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UNITED NATIONS  
ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

SEVENTH MEETING

of

COMMITTEE IV

held in

The Hoare Memorial Hall, Church House,  
Westminster, S.W.1.

on

Friday, 1st November, 1946.

CHAIRMAN: MR J.R.C. HELMORE, C.I.G. (UK)

(From the Shorthand Notes of  
W.B.GURNEY, SONS & FUNNELL,  
58, Victoria Street,  
Westminster, S.W.1.)

THE CHAIRMAN: Perhaps, before we start the discussion, it might be allowed to the Chair to say a word on its suggestion for the work of the Committee this morning. We have only got a little to do, I think, before we part with <sup>the</sup> subject so far as the drafting committee is concerned, and I am extremely anxious that we should confine ourselves this morning to those points on which it is necessary for this Committee to express an opinion before the drafting committee can really get to work, and that we should leave more general points which have been raised in the discussion from time to time, such as relationship with the F.A.O. or what action might be taken between now and the time when the Charter comes into force, for discussion at later meetings of this Committee, when we shall be able to do that on the basis of a complete, newly drafted Chapter, which we hope to receive back from the drafting committee. If that would be generally agreeable I think the discussion this morning might be fairly rapid, and this Committee could then adjourn until it receives the report from the drafting committee. We should then have an opportunity of looking, in full Committee, at what the drafting committee will then have been able to prepare for us on the basis of the discussion so far; and in the light of that report and on the basis of a fresh text, to return to the more general aspects of our work which any delegation wants to raise.

We interrupted our proceedings yesterday when we had I think almost finished the discussion of Items 7A and 7B, but we had left over a point raised by the South African Delegation in connection with shortages. There is a reference to commodities in short supply in paragraph 49 of the United States draft Charter, but it might be convenient if the South African delegate raised that point when we come on to the next item on the Agenda.

MR McCARTHY (Australia): There is one question in regard to your proposal about procedure and that is this matter of relationship with the F.A.O. We have that problem before us, some of us at any rate, of that relationship; we have people at the F.A.O. meetings in Washington at the present

time, and some governments have to decide what they are going to do about it really. Even if no finality was reached I am inclined to think that some sort of an idea of what this meeting thinks would be helpful as soon as possible, particularly as we have come to it in the ordinary way of business, and it might mean that if we had to wait to discuss it for perhaps another week or so, when the drafting is finished, and we reach it again in the general committee work, that it might be so prolonged as perhaps to withhold that assistance that we might get in trying to decide what to do.

THE CHAIRMAN: Well, it is for the Committee to say. The only reason I made the suggestion I made was that it appeared to me from what I had heard of various people's ideas and so on on this, that, as we are in the process of changing the basis of our discussion from the United States draft Charter to the new Chapter which is to be produced for us by the drafting committee, it might be more sensible to have that discussion as soon as that new basis is produced.

MR McCARTHY (Australia): I would agree with you on that, with that one exception.

MR DE VRIES (Netherlands): If we proceed rapidly this morning, and have say half-an-hour or three-quarters of an hour this morning to discuss the subject, after we have dealt with the points we have to discuss this morning, maybe we shall be ready before half-past twelve.

THE CHAIRMAN: That may be agreeable to the Committee; but I do not know whether other delegations will want to discuss it before they see the

new draft.

MR SCHWENGER (U.S.A.): The United Kingdom do not want to go very far on this matter until they have seen the new draft, and our idea was that we would do to it as little as was necessary for the work of the Drafting Committee, although we do agree with the Delegate from Australia that it is obviously going to be helpful, and indeed necessary, that the F.A.O. Commission should know what has been done by this Committee, but it seems to us that it is another reason for pushing on as fast as we can with the drafting of the Charter.

MR McCARTHY (Australia): As far as the F.A.O. is concerned, in their present proceedings, all we are interested in is to know what this Committee thinks of the relationship. The drafting is another matter. By putting it on to the Drafting Committee, you are really asking the Drafting Committee to decide a principle. I do not think drafting is in a hurry as far as that is concerned. The whole point is that, on two or three major issues with F.A.O., what is the view of this Committee? The main thing is this. I do not want to open the discussion on it, but the F.A.O. is discussing commodity agreements; we are discussing commodity agreements. What are we going to do about that? The Drafting Committee is not the body to decide that.

