
R E P O R T
of the
TWENTY-FIRST SESSION of the COMMITTEE ON COMMODITY PROBLEMS
to the
SEVENTEENTH SESSION of the COUNCIL of FAO

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REPORT OF THE TWENTY-FIRST SESSION
OF THE COMMITTEE ON COMMODITY PROBLEMS TO THE
SEVENTEENTH SESSION OF THE COUNCIL OF FAO

1. The Twenty-First Session of the FAO Committee on Commodity Problems was held in Rome from 3 - 9 June 1953. Mr. G.H. Janton (France) was elected Chairman and Mr. S.C. Hudson (Canada) was elected Vice-Chairman.

Dr. S.L. Louwes

2. At the beginning of its Session, the Committee paid tribute to the memory of Dr. S.L. Louwes, the late representative for the Netherlands. Members of the Committee wished to express their high appreciation of Dr. Louwes' valuable contribution to the work both of FAO and the Committee, and of the cordial personal relations they had had with him. It was agreed that a message of condolence should be conveyed to the relatives of Dr. Louwes.

Appreciation of Documentation

3. The Committee was greatly assisted in its work by the excellent papers prepared by the Secretariat for its Twenty-First Session. It wishes to express its very high appreciation of the quality of the documentation presented to it.

I. GENERAL REVIEW OF THE AGRICULTURAL COMMODITY SITUATION

4. For its general review of the agricultural commodity situation, the Committee had before it two papers prepared by the Secretariat: CCP 53/15 "World Agricultural Commodity Situation and Outlook" and CCP 53/17 containing up-to-date reviews of certain commodities. The following comments are based on the situation as of the date of the Committee's Session.

I.1 Major Developments

5. By mid-1953, prices of many commodities had fallen to about their mid-1950 level, inflationary pressures in many countries had eased, international markets had acquired a more competitive character and there had occurred some lessening of the current imbalance in international trade. Levels of economic activity generally were very high, especially in North America, sustained by high private and public expenditure, including that for defence purposes.

6. Economic indicators generally pointed to the maintenance of a high and expanding economic activity, high employment and consequently sustained demand, at least for the balance of 1953. Nevertheless, looking to the period further ahead, the Committee noted some features which held some uncertainties as to the future course of supply, demand and prices. Some of the factors about which there was uncertainty included future levels of economic activity, foreign exchange earnings of underdeveloped countries, the implications of the recent trend towards stock accumulation in some commodities and of the weakening in prices of agricultural products.

7. In the agricultural sector, a favourable season in 1952/53 and further gains in productivity in a number of regions had brought production to high levels. This development had placed world food supplies on a firmer basis and was a welcome feature of the present situation. It had been accompanied, however, by considerable

accumulation of stocks of wheat, cotton, cottonseed oil, tobacco and dairy products in the United States. Such stocks were largely held by the Government and consequently had not had an unduly depressive effect on prices. Outside the dollar area, there were no significant stock increases. Prospects for production from the next harvests were generally favourable.

8. The increased supplies have aroused some concern as to the future of markets. For some commodities production restrictions were already being applied or contemplated. The Committee thus feels that a stage has been reached when production policies in the better supplied areas will have to be carefully determined, not only in the light of the continuing need for overall expansion of world agricultural output, but also in the light of market prospects for particular commodities.

I.2 Reviews of Major Agricultural Commodities

9. The Committee agreed with the following summaries of the situation for some of the principal agricultural commodities.

Food

10. The trend towards easier supply conditions was especially marked in the case of grain. The 1952 harvest of wheat was the highest on record and coarse grain crops were higher than last year in all continents except Europe. In the case of rice, despite a rise of 7 percent on prewar production, supplies continue to be seriously short, and prices remain comparatively high in the international markets.

11. The most conspicuous evidence of the changed position is the accumulation of considerable wheat stocks in North America. Carry-overs in the four major exporting countries in mid-1953 will be about 34 million tons, twice last year's level, the largest in peacetime and considerably more than current world annual wheat exports. Some 80 percent of this accumulation of stocks is located in North America. Supplies of non-dollar wheat, however, are still below the quantities importing countries would absorb. In the case of coarse grain, the increase in stocks has been moderate so far. The supply prospects for coarse grain consequently still depend principally on the coming crops.

