

GENERAL AGREEMENT ON TARIFFS AND TRADE

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INTERNATIONAL COMMODITY PROBLEMS

Report of Mr. S.A. Hasnie, Nominee of the CONTRACTING PARTIES As Chairman of the Interim Coordinating Committee for International Commodity Arrangements (ICCICA)

I regret that the change of date of the session of the CONTRACTING PARTIES has made it impossible for me to attend and personally present my report as the nominee of the CONTRACTING PARTIES, as the Chairman of the Interim Coordinating Committee for International Commodity Arrangements (ICCICA).

I have been happy to serve as Chairman of ICCICA during this last year. It has been pleasant and interesting to work with colleagues with such extensive experience in the commodity field. The Committee has had two meetings since the last report was made to the CONTRACTING PARTIES, the first meeting in April and the second in September of this year.

The 1962 report of the Committee was approved at the April session and I understand that copies of this have been circulated to you, as document E/3614.¹ It contained, in its first part, observations by the Committee on certain important aspects of current inter-governmental consultation and action. Attention was drawn, for example, to the fact that the text of draft coffee commodity agreement had been made available in advance of the conference and that this publicity had stimulated public discussion of the contemplated mechanism prior to decisions being taken. In addition reference was made to the steps being taken to develop techniques for commodity projections.

The Committee also drew attention to the potential danger to international commodity trade arising from the existence of large non-commercial stocks and the possibility that their disposal could upset markets for the primary commodities concerned. I note that the views of the ICCICA on this subject are contained in GATT document L/1831. I can only add that the concern expressed by the Committee in April seems to have been warranted by subsequent developments in the markets of some of the commodities concerned.

The report of ICCICA already circulated to you also outlines in some detail international consultation and action taken during the year ending April 1962 on various commodities. This part of the report is brought up to date every three months by the circulation of a memorandum entitled Recent Commodity Developments, the October issue of which should be available soon.²

¹One copy has been given to each delegation with Spec.(62)290.

²A few copies of the July issue are available in the office of the Conference Officer.

I understand that you have before you the Commodity chapter of International Trade 1961, prepared by the GATT secretariat.¹

At its April meeting, the Committee recommended that the Secretary-General of the United Nations convene an Intergovernmental Conference to deal with international trade in Coffee. This Conference, which was held from 9 July to 25 August 1962 in New York, was attended by a large number of delegations. It resulted in the successful negotiation of an International Coffee Agreement, which was opened for signature at a closing session of the Conference on 28 September. The Agreement will be open for signature until 30 November of this year and a substantial number of exporting and importing countries have already signed.

At the request of certain governments, the Committee has given some attention to developments in tungsten markets and to the possibility of calling an intergovernmental meeting of the countries primarily interested.

The Committee has also given consideration to the suggestion that a United Nations Cocoa Conference be convened. It noted the work already done by the FAO Cocoa Study Group, partly through its Preparatory Working Party, in laying the foundations for an international agreement. It is recommending to the Secretary-General of the United Nations that such a Cocoa Conference should be convened. At the same time, the Committee expressed the hope that a greater measure of agreement on the basic mechanism to be used should be reached before the Conference actually meets.

The Committee has also recommended that a United Nations Conference on Olive Oil be convened early in 1963 for the purpose of negotiating a new agreement to replace the present International Agreement on this commodity, which expires in September 1963.

On the basis of its review of the manifold intergovernmental consultations and actions taking place on individual commodities, the Committee has given some consideration to the machinery used for this purpose. In particular, the Committee proposes in its 1963 report to go into the origins, nature and functions of commodity study groups, with a view to reaching further conclusions on their rôle in elucidating and dealing with international commodity problems. This review will also be made available to the Commission on International Commodity Trade, which has indicated an interest in this subject.

As part of its co-ordinating responsibilities on behalf of the United Nations family, the Committee has kept in close touch with the various commodity councils and study groups. It plans to hold a session in London to facilitate discussions with the executive heads and officers of a number of these groups.

¹Also distributed with Spec(62)290

Current and prospective developments in regional economic arrangements may have important implications for international commodity agreements, both in the actual negotiations of the terms of agreements and in stimulation of the use of such arrangements. This is a matter to which the Committee is giving further attention. In any case it seems essential that the basic principles of the Havana Charter regarding the negotiation of such arrangements should continue to be followed and that, in particular, all importing and exporting governments be given the opportunity to participate in accordance with recommendations of the United Nations to the Member governments on this subject. Commodity by commodity discussions, of course, enable account to be taken of the special circumstances of the trade in various products. As in the case of the Wheat Agreement, such agreements can be used to assure markets for producers and available supplies for consumers. There has been a striking deterioration over several years in the terms of trade of primary exporting countries, and the objectives of commodity agreements should include the provision of reasonable returns to producers.

The present machinery is designed to provide a means for the specialized consideration of the problem arising in individual commodities. I, therefore, take this opportunity to remind both producing and consuming countries that ICCICA stands ready, within its terms of reference, to discuss current commodity problems with them, with a view to arranging such intergovernmental consultations or actions as might then be considered necessary.