VICE

THE/CHAIRMAN: I had not the faintest intention of suggesting that the Drafting Committee should decide this.

MR McCARTHY (Australia): I do not think the Drafting Committee would know what to do with it. They would be coming back with a recommendation to the Committee on principle if they brought back anything.

VICE

THE/CHAIRMAN: I suggested that what we should discuss was the remainder of the instructions which we wish to give to the Drafting Committee. I do not think it is unfair to the Committee to say that its instructions to the Drafting Committee are not always very precise.

MR McCARTHY (Australia): I misunderstood you. If that is so, that is the point I am interested in, of those that are left. I think we have got to discuss this F.A.O. question sufficiently to give the Drafting Committee an idea of what we think about it. If that is your intention,

that is all I have to say.

VICE

THE CHAIRMAN: Then might I ask whether any Delegation wants to add to the discussion we had yesterday on Item 7 (a) and (b)?

MR DE VRIES (Netherlands): I should like to add one general point for the Drafting Committee, when establishing the relationship between commodity councils and the Organisation as a whole, that we should have to find procedures which enable prompt action and which avoid long delay in working out things. There is one point which I should like to ask the United States Delegation about, that is Article 55, point 6. That is an article on procedure for making the determinations provided for in Article 25 and Article 45. I should like to ask the United States Delegation whether this consultation that is called here is the same thing as the study group or conference before it has been proposed, or whether it is still a consultation after the proposal of an agreement. My second point is: Here it is said "Members having an important interest in the trade" only, while in all the other Articles it says "production, consumption and trade". Are they trying to make a difference between those two, or is it just a matter of drafting?

MR SCHWENGER (U.S.A.): I confess that that is not very clear in this draft.

We refer to the determination in Article 45, as to the need for a regulatory agreement, and I do not think that we had thought that there would be an additional determination under Article 55 to that which is provided for in the articles relating to commodity studies -- commodity conferences -- that precede Article 45. The reason for including this paragraph 6 in Article 55 was to make clear that the determination would not be by the Organisation as an administrative organisation, but that it would be related to this consultation among members that is provided for in Chapter 6, and I feel, therefore, that this is a point which the Committee which is working on the Organisation chapter will have to consider.

VICE

THE CHAIRMAN: Consider, that is, in the light of any revised chapter that this Committee may adopt at a later stage. Are we then at liberty to pass

on from this part of the agenda?

The next item was "Organisational relationships with other United Nations Agencies". There is no section of the United States draft Charter noted in the margin.

MR DE VRIES: There is one: Article 71, point 2, that Committee 5 yesterday scratched.

VICE

THE/CH./IRMAN: I was searching for the reference, and intending to tell this Committee what I think was the sense of the view of Committee 5, so that they could have it in mind in discussing this. As I gather, the point is that this Article 71.2. reads at the moment "The Organization shall cooperate with other international organisations whose interests and activities are related to its purposes, with particular reference to the importance of food and agriculture in relation to the subjects dealt with in Chapter VI." As I understand it, some Delegations at Committee 5 pointed out that there were other subjects, for instance, labour, which had a particularly close tie with some other parts of this draft Charter, and wondered whether there should not also be reference to that; and I think other Delegates had in mind the idea that international ~~and~~ finance was also concerned. The general view (I think I am correct in so reporting it) of Committee 5 was that it would be better not to specify in Article 71.2. any particular Organisation, but simply to rely on the generality of the first part of the sentence, which says: "The Organisation shall cooperate with other international organisations whose interests", etc., and that that should apply right through the Charter; and that it was unwise to pick out food and agriculture, because then, in drafting, we should be bound to pick out anything else that was of interest, and we might miss one. Indeed, we might miss one because we would not know it was there. I think it is for this Committee to decide whether, from its own point of view, it wants to give any instructions to the Drafting Committee about special relationships with the F.A.O.

MR DE VRIES (Netherlands): I should like to open the discussion on the

relationship with F.A.O. particularly, but if it is scratched in Article 7, maybe the Drafting Committee could try to find something as it was in the first draft and bring it over to Chapter 6.