12. Wheat prices have not fallen to the extent that might have been expected in face of the expansion in supplies. However, markets are unsteady before the prospect of another year of at least fair production. Prices in the newly negotiated International Wheat Agreement, which, subject to ratification, will come into force 1 August 1953, have been increased to a maximum of 205 cents and a minimum of 155 cents per bushel, compared with 180 and 120 respectively for the present crop year. Coarse grain prices have shown a downward trend in the period under review and the premia for non-dollar coarse grains have almost disappeared.

13. Markets for edible vegetable oils and fats have been firm since the spring of 1952, mainly because of reduced output and exports from Indonesia and the Philippines, and sustained consumption. The U.S. Government supported the market by taking about 360,000 tons of cottonseed oil under the price support programme. United States lard prices declined in 1952 and recovered in the spring of 1953, primarily

as a result of changes in U.S. production. The price fall in non-edible fats, e.g. linseed oil and tallow, may not have come to an end, as the Argentinian linseed supply has since recovered and the U.S. cattle slaughterings are increasing. For fats and oils prices as a whole, no major increase is expected in 1953/54, assuming normal crops.

14. Since the Cuban record harvest in 1951/52 of over 7.2 million tons, the sugar market has been influenced by heavy stocks in that country. Prices declined from the summer of 1952 until March 1953, notwithstanding the fact that Cuba kept off the market about 1.8 million tons of the 1951/52 harvest, and limited the 1952/53 crop by government decree to 5.1 million tons. The large purchase of Cuban sugar by the United Kingdom in line with its plan to deration sugar stemmed the fall in sugar prices and improved prospects. But it remains to be seen how the sugar market will develop since East Asia and other areas have recently shown a tendency to expand their production and exports of sugar.

15. In spite of the continuously high demand in 1952/53, livestock prices, especially those for pigs in Western Europe and for slaughter cattle in North America, have fallen considerably as a consequence of increased supplies.

Raw Materials of Agricultural Origin

16. The markets for raw materials of agricultural origin were dominated by the big wave of bullish and bearish movements released by the Korean war. These raw materials benefited for a time from the high industrial activity (interrupted temporarily in 1952 by a short-lived recession in the consumer goods industries), and from the vast stockpiling operations, partly by governments and partly by traders, of 1950/51.

17. In 1951 and 1952 the liquidation of commercial inventories caused a sharp fall in prices with those of agricultural raw materials declining to the level of the first half of 1950. However, the demand for current consumption continued to be fairly firm and strengthened as prices declined. This latter development made for more settled conditions. This is true for wool, for jute - where production is to be restricted in Pakistan for 1953/54 - and for hard fibers - where a price fall caused a production decrease. The cotton position is, however, less settled. Accumulated stocks in Egypt were sold after export prices had been reduced to competitive world market level. Brazil kept cotton prices high, exports remained low and considerable stocks piled up which could be sold if prices would be made more competitive. The U.S. Government has accumulated heavy stocks to support cotton prices while U.S. exports in 1952/53 decreased. The United States is envisaging the possibility of restrictions on cotton acreage in 1954 while Egypt has already reduced the cotton acreage for 1953.

18. Natural Rubber production has been checked by a price fall and prices have since been oscillating at levels slightly above those set for U.S. synthetic rubber. It is expected that for the whole year of 1953 the production of natural rubber will exceed consumption. Much will depend on whether United States Government and commercial stockpiling continues to take up the balance between expected production and consumption. The position will also be influenced by the level of prices of synthetic rubber.

I.3 The Dollar Shortage

19. The Committee considered with great interest CCP 53/13 "Dollar Trade in Agricultural Products," which describes and wherever possible shows quantitatively the postwar changes in the pattern in agricultural trade between the dollar and non-dollar areas.

