

GENERAL AGREEMENT ON TARIFFS AND TRADE

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DISPOSAL OF COMMODITY SURPLUSES

Activities of Other International Agencies

Note by the Secretariat

1. The following note on the activities of other international agencies, in particular of the Economic and Social Council of the United Nations and of the Food and Agriculture Organization, is submitted for the information of contracting parties in connexion with the agenda item on "Disposal of commodity surpluses".
2. During the past twelve months, the principal subjects considered in this field have been:
 - (a) provision of food surpluses to food deficient peoples through the United Nations system;
 - (b) the FAO Principles of Surplus Disposal and Guiding Lines;
 - (c) inter-governmental consultations to ensure the observance of the FAO principles.

The provision of food surpluses to food deficient peoples through the United Nations system

3. At its fifteenth session the General Assembly of the United Nations adopted Resolution No. 1496(XV) on the Provision of Food Surpluses to Food Deficient Peoples through the United Nations System. The General Assembly invited the FAO, after appropriate consultations, to establish procedures by which surplus food may be made available as a transitional measure against hunger and, further, to undertake a study of the feasibility of additional arrangements, having as their objective the mobilization of available surplus foodstuffs. The Director-General of FAO was requested to report on action to the Economic and Social Council

at its thirty-second session and the Secretary-General of the United Nations was requested to report at the same session on the rôle which the United Nations could play to facilitate the use of food surpluses for the economic development of less-developed countries.

4. The Director-General of FAO appointed a small ad hoc group of high level, independent experts, to aid him in the preparation of his report. A special Inter-Governmental Advisory Committee on Surplus Utilization was established by the FAO Council to advise the Director-General and to submit its observations to the FAO Committee on Commodity Problems.

5. The Director-General of FAO submitted his report entitled "Development through Food - A Strategy for Surplus Utilization" to the thirty-second session of the ECOSOC. He further submitted the observations made on this report by the thirty-fifth session of the Council of FAO, together with relevant observations of the FAO Committee on Commodity Problems and of the FAO Inter-Governmental Advisory Committee.

6. In introducing his report to the ECOSOC, the Director-General of FAO referred to some of the principles upon which the report was based:

- (a) the programme must be designed to promote faster economic development;
- (b) the national objectives and aspirations of the developing countries themselves must provide the basis of such programmes;
- (c) each programme must be integrated with the national development plans or, where such plans do not exist, with priorities established by the governments of the recipient countries;
- (d) adequate attention must be given to safeguarding and speeding up agricultural production and development in countries receiving food aid;
- (e) expansion of food aid must be accompanied by appropriate increases in total aid, if imbalances were not to occur;
- (f) every effort should be made to avoid interference with commercial exports, in accordance with the internationally accepted FAO Principles of Surplus Disposal.

7. The report indicates that the Government of the United States had proposed that an initial food utilization programme on a multilateral basis, aiming at a fund of \$100 million in commodities and cash contributions, be established. For its part the United States would be prepared to offer \$40 million in commodities.

8. The Secretary-General of the United Nations, in pursuance of the General Assembly Resolution No. 1495(XV), submitted a report to the thirty-second session of the ECOSOC on the rôle of the United Nations and its related agencies in the use of food surpluses for economic development. It appears from this report that the primary function of the United Nations and its related agencies would be to assist the potential recipient countries in the formulation of general economic development programmes, into which available surplus foods can be integrated as an element of the total resources available.

9. The Economic and Social Council, at its thirty-second session, adopted Resolution 352 (XXXII), appended as Annex, under which it expressed its appreciation for the proposal for an initial programme aiming at a fund of \$100 million and recommended to governments that they be prepared to take action respecting it and the principal measures for its implementation at the forthcoming sessions of the General Assembly and the conferences of FAO. The Secretary-General and the Director-General of FAO were invited to consult further with one another and with other agencies concerned with a view to formulating more fully proposals regarding procedures and arrangements.

10. A specific proposal, which envisages the establishment of a Surplus Utilization Fund, to be administered by a joint FAO/UN Surplus Utilization Division (SUD) has now been formulated and will be presented, first to the eleventh session of the FAO Conference early in November, and later to the United Nations Assembly. The proposed functions of SUD include:

- (i) preparing and executing agreements with countries concerning the supply and utilization of surplus commodities;
- (ii) estimating the capacity of a given country to absorb additional food surpluses;
- (iii) ensuring that surplus utilization operations are planned and operated in accord with the FAO Principles of Surplus Disposal and Guiding Lines.

FAO Principles of Surplus Disposal

11. After completion of the review on the Operation and Adequacy of the FAO Principles of Surplus Disposal and Guiding Lines, the Tenth Conference of the FAO requested the Director-General, by its Resolution 11/59, to invite member nations which have not already done so to signify their agreement to adhere to the FAO Principles and to take the Guiding Lines into account. In response to the invitation of the Director-General, governments of seven countries have subscribed to the Principles, bringing the number of governments which have formally accepted the Principles to forty-seven.