MR McCARTHY (Australia): Mr Chairman, it appears to the Australian Delegation, from a perusal of the papers arising out of the recent Conference at Copenhagen, and the basis of the proposals for this meeting that is taking place in Washington at the present time, that the F.A.O., in considering the establishment of a World Food Board, and what that Board would do, has in mind that it would work through individual commodity agreements. It is stated somewhere that not only the main provisions of present agreements, or of agreements contemplated by the I.T.O./to be included in such agreements, but additional provisions, which are the particular concern of F.A.O. In particular, they refer to the finance involved in the holding of stocks, and they refer, in the discussions at any rate, or the record of the discussions, to buffer stocks on several occasions. It seems to us that whatever the circumstances put forward by F.A.O., the fact is clear that two organisations, that is, the Commission that is sitting in Washington at the present time, and this Preparatory

Committee, are contemplating commodity agreements; and it does seem that if some attempt is not made to reconcile not only the different points of view that might arise out of these discussions, but reconcile the views as to how these commodity organisations, or commodity councils, when they are set up, should be administered, difficulties and possibly some confusion will arise. Our view is that commodity agreements must be linked up with the I.T.O., for the following main reasons: such agreements will cover all government measures affecting the particular products, such as duties, quotas, subsidies, preferential conditions, and so on. There will be quite a degree of compromise in meeting the peculiar conditions of individual countries and in reconciling these conditions with the several provisions of the I.T.O. Charter. In working out the conditions of the individual agreements, those other aspects of international trade which will be controlled by the I.T.O. will have to be taken into consideration. There should be certain general principles applicable to all commodity agreements, whether for all foodstuffs or otherwise; and these general provisions should be administered by one body. The problem, then, seems to be to reconcile the two points of view, namely, (a) that food commodity agreements should not be divorced from other commodity agreements and, for this and the other reasons I have stated, should be associated with the I.T.O.; and (b) that the functions of F.A.O. are such that they are interested to an important degree in food commodity agreements, and should have at least a voice in their negotiation and administration.

I think it can be accepted that F.A.O. will rather insist on having some voice, even if they do not insist in controlling commodity agreements to a major degree.

Having given that view, we have given some thought to what might be done by way of reconciliation, and I just put this forward as a suggestion which I do not desire to be considered as a final one - perhaps it could be called a tentative suggestion: that early next year an Interim or Provisional Commodity Committee be set up to work under the aegis of the Preparatory Committee on Trade and Employment (that is this) to decide upon the commodities which might be the subject of immediate institution of negotiations for agreements, and to arrange the prompt commencement of those negotiations. Secondly, that F.A.O. decide upon the food commodities which it considers should be the subject of immediate negotiations for commodity agreements; to draw up the conditions which it considers should be included from the F.A.C. point of view in such agreements; and, further, that in the course of the negotiations for the agreements - that is the negotiations under the I.T.C. Preparatory Committee - F.A.O. be represented. I would further suggest at this stage, though it is perhaps a little premature, that when a Food Commodity Council is set up finally, the F.A.O. be given representation.

It might be further noted or it might be further considered that when the Interim Commodity Committee meets, arrangements might be made for the holding at the same time of a joint meeting of this Committee and a Committee representative of F.A.O. - perhaps the Committee at present meeting at Washington.

That, Mr Chairman, generally summarises the view that we should like to put forward at the present time. I think I should add that we take the view that a general statement on the subject might not meet the circumstances. We might pass a resolution that we should co-operate and co-ordinate our efforts; and a few other general things that we might do; but if we are to deal with the F.A.O. on this matter, we have got to give them a pretty good idea of what we are going to do, and also we have got to answer their statement that our methods might be unduly slow in

reaching any result. I think I would like to repeat what I said at the start, that both the Organisations are considering commodity agreements. We think that the solution of many of the difficulties in relation to foodstuffs and raw materials can be met by multilateral commodity agreements. F.A.O. thinks the same thing.

I would add a final point: that we do not want to get the conception into our minds that it is the F.A.O. versus the I.T.O. It might be that because some sections of a government are concerned with one and some with another, some degree of mild rivalry would arise. That I think must be avoided, because in the last analysis the governments which support both are the same; and, speaking for Australia, the position with which we shall be faced within the next few weeks will be, just as one unit, one government, what are we going to do about the proposals that are emanating from two sources on the same subject, one from Washington and one from London? It may be that one Minister with one set of advisers will be dealing with it and he will want to have a clear idea of what they ought to do about it.