20. The paper brings out the principal shifts that have occurred in both dollar exports and dollar imports. For dollar exports it shows the predominant importance of wheat exports in the total agricultural exports of the dollar area and, in particular, the remarkable change that has occurred since prewar. In 1948-51, for instance, the dollar areas supplied about 70 percent of the world's wheat exports as compared with 35 percent in 1934-38. For coarse grains the corresponding figures are 55 percent and 11 percent respectively. The prewar years chosen do, in fact, represent a period in which North American exports were lower than they had previously been because of climatic factors; but even if a comparison were made with an earlier prewar period, the increase in proportion of dollar exports in world trade since the war remains striking. The dependence of the non-dollar world on dollar supplies is also relatively high for cotton, sugar, fats and oils, and tobacco. In short, although this dependence for some commodities is slightly less than in the immediate postwar years, it is still considerably higher than before the war. Furthermore, the prospects are not very favourable for an early substantial reduction in this dependence through an increase in production outside the dollar area. While this is an important feature of the world situation as considered by the Committee, it has no decisive significance in itself; it must be considered as one factor in the overall balance of trade and payments between the dollar and non-dollar world.

21. An important feature of dollar agricultural trade is the different nature of dollar exports as compared with dollar imports. Dollar agricultural imports mainly fall into two categories:

semi-luxury commodities, e.g. tea, coffee, cocoa; and
raw material, e.g. wool, rubber and jute, for which
close substitutes are available.

On the other hand, dollar agricultural exports are, in the main, essential foodstuffs, e.g. wheat, coarse grains, sugar, fats and oils.

22. The study points to a fundamental hypothesis which suggests that future terms of trade may move in favour of basic foodstuffs. This hypothesis, if verified, would mean that a greater volume of manufactured products would be needed to pay for a given volume of food imports. Furthermore, this would aggravate the difficulties of non-dollar countries importing basic foodstuffs from dollar countries.

23. The Committee agreed that the paper served a very useful purpose in bringing together the principal features of the dollar agricultural trade and particularly in pointing to the main underlying factors. It recognized, however, as the paper also had done, the danger of considering the agricultural components of dollar trade in isolation, and emphasized the need for the study to be seen against a wider background of total trade. This broadening out of the study, the Committee felt, was essential before practical conclusions could be drawn as to ways of solving difficulties in dollar trade.

I.4 Other Obstacles to International Trade in Agricultural Products

24. The Committee was glad to receive at this Session a report on the Work and Findings of GATT (CCP 53/6), which it had requested at a previous Session, and which had been prepared in close co-operation between the FAO and GATT Secretariats. It also expressed its appreciation of the additional information given by the Deputy Executive Secretary of GATT who attended the Session as observer. It hoped that the close co-operation with the GATT Secretariat on these matters could be maintained.

I.5 Main Conclusions

25. From its review of the papers presented to it, the Committee concluded that the salient features of the world agricultural commodity situation are these:

- (a) During the past years there has been a significant improvement in agricultural production generally and this has made possible an increase in world average per caput food supplies so that for several commodities these are now at a level above that of prewar. It would appear, however, that production has been increasing fastest in highly developed exporting and advanced importing countries with the result that there has been a tendency for differences between the consumption standards of regions in different stages of economic development to widen further.
- (b) International trade in agricultural products declined in 1952/53 compared with the previous year. This is probably due to the increase in output in importing countries combined with the continuation of insufficient purchasing power in most of the importing countries, and especially by the lack of hard currencies. As a result of these trends, surpluses have appeared in the dollar countries. In the absence of the measures taken by these countries, in particular in the United States by government stockholdings and in Cuba by reducing production, the international effects of these surpluses would have been greater.
- (c) Some of the countries which depend on imports from the dollar area for an important part of their supplies are concerned about the possible consequences, should there be a recession in the level of economic activity in the United States. These countries fear that this would reduce their dollar earnings to a level at which they would be unable to pay for supplies essential to the maintenance of their own economies and standards of living. This situation might thus create an incentive to increase production in the non-dollar world of some commodities which on a production cost basis might be more economically produced in the dollar world and of which there are already signs of possible surpluses developing in the dollar world. On the other hand, it is recognized that there may be a point where the further expansion of agricultural production in the non-dollar area would not result in a net dollar saving because of the adverse effect on dollar earning activity. A solution to this problem cannot be found in that economic sector in which FAO is the competent international agency: it involves consideration of the whole field of international trade and payments. The Committee considered that the situation should be brought to the notice of the appropriate international organizations.

