

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.13/47

18 November 1958

Limited Distribution

CONTRACTING PARTIES  
Thirteenth Session

Original: English

## EXPANSION OF INTERNATIONAL TRADE

### Statement by the Representative of the Food and Agriculture Organization of the United Nations on 14 November 1958

I have been asked by the Director-General of FAO, Dr. Sen, briefly to remind the meeting of the decisions already taken in the field, which it is now discussing, by the responsible bodies of my Organization, and to set out in some detail what work will be undertaken by the FAO staff in the near future. My task is in fact made easier in that certain of the decisions which I shall mention have already been brought to the attention of the present meeting by the GATT secretariat's document INF/63 of 12 November.

In the last part of this document several paragraphs are reproduced from a press communiqué concerning certain decisions taken by the Council of FAO on our present subject during its session in Rome from 27 October to 7 November. In order to avoid any misunderstanding I should like to state at the outset that at this session the Council of FAO discussed fully the work of FAO in this field, and also the question of FAO's co-operation with GATT in any enquiry into agricultural support measures and their effects on international trade which that organization may decide to undertake. The Council was fully agreed on the importance of the question and believed that "an endeavour should be made to deal effectively with those agricultural support measures which threatened to have a disruptive effect on the pattern of international trade in agricultural products". It therefore decided that FAO should co-operate in any GATT enquiry as it co-operated in the preparation of the Haberler report, through having observers present at the discussions and providing such other assistance as is possible within its available resources and the requirements of its existing programme of work. At the same time it stressed FAO should continue to give "special attention to its own activity on agricultural support measures" which were "fundamental to the work of the organization, both in a general sense, and in regard to the problems of commodity policy discussed in the FAO Committee on Commodity Problems and its specialized study groups".

What then is the work on which FAO is already engaged? In 1955 the Conference (our supreme governing body) passed a resolution setting up an expert working party to analyse and report on the various price and other agricultural support measures "with particular reference to their effects on the flexibility of production, on consumption levels, on the level of international trade and on the maintenance of a level of farm incomes in reasonable relation to incomes in other occupations".

The report of this expert working party, of which a few copies are available in Geneva, was discussed at the 1957 session of the FAO Conference. The Conference considered that this work should be carried further and passed a resolution, No. 8/57, part of the text of which is reproduced in document INF/63 already mentioned. The final paragraph of the resolution requests that the experts chosen by governments should (I quote again) "recommend guiding principles designed to minimize the adverse effects of agricultural support policies on international trade, and to be taken into account by member governments in establishing or reviewing their agricultural policies. In developing such principles the panel shall have full regard to the special circumstances and problems of countries".

Through its discussion the Conference emphasized that the problems of agricultural support measures were likely to vary widely between countries (e.g. between countries at different stages of economic development, or between importing and exporting countries) and that this must be reflected in any recommendations or code of principles.

It therefore recommended that support measures should first be studied further on a regional basis, with special reference to the economically less developed regions, and that in the light of these regional discussions a final meeting should be held on a world basis in Rome to develop proposed "guiding principles" on agricultural support measures, which member governments should take into account in framing their own policies. These would be somewhat similar in concept to the FAO guiding principles on surplus disposal. They would be aimed primarily, in accordance with the resolution, at minimizing obstacles to trade.

The proposed "guiding principles" will of course, be available to member governments of FAO for study and consideration immediately after the meeting of the expert working party in April of next year, if it succeeds in agreeing on them at that meeting. After that they would go before the Council and Conference for consideration. If approved by them, they would presumably be referred to governments for their decisions as to their individual adherence.

In accordance with these instructions a meeting was held at New Delhi in March 1958 to study the special problems which agricultural support measures raise in conditions peculiar to the countries of Asia and the Far East. Virtually all Far Eastern countries participated, and the report of the conclusions were very favourably received at the recent FAO Regional Conference for the Far East in October.

A similar meeting in the Latin American region is proposed for February 1959.

Agricultural support measures have also been examined on a commodity basis in the special study groups of the CCP, notably the Grains Study Group in June 1958 and the Dairy Products Panel.

The reports of these various meetings, together with the original report of the first expert working party, will provide the basic documentation for the final April meeting, likely to be from 9 - 30 April. Work has already

begun on an overall review as a basis of discussion at this meeting. I have no need to emphasize I am sure that the participation of GATT observers at this meeting would be wholeheartedly welcomed. I should moreover indicate that the above time-table which I have just mentioned was agreed after considerable and careful discussion in the CCP.

The meeting will undoubtedly appreciate that at this stage it would be undesirable for the secretariat of FAO to attempt to forecast the type of principles likely to emerge; they will certainly be concerned with very much the same problems and difficulties which are troubling the contracting parties to GATT with respect to trade and tariffs.

They may, however, have a wider coverage since FAO membership of ~~seventy-eight~~ countries includes many more of the less developed countries with their special problem and often quite different agricultural support measures.

At the same time it is recognised that the policies and measures likely to have greatest impact on agricultural imports are those of economically more developed countries which in general are contracting parties to GATT.

I would add that one probable outcome of the FAO April meeting would be recommendations for some machinery for a regular review of agricultural support measures, particularly in their international effects, primarily on trade, and of consistency of measures concerning them with the recommended FAO principles.

As early as 1957 the ninth session of the Conference of FAO in its resolution 9/57, which has also been reproduced in document INF/63, encouraged governments to move towards a system of voluntary consultations with each other. The new action envisaged might be undertaken in the FAO Council, in the CCP, or in some sub-committee especially established for this purpose.

In this it resembles the proposals now before GATT.

This broadly is the current FAO programme in this field which was endorsed by the recent Council meeting. In doing so the Council stressed that FAO's interest was not limited to the effects of support measures on international trade, but was concerned at least as much with their effects on agricultural production and development, on the consumption of agricultural products, as well as on the stabilization of agricultural prices and incomes which was the primary objective of and justification for support measures.

The effect of support measures on international trade is in fact largely the reflection of their effect on production and consumption, and could not be considered by FAO in isolation. For example, too high support prices, by encouraging marginal and uneconomic production, might reduce the markets in importing countries for supplies from abroad, or lead to surpluses in exporting countries which could be exported only with the help of subsidies or other special terms. Similarly high support prices were liable to restrict the consumption of some commodities, thus reducing import requirements, or increasing export availabilities. Other harmful effects could also be mentioned, including those resulting from unduly low price ceilings.

Because of the Organization's inter-relationships with all aspects of work, the FAO Council considered that the work of FAO on these questions, "could not be subordinated to the work of any other agency, but that a very useful purpose could be served by continuing close co-operation on these matters with GATT and other interested agencies".