THE VICE-CHAIRMAN: Well, Gentlemen, I think the statement made by the Australian delegate is of considerable importance to us, and I think perhaps we ought to have, for the benefit of the delegates who have not so far obtained them, the proposal which was made by the Director General of the F.A.O. concerning the establishment of the Food Board and also copies of the resolutions which were passed in Copenhagen, and, if possible, also the Minutes of the meetings in Copenhagen regarding that particular subject. I ask the secretariat to produce those documents, and I think it will be possible to distribute them either today or tomorrow. Then would any other delegate care to make any statement on this subject right now?

MR. HALL (United Kingdom): Mr. Chairman, the United Kingdom recognises that this is a difficult question, but, as has been pointed out by the delegate of Australia, it is extremely important that we should see that there is not a conflict between the work which is being done here and the work which is being done in Washington, and it will be the endeavour of the United Kingdom to see that its delegates, both here and in Washington, are instructed on similar lines, and we shall attempt to say the same thing in both places.

On the substantive question the United Kingdom view, as I think is the Australian view, is somewhat tentative, but perhaps it would be helpful if I gave some indication of what it is. In many ways we feel a good deal of sympathy with the attitude put forward by the Australian delegate. As it seems to us, there are two questions. Firstly, the long-term question of the competence of the two bodies, and on that the United Kingdom view is that commodity agreements and agreements for introducing stability into the prices of agricultural products are clearly a matter of trade and as such should fall under the competence of the International Trade Organization when, as we hope, it comes to be established. We do not feel that it would make for good order if there were two separate international organizations, each dealing with their own blocks of commodities. It would be obviously better to have one set of principles administered in one place.

We agree, of course, that a number of the things that might be done by the Commodity Commission and the Commodity Councils of the International Trade Organization will be of very great interest to the Food and Agriculture Organization, and we think that some arrangements might be worked out for consultation. It is a general problem facing all the United Nations organizations and we have already a certain amount of experience of possible

ways for arranging for consultation between the specialized agencies in questions where the interests overlap.

On the question of the interim problem, our thinking is certainly somewhat tentative at this point, because we are not at this moment - nor do we expect to be until somewhat later in the course of this Conference - perfectly clear about what is going to happen in the period between now and the establishment of the International Trade Organization. The Commission which was set up in Copenhagen and which is now meeting in Washington is charged with studying not only this particular problem, and a considerable number of other problems which are clearly within its own province and in which we have only an incidental interest, but it is also going to study the general problem of stabilisation of the prices or the returns for agricultural products generally. We imagine it will be studying that not only as a broad general question, but it may well be making particular studies in the field of specific products which later on may well be the subject of commodity agreements under the procedure which we have been discussing here in the last few days.

On that, the United Kingdom would hope that the work which is being done in Washington will not be lost; that some arrangements will prove to be possible by which full advantage can be taken of the study and the thought which is being given there, and possibly some arrangement may be found to be practicable under which it is considered that there are particular problems in the field of particular commodities which have a high degree of urgency and where the Food and Agriculture Organization and its Commission may take the view that it is its duty to recommend immediate action, and that some preliminary arrangements might be made in that connection.

I expect it is known to a number of the countries here that study groups have been established in a preliminary and tentative way for certain commodities where there is a reasonable

expectation that there will be difficulties. We certainly do not take the view that urgent problems will have to be shelved until there is a full International Trade Organization to deal with them. The United Kingdom was substantially in agreement with the original proposals put forward by the United States, and in our thinking on commodity problems we have attempted to avoid doing anything which would be inconsistent with those principles.

I do feel that it will be somewhat difficult, however urgent it is for us to reach today or in the next few days any final conclusions about the character of the interim arrangements which may be necessary, but on that we are certainly anxious that full advantage should be taken by our Governments - because I would like to associate myself with what Mr. McCarthy has said, that there are not two conflicting organizations, but that there are a number of governments which have a common interest in the problem - we should like our governments and our peoples to get full advantage of these important and useful studies which undoubtedly will be made in Washington, and we do not despair that some reasonable interim arrangement might be made, although we would like to reserve our position at this stage. It seems to us a question on which we would need to hear the opinions of other delegations.