- (d) In the undernourished and underdeveloped countries, development of agricultural resources continues to be a pressing necessity. At the same time, however, while the general objective of an overall expansion of agricultural output must remain unchanged, further increases in agricultural production in the better supplied countries should be selective and determined in the light of available markets, price, and costs.
- (e) Recent economic developments and prospects again emphasized the increasing difficulties of dealing with the situation by strictly national policies and the need to strengthen efforts of international co-operation.

26. Consequently, the Committee resolved as follows:

RESOLUTION No.1: DOLLAR TRADE IN AGRICULTURAL PRODUCTS

THE COMMITTEE

HAVING NOTED WITH APPRECIATION the study prepared by the Secretariat in document CCP 53/13;

BELIEVING that the examination of the effects of the dollar shortage on trade in agricultural products and vice versa will be one of the fundamental features of the world food and agricultural economic situation to be considered by the Seventh Session of the FAO Conference in November 1953;

RECOGNIZING the difficulty that, on the one hand, the examination of the problems by the FAO, both at the intergovernmental and at the secretarial level, is of necessity largely confined to the examination of the agricultural sector of world trade, while recommendations for national and international action with a view to solving difficulties in dollar trade must be based on the consideration of these difficulties in the wider setting of the general world trade and payments situation;

BEING CONVINCED that close co-operation of the FAO with other intergovernmental agencies interested in various aspects of these wider issues can contribute materially to the clarification of international trade difficulties resulting from balance-of-payments problems and to the formulation of appropriate policies for national and international action;

RECOMMENDS that the Managing Director of the International Monetary Fund be consulted with a view to having the Fund Secretariat assist the deliberations of the Seventh Session of the FAO Conference by the preparation, in consultation with the FAO Secretariat, of a general statement on the world trade and payments situation and problems, having special reference to difficulties in trade in agricultural commodities, particularly between the dollar area and the rest of the world; and that, if at all possible, arrangements be made for such a statement, together with a revision of document CCP 53/13, to be circulated to FAO member governments not less than six weeks in advance of the next Session of the FAO Conference;

SUGGESTS that the Director-General also consult, at his discretion, with other international organizations with a view to further assisting the Conference discussions on agricultural commodity problems arising from balance-of-payments difficulties;

RECOMMENDS that the Director-General keep the review of dollar trade in agricultural products presented in CCP 53/13 up-to-date and present it to the Economic and Social Council for consideration at their next review of the world economic situation.

II. INTERGOVERNMENTAL COMMODITY POLICIES AND ARRANGEMENTS

27. The Committee had before it papers CCP 53/16 "Intergovernmental Policies and Arrangements for Agricultural Products" and CCP 53/14 "Observations on the Proposed International Sugar Agreement."

II.1 Intergovernmental Consultations for Individual Products

28. The Committee took note of recent intergovernmental consultations on international agreements for wheat, sugar, cotton and rubber. Its review confirmed the conclusion reached in CCP 53/16 to the effect that the interest shown in international commodity agreements and the general statements made in their favour were not matched by a record of practical results. Although in the past few years there have been frequent international discussions on a number of commodities, some of them carried to the drafting and negotiating stage, none of them has resulted in a long-term commodity agreement to which both the producers and consumers were parties, except in the case of wheat.

29. There was some discussion as to the basic assumptions underlying the price negotiations for the Wheat Agreement's renewal. One of the Delegates expressed the view that the basing of negotiations, from the outset, on a ceiling below the free market price was not, in fact, in accordance with the basic philosophy of such agreements; while in the view of another Delegate this question could only be examined with close reference to the expectations of governments as to the supply/demand position for the commodity concerned over the life of an agreement and the international effects of national price policies, and to the meaning of the expression "free market price" in present circumstances.

Sugar

30. The Committee considered the "Observations on the Proposed International Sugar Agreement" prepared by the Secretariat (CCP 53/14). It considered that the paper would be a valuable contribution to the discussion of the draft International Sugar Agreement which is to be taken up at an International Sugar Conference in July 1953 called by the Secretary-General of the United Nations. It noted the Director-General's decision to transmit the study to that Conference and to the Sugar Council. In the circumstances, although some Members of the Committee expressed certain views on the paper which will be found recorded in the Summary Record of the Committee's Session, the Committee did not try to reach conclusions at this Session in regard to the points brought out in the paper.

