	G.H. Janton Contrôleur d'Etat Ministère des Finances et des Affaires Economiques A. Wallon Administrateur Civil Ministère de l'Agriculture J.C. Richard Secrétaire Ministère des Affaires Etrangères
GERMANY	W. Weber Counsellor, Ministry of Food, Agriculture and Forestry I. Hoffmann
INDIA	S.R. Sen Economic and Statistical Adviser Ministry of Food and Agriculture
IRAQ	K. Daghistani Secretary, Legation
JAPAN	Mitsugi Yamashita First Secretary (Agriculture) Embassy Kazuhiko Forusawa Third Secretary Embassy

<u>Country</u>	<u>Delegates</u>
PAKISTAN	Nazir Ahmed Agricultural Attaché Embassy
SPAIN	J. Alba Counsellor, Embassy E. Morales y Fraile Agricultural Attaché Embassy
THAILAND	Luang Prakit Sahakorn Director-General Dept. of Economic Relations Ministry of Economic Affairs P.B. Israsena Second Secretary Ministry of Economic Affairs
TURKEY	Feridun Ustun General Manager of the Soil Products Office Ali Aran Director, Economic Section, Ministry of Agriculture Niyazi Okanay Member of the Advisory Committee Ministry of Agriculture
UNITED KINGDOM	M. Compton Assistant Secretary Ministry of Agriculture Fisheries and Food M.L. Dhonau Principal, Ministry of Agriculture Fisheries and Food W.M. Clyde Rice Adviser to Foreign Office London
UNITED STATES OF AMERICA	F.A. Linville Assistant Chief, International Resources Division, Department of State W.R. Ogg Agricultural Attaché Embassy W.W. Sohl Second Secretary (Economic) Embassy

<u>Country</u>	<u>Delegates</u>
YUGOSLAVIA	S. Krasovec Professor, University of Ljubljana

OBSERVERS: -- Countries

AUSTRIA	G. Gudenus Austrian Diplomatic Liaison Officer to FAO
BOLIVIA	E. Cerlini Consul for Bolivia in Rome
CAMBODIA	Measketh Premier Secrétaire du Haut Commissariat Royal du Cambodge à Paris
CEYLON	H.A.J. Hulugalle Minister for Ceylon in Italy
DOMINICAN REPUBLIC	C.J. Castellanos First Secretary Embassy
EGYPT	Mohamed Abdel-Rahman Hamdi Commercial Counsellor Embassy
FINLAND	Martti Salomies First Secretary Embassy
GREECE	P. Loverdos
GUATEMALA	R. Rivera Ariza Minister-Counsellor Embassy
HOLY SEE	E. Bonomelli Director of Papal Villas
INDONESIA	R. Soetijo Agricultural Attaché Embassy
IRELAND	D. Waldron Secretary, Legation
ISRAEL	A.E. Lieber Assistant Director Food Import Division

<u>Country</u>	<u>Delegates</u>
ITALY	A. Mastromarino Inspecteur Général Ministère de l'Agriculture
	E. Bontempo Inspecteur, Ministère de l'Agriculture
	M. Lariccia Inspecteur, Haut Commissariat de l'Alimentation
	G. Marzano Chef de Division Ministère de l'Agriculture
	G. Pittoni Inspecteur, Ministère de l'Agriculture
	A. Ferone Comité Italien de la FAO
	V. De Asarta Comité Italien de la FAO
JORDAN	E.P. Roch Minister Plenipotentiary for Jordan
LEBANON	Said El-Hibri First Secretary Embassy
MEXICO	R. Grisi First Secretary Embassy
NETHERLANDS	R.L. Beukenkamp Agricultural Counsellor Washington Embassy
	C. Eygenraam Agricultural Attaché Embassy
NEW ZEALAND	J.E. Stokes Assistant Secretary Dept. of Industries and Commerce
	D.W. Woodward Commercial Counsellor Washington Embassy
	C.H. Fowler Assistant, New Zealand Trade Commissioner, London
PORTUGAL	R.R. Barbosa de Medina Secretary, Legation

<u>Country</u>	<u>Delegates</u>
PERU	J. Llosa First Secretary, Embassy
SOUTH AFRICA	L.F. Joubert Commercial Secretary Embassy
SWEDEN	Claes de König First Secretary Swedish Legation
SWITZERLAND	J.C. Burckhardt Counsellor, Legation
VIET-NAM	Phan-Khac-Thuong First Secretary Legation

OBSERVERS: - Organizations

CONFEDERATION EUROPEENNE DE L'AGRICULTURE	A. Zappi-Recordati Vice-Président pour l'Italie
FEDERATION INTERNATIONALE OLEICULTURE	L. Donato
G.A.T.T.	J.W. Evans Director of Commercial Policy
INTERNATIONAL CHAMBER OF COMMERCE	G.B. Cerletti L.A. Carreri
INTERNATIONAL DAIRY FEDERATION	Visco Sabato
INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS	R. Savary Secretary General
INTERNATIONAL WHEAT COUNCIL	G.O. Fraser Secretary to the Council
ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION	A. Solbraa Principal Administrator