I hope that that will give some indication to the Committee of the stage at which our thinking stands at present.

Vice  
THE CHAIRMAN: Thank you. The delegate of France?

MR. WORMSER

MORASER(France)(interpretation): Mr Chairman, on this topic, which is rather difficult, I would like to indicate to the Committee in what direction the thought of the French Delegation tends. As has been indicated by the Delegates of the United Kingdom and of Australia we are anxious to find a compromise which would allow the International Trade Organisation, on the one hand, and the Food and Agriculture Organisation on the other hand, to each one fulfil its own tasks and we are convinced that this compromise can be found. We believe in a general manner that the creation of a Commission on basic products within the International Trade Organisation has the object of facilitating the settlement of embarrassing situations which might arise in the field of basic commodities and which might imperil and compromise the general policy of the Nations which are members of the International Trade Organisation as far as this policy aims at the development of international exchanges and the maintenance of full employment.

With regard to the Food and Agriculture Organisation, we are well aware of the fact that the tasks undertaken at the moment by our colleagues in Washington have not yet reached fruition, but whatever may be the organisation which will arise out of their discussions we believe that this organisation ought to have the power to co-ordinate international problems concerning policies of food and agriculture. This co-ordination would have above all the aim of raising the levels and techniques of agricultural production in order to satisfy the needs of consumers, which we believe to be increasing in number and which we believe should be aided in their development.

From those two general ideas we would like to deduce and we would like to convince the Committee that there would be some interest in drawing the following conclusions. The basic commodities Commission of the International Trade Organisation should have general power to deal with all problems concerning trade in basic commodities.

The powers of the F.A.O., on the other hand, should extend to policies of production and consumption in agricultural products. I would like now to sketch before the Committee how the French delegation foresees co-operation between these two organizations. While leaving, of course, to the drafting committee the task of picking amongst the ideas that we have suggested those which have received the approval of this Committee, it is necessary, first and foremost, to leave to the F.A.O. the achievement and the implementation of all the necessary studies concerning production and consumption of agricultural products and then afterwards to co-ordinate national policies in the field of food and agriculture to ensure the implementation of these policies, together with the help of other competent international organizations. Secondly (and on this point I think that there will not be many objections to meet if I may judge from the impression which I have gathered from listening to all the declarations which have just been made) we believe that there should be an interest taken in the basic commodities commission of the I.T.O., which should retain full responsibility for regulating agreements on basic commodities in conformity with the directive idea of the Statutes which we are studying. Thirdly, I come to the matter of the relations between the Food and Agriculture Organization and the International Trade Organization. I think that the basic commodities commission might call upon the F.A.O. in order to obtain advice and information which it might need concerning agricultural products. As for the F.A.O., it might also, when it sees that an embarrassing over-production may occur, call the attention of the basic commodities commission to this state of affairs, and - this is a point which deserves consideration and discussion - it should co-operate with the basic commodities commission in order to elaborate and build up international agreements on agricultural produce. It is possible that the Committee may also find it useful to lay down that amongst these agreements there should be a reference to the various systems whereby prices can be stabilized. The logical deduction which one can draw from these con-

siderations, which I apologize for having expounded rather lengthily should to the Committee, is that, on the one hand, one / foresee one way or another, and with all the necessary elasticity, representation of the F.A.O. within or attached to the basic commodities commission; and I think that if the Committee where we are now discussing the point wishes it, and will give its general approval to the principle of this suggestion, within the drafting committee we might find a formula which would give satisfaction and all necessary assurances to those who have raised various matters here.

THE VICE-CHAIRMAN: Does any other delegate want to speak on this subject?