II.2 The Commodity-by-Commodity Approach

31. The Council of FAO, at its Sixteenth Session, stated that its attention had been drawn to the discussions held at the Fourteenth Session of ECOSOC on the United Nations' Experts' Report on Measures for International Economic Stability. "Recognizing that there might be some divergence of emphasis in the discussions of ECOSOC and the decisions recorded by the Conference of FAO regarding the merits of the commodity-by-commodity approach as against those of a more general multi-commodity approach," the Council agreed to ask the CCP to place the matter on the agenda for its Twenty-First Session.

32. The document CCP 53/16 had not been available in advance of the Session, and Delegates generally were not in a position, therefore, to express considered views. Members of the Committee felt, however, that the material was so well and constructively presented and the subject of such great importance that preliminary comments would be of interest to the Council of FAO. These can be summarized as follows:

33. In the Committee's view there was no significant divergence of emphasis between the commodity-by-commodity approach and the multi-commodity approach in the course of recent discussions in different international organizations.

34. Several Delegates stressed the advantages of the commodity-by-commodity approach which, in their view, was best designed to overcome the technical difficulties which were enormously complicated even for one commodity and differed in character as between one commodity and another. Mention was also made in this connection of the advantages of keeping approaches to intergovernmental policies simple, straightforward, and easily understandable, and of enlisting the support and interest of the industries concerned; results which in the view of at least two Delegates could be more easily achieved by the individual commodity approach.

35. Some other Delegates expressed the opinion that the commodity-by-commodity approach and the multi-commodity approach had to be regarded as in a sense complementary. In the view of one of these Delegates, the difficult task of achieving a reconciliation between the two types of approach had to be regarded as one of the main objectives of the CCP. There was a fairly general feeling in the Committee that the striking contrast between the consensus of opinion on general principles, and the lack of international agreements, suggested the need for some basic re-thinking and deeper probing into the difficulties involved.

36. Reference was made in the Committee's debate to the constant process of evolution of new techniques of international regulations, to the living and continuing character of these problems and to the need for re-casting general principles in the light of new developments. Thus, while the provisions set out in Chapter VI of the Havana Charter had been accepted as a basic guide on general principles governing intergovernmental commodity consultations, one of the Delegates suggested that these principles might be cast with a somewhat different emphasis today.

37. The Committee also noted with considerable interest the five main sets of recommendations which had been put forward with a view to promoting the chances for the conclusion of international agreements in Section I.B.4 of CCP 53/16.

38. One of the speakers particularly stressed the importance of being fully aware of the national responsibilities and the possible need for the adjustment of national policies as a condition of success of intergovernmental commodity consultations. Mention was also made in the debate of the particular difficulties encountered in negotiating specific price levels. Certain promising results had been reached in international co-operation to control supply and demand without direct effort to fix prices. While it was recognized that operations such as those of the IEFC and IMC had proved their effectiveness so far only in periods of shortage and that they were less likely to be effective in periods of relative over-supply, some Delegates felt nevertheless that the possibilities of wider application of such less rigid techniques of international regulation, adapted to changing economic needs, deserved further consideration.

II.3 Further Action on CCP 53/16

39. The Committee considered that the material presented in CCP 53/16 should be the subject of further international consideration. It recommended that the paper should be circulated as a Conference document. It considered that it would also be useful to forward the paper to the group of experts which the Secretary-General of the United Nations had been asked to establish during 1953 to prepare a report requested by the United Nations General Assembly Resolution No. 623(VII) on related matters. It, therefore, resolved as follows:

RESOLUTION No.2: STUDY OF INTERGOVERNMENTAL COMMODITY POLICIES AND ARRANGEMENTS

THE COMMITTEE

CONSIDERING that the study presented in Part I of CCP 53/16 was an excellent statement on an important problem;

NOTING that a Group of Experts, to be appointed by the Secretary-General of the United Nations in accordance with a request made by the Seventh Session of the United Nations General Assembly in Resolution No. 623(VII), will concern itself with related problems as part of its terms of reference set out in the above-mentioned Resolution;

RECOMMENDS that the Director-General transmit Part I of CCP 53/16 to the Secretary-General of the United Nations for the attention of the Group of Experts to be appointed under paragraph 6 of Resolution No. 623(VII) of the Seventh Session of the General Assembly of the United Nations.