Inter-governmental consultations to ensure the observance
of the FAO Principles

12. The eleventh report of the Consultative Sub-Committee on Surplus Disposal (CSD), of the Committee on Commodity Problems of the FAO was considered by the CCP at its thirty-fifth session in June 1961. Up to that time the Sub-Committee included twenty-nine member countries. The Sub-Committee's report indicated that the Sub-Committee had continued its examination of policies, legislation and programmes on the utilization of surpluses, including the new United States proposals for a Food for Peace Programme and the implementation of Title IV of the United States Public Law 480 (long-term loans and supply contracts), with a view to ensuring that such activities were carried out in agreement with the FAO Principles on Surplus Disposal. Fewer complaints regarding surplus transactions have been received by the Sub-Committee, thus reflecting, according to the report, the general effectiveness of the consultative machinery which has been developed to deal with these transactions.

13. The Sub-Committee submitted to the CCP a summary of its examination of the effects of the use of local currencies and decided that although it would maintain continuing interest in this aspect of surplus disposal programmes, a complete study of all the implications of these questions was beyond its competence and facilities.

14. The Sub-Committee reported to the CCP its main findings arising out of the consideration of whether there was need for further arrangements to improve the international machinery for clearing information on stocks and disposal programmes and on current and future requirements. It expressed the view that facilities for clearing information should play a greater rôle in inter-governmental consultations. The Sub-Committee, however, believed it desirable to await the operative decisions taken to implement the United Nations Resolution on the provision of food surpluses. Such decisions might well include provision for new or revised international arrangements.

ANNEX

RESOLUTION ADOPTED BY THE ECONOMIC AND SOCIAL COUNCIL

(E/RES/832(XXXII))

832(XXXII) Provision of food surpluses to food-deficient peoples through the United Nations system

The Economic and Social Council,

Recognizing that the effective utilization of available surplus food-stuffs, in ways compatible with the Food and Agriculture Organization principles of surplus disposal, provides an important transitional means for relieving the hunger and malnutrition of food-deficient people, particularly in the less-developed countries, and for assisting these countries in their economic development,

Believing that the progress being made toward these objectives through bilateral arrangements could be further advanced by the use of supplementary multilateral arrangements which would provide for the mobilization and distribution of available surplus foodstuffs through the United Nations system,

Recalling General Assembly Resolution 1496 (XV) of 27 October 1960 on the "Provision of food surpluses to food-deficient people through the United Nations system", and paragraph 4 (d) of General Assembly Resolution 1515 (XV) of 15 December 1960 which inter alia reaffirms the need for additional development capital,

Having considered the two reports prepared in accordance with General Assembly Resolution 1496 (XV), namely the report of the Director-General of the Food and Agriculture Organization, entitled "Development through Food-A strategy for surplus utilization" and the report by the Secretary-General entitled "The rôle of the United Nations and its related agencies in the use of food surpluses for economic development",

Noting the helpful views presented in these reports as to how and under what conditions surplus food can be effectively used to promote economic and social development of the less-developed countries,

Noting further that only preliminary consideration has been given in these reports to the formulation of procedures through which the United Nations and the Food and Agriculture Organization, in consultation with other appropriate specialized agencies, could most effectively carry out a programme for the multilateral utilization of food surpluses in conformity with General Assembly Resolution 1496 (XV),

Recognizing that the effective use of food aid depends upon the readiness of recipient countries to use such aid as an appropriate element in their plans for social and economic development, and also upon the readiness of the more-developed countries so to programme their contributions to the economic development of the less-developed countries as to recognize an appropriate over-all relationship between food and other aid,

Affirming that assistance in the form of food to promote economic and social development should not adversely affect international trade and, in particular, trade of less-developed countries who export foodstuffs, nor adversely affect their plans for economic development,

1. Appreciates the proposal for an initial programme aiming at a fund of \$100,000,000 in commodities and cash contributions, as made before the Food and Agriculture Organization Council and recommends to governments that they be prepared to take positions respecting it and the principal measures for its implementation at the forthcoming sessions of the General Assembly and Food and Agriculture Organization Conference;

2. Requests the Secretary-General of the United Nations and the Director-General of the Food and Agriculture Organization to consult further with one another and with other agencies concerned, taking into account the discussions at the thirty-second session of the Economic and Social Council, with a view to formulating more fully proposals regarding procedures and arrangements through which a multilateral programme for the mobilization and distribution of surplus food for the relief of hunger and malnutrition including the proposals for national and international emergency food reserves, and for the use of surplus food in connexion with economic and social development programmes, could be most effectively carried out in conformity with General Assembly Resolution 1496 (XV), particularly paragraph 9, and to submit such proposals to the General Assembly and the Food and Agriculture Organization Conference respectively, and to report thereon to the thirty-fourth session of the Council;

3. Recommends that the General Assembly take into account the discussions and any decisions taken at the eleventh session of the Food and Agriculture Organization Conference when considering these proposals.