MR SCHWENGER (USA): Mr Chairman, I feel that there is a fair degree of common suggestion by the delegations who have spoken so far regarding this question, and in general our ideas which have been set forth in the Charter in regard to the need for a central Commodity Commission to deal with all commodity agreements in relation to trade under this International Trade Organization need no elaboration, especially as they are, I believe, in accord with the main ideas expressed by each of the previous speakers. We agree, too, that the Food and Agriculture Organization has a very important concern in commodity agreements in addition to its other great and important problems, and that it should be closely in touch with everything that is done in relation to commodity agreements regarding agricultural products. It was with this idea in mind that we included in Article 71 the phrase which Mr Helmore reported had been discussed for deletion, and the agreement to delete at that point was subject to our insistence that an effort be made to restore the basic thought at a more appropriate place in the Charter. I believe, as the Delegate for the Netherlands has suggested, we might well ask our drafting committee to consider the possibility of finding that place in the portion of the Charter which it will have to deal with. It may be that it will be desirable to specify just what the relationship of the F.A.O. to the International Commodity Commission should be, whether it should be the naming of a member or an observer, or whatever we may

consider to be the best functional relationship in order to ensure that the interest of the F.A.O. is adequately represented and represented with sufficient authority in commodity discussions concerning agriculture. There are many ways in which the work of the Food and Agriculture Organization will be a necessary supplement to the work of the International Commodity Commission. It will surely not be possible to solve the commodity problems for which we envisage that agreements will be concluded in relation to the Food and Agricultural Organization, as a considerable measure of success in its efforts to co-ordinate the agricultural programmes of the various nations of the world and to work out a rational world goal for the utilization of agricultural resources, and steps taken under the commodity agreements toward the achievement of such a rational pattern of world agriculture, could surely not be reached within the narrow confines of a single agreement. They must be directed toward, through and with the assistance of the F.A.O. and its pattern of agricultural production. The problems of increasing consumption, of rectifying the pattern of consumption to conform with nutritional standards - those problems have a close bearing on the working out an individual commodity agreement and are primarily concerns of the Food and Agriculture Organization. There are other points which have been made better than I could make them. We, too, are concerned at the simultaneous discussion, at least in part, of some of the problems - of of the same problem - in different places, and we are inclined to agree with the Australian delegate, that it is important for us to make known to the people who are working in Washington just what pattern we are working on here, and I think that that is a strong argument for getting ahead with our drafting just as fast as we can, so that, having started first, we will be able, through the representatives of our various governments, to take a position in Washington which conforms with that which we are taking here, or on which we succeed in reaching agreement.

MR FUERRA (Cuba): Mr Chairman, the Cuban delegation is at this stage of

the opinion that the discussion that we have had so far shows a fairly

high degree of agreement regarding the question of the functions of

the I.T.O. and of the F.A.O. regarding commodity agreements. We feel,

in common with some other speakers, notably the French delegate, that

it will be possible to state very clearly a distinction between the

functions that should be carried out by the F.A.O. and those that

should be carried out by the International Trade Organization.

However, there is one point that we want to stress. We are very much inclined to agree with the opinion of the Australian Delegate that a general declaration or statement about cooperation and friendly relationships between the two organisations will not help much. We are inclined to think that it would be much more constructive in the way of avoiding undesirable rivalry between both organisations if we could go a little further ahead and state as clearly as possible what our position is on the question of the administration of the agreements, and concerning the way that the functions of F.A.O. will fit in with our own functions.

We do not see any conflict, and in this we are entirely in agreement with the Delegate from the United Kingdom, in taking all possible advantages of the studies and conclusions that the Copenhagen Conference and the meeting now taking place in Washington have arrived at, and maybe are deciding on the subject, but that there should be a very clear distinction between the views and the studies that have been made, and a great help in seeing to it that the general principles, methods and approach to the whole problem of commodity agreements are taken into account, and that we may reach a common ground with F.A.O. That is one thing, and it is very desirable that the conclusions that both Organisations reach on this question will be in general the same and that there will not be any conflict between the point of view of one and the other. At the same time, we think that while this agreement is desirable and possible, and that we will make sure of a greater degree of success in our general aims, if this common ground is obtained, the regulatory agreements, particularly as they, according to the terms that we now have in the Charter, are those that contemplate the regulation of production, trade and prices, should be definitely under the administration of the International Trade Organisation. I think that the basis reasons for this are so clear that we do not need to go over them again. As the United States Delegate said, the F.A.O. has very many things to do with this, but we feel quite in a different field. We say that we are not prepared at this stage to state clearly what the

relationships should be between F.A.O. and the I.T.O. On this point, we think that we should do everything possible to reach a general understanding as between ourselves; and at the same time, regarding certain specific organisational relationships, particularly with the intergovernmental committees it is the purpose of this Conference to set up, we are not for the time being prepared to give any definite opinion.