III. REPORTS ON SELECTED TOPICS

III.1 Report of Bangkok Rice Meeting

40. The Committee had before it the report of the special meeting on rice held at Bangkok in January 1953 (CCP 53/3).

41. The Committee expressed its satisfaction at the comprehensive nature of this Report which covered many economic aspects of the supremely important rice problem and made recommendations on most of them. Due implementation by governments should enable appreciable progress to be made in the production and marketing of rice. The Committee would again emphasize that it is of the very first importance to make more rice available and considered that FAO should give high priority to projects likely to achieve this in both its regular and technical assistance programs.

42. The Committee proposes that the implementation of the Bangkok recommendations be reviewed in two stages. The first would be at the Seventh Conference in November, for which purpose the Committee recommends that Member Governments brief their delegates to enable them to give the Conference such information as will by then be available regarding the steps taken, or proposed to be taken, by governments to carry out the recommendations of the Rice Meeting. Secondly, the Committee recommends that a fuller review of such steps be undertaken at the next meeting of the International Rice Commission in the autumn of 1954.

with decision

III.2 Work and Findings on Problems of Milk Utilization

43. The Committee at its last Session had requested information on the methods of stimulating milk consumption, for securing a better utilization of milk solids and for checking the decline in milk production. The Committee had before it two papers prepared by the Secretariat: "Methods for Stimulating Milk Consumption" (CCP 53/8) and "A Note on the Work of International Organizations on Milk" (CCP 53/18).

44. The Committee felt that the paper presented a useful survey of the principal methods adopted to stimulate milk consumption and was of the opinion that it should be brought to the attention of member governments. The Committee was impressed with the possibility that a regional approach to the problem of increasing the supply and consumption of milk might be even more profitable than world-wide studies and, therefore, suggested that the paper be brought to the notice of the pre-Conference Regional Meetings which might wish to recommend regional consultations of experts to advise on the matter.

45. CCP 53/18 recorded some of the main features of an FAO-sponsored Inter-Agency Meeting (at which representatives from six international organizations were present) held in Paris during May. The Committee agreed that there is need for some co-ordination of the work and results of the organizations and agencies working in this field, and recommended the continuance of this type of consultation at Secretariat level.

46. The Committee asked the Secretariat to continue with its study into the utilization of milk solids with a view to showing how a better utilization for human consumption can be secured. A group of delegates and observers having a particular interest in the milk problem consulted with the Secretariat regarding problems they were encountering in carrying forward work in this field.

III.3 Fats and Oils

47. The Committee noted with satisfaction the study (CCP 53/10) prepared at its request.

III.4 Results of Cocoa Survey

48. The Committee took note of the information presented by the Secretariat on the cocoa outlook (CCP 53/7). The report, based on a survey conducted at the request of the Committee at its Session in June 1952, indicated that, while production in some countries was likely to expand, world production as a whole had demonstrated no definite prospect of a substantial increase during the next few years. The Committee considered that the information on the production and consumption outlook constituted a valuable contribution which would be of interest to both producing and consuming countries. However, the Committee did not feel that a useful purpose would be achieved by organizing at this stage a special international meeting on production and marketing problems.

III.5 Fruit

49. The Committee had before it a note on trade in fruit prepared by the Secretariat (CCP 53/9) and took note of the discrepancy between the increasing postwar production of the principal fruits and the decrease in world trade compared with prewar years. There were reasons to fear that surpluses might occur in the citrus exporting countries unless Western Europe could absorb the rapidly increasing output. The Committee noted that the course of fruit trade has been greatly changed by balance-of-payments trade restrictions and by other forms of government intervention, including subsidies.

50. Having in mind the desirability for an expansion of production and consumption of fruit and vegetables in countries with scarce food supplies, the Committee felt that special attention might be given to this problem at the forthcoming regional meetings, particularly in Asia and in Latin America.

III.6 Review of the World Silk Situation

51. The Committee reviewed the world silk situation and outlook with the aid of a report (CCP 53/11) prepared by the Secretariat at the Committee's request, and noted the major structural changes that had occurred in the industry over the past quarter of a century as a result of the development of man-made fibres, particularly rayon and nylon. While the losses in the silk market, especially in the hosiery sector, had been heavy, the Committee noted that with progress in standards of living, broad woven silk products might find a gradually expanding market, particularly if aided by fashion promotion and quality improvements. The Committee recommended that the Secretariat should continue to keep the silk situation under review as part of the overall fibres situation.

III.7 Pre-Conference Regional Meetings

52. The Committee heard a report presented by the Secretariat on the agenda and documentation for the forthcoming pre-Conference Regional Meetings in the Near East, the Far East, and Latin America. The Committee recognized that these meetings would deal with significant aspects of the commodity situation and might reach conclusions of special interest to the world commodity picture for the study of which the Committee is responsible.

IV. AGENDA, TIME, AND DURATION OF NEXT SESSION

53. The Committee decided that its Twenty-Second Session should take place shortly before the Seventh Session of the Conference, to consider the following subjects:

(1) The Work of the CCP -

- (a) Report on CCP activities during the period since the last Session of the Conference;
- (b) Functions of the CCP;
- (c) Review of the relationship of the frequency of CCP Meetings to the effectiveness of the Committee's work and to the secretarial services required for the preparation of meetings;

- (2) Consideration of major changes in the world commodity situation since the June Session;
- (3) Review of the results of intergovernmental consultations on commodity problems since the June Session.

54. The Committee also considered the services which it might be able to render to the Conference by a preliminary appraisal of the world food and agricultural situation, on the basis of documentation prepared by the Secretariat for the Conference. It noted that it was for the Council to decide on the best ways of preparing the Conference discussions. It was agreed that in the case of the Council requesting the Committee to undertake such a preliminary appraisal, the following item should be added to the agenda of its next Session:

- (5) Appraisal of the World Food and Agricultural Situation.

55. The Committee decided that the date and duration of its next Session should be decided by the Director-General, after taking into account the Council's decisions on arrangements for the Seventh Session of the FAO Conference.

APPENDIX A

Main Conclusions of CCP 53/8

Although the methods adopted in individual countries to stimulate milk consumption differ considerably as a result of different economic and social conditions, the basic principles are the same. These principles are:-

- (a) To acquaint the public with the relatively low cost and high nutritional value of milk as a food in relation to its retail price;
- (b) To provide a milk of high quality, both from a health and nutritive point of view;
- (c) Given high quality, to provide the type of milk most suitable to the conditions of the particular country;
- (d) To provide good and efficient distribution at low cost to the consumer;
- (e) To maintain the price of milk to the consumer as low as possible through efficiency in production processing and distribution; and, if necessary, by subsidies, etc., organization of school feeding and other programs and through welfare schemes for the vulnerable groups;
- (f) To ensure that the supply of milk for liquid consumption is adequate at all times of the year;
- (g) To develop national schemes of milk production and consumption by drawing on the resources and knowledge of international organizations; and
- (h) To encourage new outlets for whole milk.

APPENDIX B

LIST OF GOVERNMENTS AND ORGANIZATIONS PARTICIPATING IN THE
TWENTY-FIRST SESSION OF THE FAO COMMITTEE ON COMMODITY PROBLEMS

MEMBERS

Argentina
Australia
Belgium
Burma
Canada
Cuba
Egypt
France
India
Japan
Sweden
United Kingdom
United States
Yugoslavia

OBSERVERS - Continued

Iraq
Ireland
Italy
Korea
Netherlands
Nicaragua
Peru
Philippines
Portugal
Saudi Arabia
Spain
South Africa
Switzerland
Uruguay

OBSERVERS
Governments:

Brazil
Ceylon
Chile
Colombia
Costa Rica
Denmark
Dominican Republic
Ecuador
Finland
Germany
Greece
Holy See
Indonesia

OBSERVERS
Organizations

General Agreement on Tariffs and Trade
International Federation of
Agricultural Producers
International Labour Office
International Wool Textile
Organization
Organization for European Economic
Co-operation