In general, we think that we should state clearly that the administration should be a matter concerning I.T.O. and that we are prepared to give, and are in the spirit of giving F.A.O. every justified and possible help, and inter-relate F.A.O. with the work of the Organisation, not only in the high level (I mean the Executive Board or some other place), but we are inclined to think that it would be useful to have those relations established at the lowest level, that is, the commodity commissions, or maybe even the commodity councils. I think that the suggestion of the Netherlands Delegate, and later of the United States Delegate, of transferring the declaration of cooperation set up in Article 71 to some other place in the Charter, will not be enough. I think that it will be constructive, in the way of avoiding conflict at an early stage, to try to achieve an agreement regarding what our position is with reference to the administration of the agreements and the organisational relationships between both F.A.O. and I.T.O.

THE CHAIRMAN: Does any other Delegate wish to speak on this subject?

If not, I think that the various Delegations who have expressed an opinion on this subject have given sufficient information to the Drafting Committee to enable that Committee to try to produce some results, and I think that perhaps we would be a bit optimistic if we expected that the drafting committee will be able to produce a definite result out of the discussion which has taken place during the last hour. On the other hand, I think that we have come quite a long way, and I suggest that, as I think practically all Delegates who spoke have indicated, it is essential that we should try to come as far as possible to an agreement as quickly as possible, and to as detailed an agreement as possible, on this particular problem, especially

for the benefit of the Conference which is now taking place in Washington.

Then I think we will have to move to the last item on our agenda.

MR CHANG (China): Mr Chairman, with your permission, I would like to raise a point in connection with Article 47, paragraph 1, mainly for the consideration of the Drafting Committee. It has been recognised by this Committee that, in making certain commodity arrangements, it will be necessary to include synthetic substitutes in such cases where more than one commodity may have to be included in one commodity agreement. So may I suggest for the consideration of the Drafting Sub-Committee that, as a matter of wording, the last part of the sentence which reads: "A Commodity Council shall be established under each inter-governmental commodity agreement involving the regulation of production, trade or prices of that commodity"; that is paragraph 1 of Article 47. I would like to suggest that the wording of the last part of that sentence be so revised as to allow of the possibility of including the primary commodity as well as its synthetic substitute in the same commodity agreement.

MR DE VRIES (Netherlands): Mr Chairman, I should like to support the general idea of the Delegate for China, but, as is evident to our Delegation, in the case of some agricultural products, without bringing it into contact with synthetics, it may be of use for a group of commodities within one commodity arrangement, as, for instance maize and oats which have established relations in the United States, -- there may be a reason for a group of commodities in one arrangement that we may read as a whole in the definition that the commodity may, in some way, include a group of commodities and the synthetics come into that general term.

THE CHAIRMAN: If there are no further comments on that, I think we will just leave that for the Drafting Committee.

We will therefore turn to Item 8 of our agenda: "Exceptions to provisions relating to intergovernmental commodity arrangements".

Would any delegates care to speak on that?

MR DE VRIES (Netherlands): Mr Chairman, I have one remark to make, and one question

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to ask. I believe that in our discussions we widened the scope of inter-governmental commodity agreements or arrangements, and decided that it would be wise for the Drafting Committee to consider whether "conservation of reserves of exhaustible natural resources; the equitable distribution of commodities in short supply; or in general to intergovernmental commodity agreements not regulating production, trade or prices" should be altogether, or partly within the scope of this chapter. The question I

should like to ask is this: In this article altogether come up the

objectives of Chapter 5. We have not been discussing that altogether

in this Committee which deals with Chapter 6, so I should like to ask the

United States Delegation what they mean especially in the words "inconsistent

with the objectives of Chapter V". It is not clear to me.

G.fs.

Mr. ROBERT B. SCHWENGER (USA): Chapter V is being dealt with by Committee III. If they were to turn out a Chapter identical with that here, this reference would suggest that commodity agreements - that is, agreements of the kind listed here - should not be used to accomplish results inconsistent with the objectives of that Chapter VI, the business practices Chapter. I think, however, it is premature to discuss that here now until Committee III has done its work. We might ask their advice on this point. Is that your point?

PROFESSOR DE VRIES (Netherlands): Yes.

Mr. E. McCARTHY (Australia): Mr Chairman, in Article 49 of the United States draft, in the fifth line "equitable distribution of commodities in short supply", I should like to propose that the Drafting Committee examine that specially when the rest of the draft is being gone over. I can conceive circumstances where it might be appropriate for a commodity council set up under the Organisation to carry out some work arising out of a shortage. For example, the present Food Distribution Council - that body in America which took the place of the Combined Food Board - might well ask the Commodity Council to do the work for it. It would have the machinery and it would have the competency generally to do it. So I think it might be met at some stage in the general review of the draft and until that stage is reached I would like to make a reservation against the complete passing of that Article, which otherwise seems to me to be quite acceptable.

SENOR JOSE ANTONIO GUERRA (Cuba): While I am very much in agreement with the point of view expressed just now by the delegate from Australia, in the general discussion we had two days<sup>ago</sup> we discussed the objectives and the reasons for setting up commodity agreements, and, if I am not mistaken, we contemplated the possibility of setting up the agreements just because there was a shortage. That point was raised by different delegations, and with regard to the equitable distribution of commodities in short supply,

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it would be their wish that commodity agreements should come under the general provisions of the Charter that the Drafting Committee is setting up now for later discussion by the full Committee. Article 49 refers to this type of agreement and refers to other aims of agreements, such as the protection of public morals, the protection of human, animal or plant life or health, the conservation of reserves of exhaustible natural resources, the equitable distribution of commodities in short supply. In view of the particular aims that such agreements contemplate, it is proper that they should be put in a different place and subject to different treatment; but we do not really see any reason, at least at this stage of the discussion, for taking commodity agreements designed to achieve equitable distribution of commodities in short supply out of the general context and in this exceptional Article. I would like also on that point for the time being to make a reservation.

THE VICE-CHAIRMAN: Does any other delegate care to speak on this subject?

Mr. H.E. DAVIS (New Zealand): Mr Chairman, in connection with the exceptions to the provisions relating to intergovernmental commodity agreements, the point the New Zealand delegation would like to raise is perhaps more relevant to Article 45. I refer to the possibility of intergovernmental agreements regulating the release to markets of seasonally produced goods which in the absence of regulation of that kind bring about seasonal peaks of marketing and seasonal troughs. Such arrangements have been made in the past, and we are not sure that they are permitted under the wording now submitted in Article 45. Indeed, it may be covered in Article 49. If such agreements are not permitted under the present wording, we would wish to suggest to the Drafting Committee that they should be admitted.

PROFESSOR DE VRIES (Netherlands): The Netherlands delegation completely agree with the point of view of New Zealand.

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THE VICE-CHAIRMAN: Are there any other comments on this subject, item 8 of the agenda? (After a pause:--) Then may I be allowed to say on behalf of the Norwegian delegation that we are not quite certain that the intergovernmental agreements ought to cover resources in short supply. They are now dealt with by the Emergency Food Council, which was established after the Combined Food Board, and we feel that it raises rather difficult and other problems than those which we have discussed here. We have here been dealing with commodities which are supposed to be or may be in burdensome surplus and the whole lay-out has that problem in mind. The question of allocation of goods in short supply arising out of the war from the Combined Boards in the war period, and then by the Combined Food Board to the Emergency Food Council, relates to different problems. I just want to have that put on record for the Drafting Committee. I fully appreciate the statements which other delegations have made. Does any other delegate want to comment on that? (After a pause:--) If not, I think the meeting of this Committee has come so far that we ought to be able to ask the Drafting Committee to go on immediately with its work and report back to this general Committee as soon as possible. The secretariat indicates that the Drafting Subcommittee perhaps could start its work tomorrow morning at 10.30. Will that be agreeable to the delegates? (After a pause:--) Well, we will take it then that the Drafting Subcommittee will start tomorrow at 10.30. The room will be indicated tomorrow. It is not likely to be in this room. The meeting is adjourned.

(The meeting rose at 12.8 p.m.)

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