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ECONOMIC COMMISSION FOR LATIN AMERICA Sixth Session Bogota, Colombia

COMMITTEE IV (Economic Problems of Agriculture)

PROVISIONAL SUMMARY RECORD OF THE THIRD MEETING

Held at Bogota on Thursday, 8 September 1955 at 3:40 p.m.

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The situation of agricultural surpluses and the activities of FAO. (Cont.)

National policies for production and trade, and the situation of the various products.

PRESENT:

- Chairman: Mr. VILDOSOLA Chile
Rapporteur: Mr. McCULLOUGH Panama
Members: Mr. MELERO Argentina, Mr. BUENO Brazil, Mr. LARA BORRERO Colombia, Mr. MARTIN Cuba, Mr. SCHATAN Chile, Mr. RODRIGUEZ MORALES Ecuador, Mr. HUEZO SELVA El Salvador

Note: Corrections to this record should be submitted in one of the three working languages (Spanish, French or English) and addressed to Mr. Alfonso Santa Cruz, Secretary of the Conference, within 48 hours. The corrections should be accompanied by a note or written on headed notepaper and should give the symbol of the summary record in question, or, better, be made on a mimeographed copy of the record.

/Mr. LOVERIDGE

Members (cont.)

Mr. LOVERIDGE	United States of America
Mr. BULLE	France
Mr. JEAN-MICHEL	Haiti
Mr. MOLINA	Honduras
Mr. BELLO	Mexico
Mr. BOJORGE	Nicaragua
Mr. BAKULA PATIÑO	Peru
Mr. WEST	United Kingdom of Great Britain and Northern Ireland
Mr. LACARTE MURO	Uruguay
Mr. DELGADO-ROVATI	Venezuela

Also present:

Representatives of specialized agencies:

Mr. BOERMA)	Food and Agriculture Organization
Mr. ORTIZ)	
Mr. LARSEN	International Bank for reconstruction and Development

Representatives of an inter-governmental agency:

Mr. PILVIN)	Inter-American Economic and Social Council
Mr. GLOWER)	

Secretariat:

Mr. SWENSON	Deputy Director
Mr. TRIVELLI	ECLA Secretary of the Committee
Mr. SACO	FAO Secretary of the Committee

/THE SITUATION

THE SITUATION OF AGRICULTURAL SURPLUSES AND THE ACTIVITIES
OF FAO (continued)

Mr. JEAN MICHEL (Haiti) said that there was no problem of surpluses in Haiti, where the most pressing problem was to increase agricultural production. The paradox mentioned by the Argentine representative of the existence of surpluses while half the world's population was underfed brought to the fore certain conflicts between the economies of some nations and the economy of the world as a whole.

He agreed with the FAO representative that the problem of surplus was a temporary problem, but whereas short-term solutions dealt with symptoms, long-term solutions would have to attack the causes. In that connexion, important facts to consider were that different degrees of productivity might be responsible for surpluses and that the problems of the selective expansion of agricultural development was more than anything else a question of farm management. *

Mr. MELERO (Argentina) observed that spokesmen for his delegation had already discussed the problem of agricultural surpluses both in the plenary meeting and in the Committee. He only wished to emphasize that the problem was one of particular concern to his country. The existence of surpluses tended to weaken the price structure of the products concerned, thereby reducing the international purchasing power, and hence the economic development, of exporting countries. Their disposal often upset established patterns of competition and disturbed traditional markets.

Argentina was interested not only in solving the problem as it existed but in analysing within the shortest possible time the causes of the problem in order to prevent its recurrence in the future.

* For the text of the Haitian representative's statement, see Information Document No. 56.

/The principle

The principle of consultation among all interested countries before taking steps that might disturb the world market had repeatedly been endorsed at international conferences. His delegation wondered whether the time had not come for strengthening the machinery of consultation. The Consultative Sub-Committee on Surplus Disposal was the body best fitted to deal with the question but, as presently constituted, its membership was too limited. He recommended that the necessary steps should be taken to so broaden the membership as to enable all interested countries to play a full part in the Sub-Committee's deliberations.

Mr. LACARTE MURO (Uruguay) said that his delegation had heard with great satisfaction the statements of the United States and FAO representatives on the problem of surpluses. After reviewing the interest in the problem at various regional conferences since 1949, he mentioned, as an example of the dangers threatening countries with an agricultural economy, the release by the United States Government in May and June 1954 of 300 million pounds of linseed oil for export which had then been sold in the world market at the very low prices of 7.5 to 6 cents (U.S.) per pound. In another case the Netherlands, which had been the major supplier of milk products to Greece, had lost that market as the result of the purchase by Greece of surplus milk products under Title I of U.S. Public Law 480.

According to figures reported by the President of the United States to the Congress, 63 per cent of the operations under this law in the 1954-1955 fiscal year had been financed by payments in currencies of importing countries or by barter. Such operations had a strong impact on the foreign trade of agricultural countries and even more disturbing were the figures published by the Commodity Credit Corporation of the size of the surpluses awaiting liquidation. It was to be hoped that the United States, in basing its surplus disposal policy in part on the desire to promote the economic development of importing countries, did not intend to promote such development at the expense of that of agricultural countries, whose life depended on the export of agricultural commodities.

/The very

The very existence of large surpluses had a depressing effect on world prices, with a consequent dislocation of normal channels of trade. Apparently, the President's assurances that the disposal of surpluses would not affect prices in traditional markets of friendly nations would not be entirely realized in practice. The policy of domestic subsidies unduly stimulated United States participation in traditional markets which was bound to reduce the earnings of agricultural countries abroad with serious effects on Latin American countries, whose economies were not sufficiently diversified to enable them to make the necessary adjustments.

After citing statements of the United States representative in the Consultative Sub-Committee on Surplus Disposal (FAO document CCP/CSD/54/38), indicating that the United States would find it difficult to consult with other exporting countries before reaching agreement with importers on the disposal of surplus commodities, the speaker expressed the hope that in the forthcoming study of operations under Public Law 480 attention would be given to its effects on international trade and the prevention of the accumulation of additional surpluses.

In order to correct certain weaknesses in the functioning of the Consultative Sub-Committee on Surplus Disposal and the Committee on Commodity Problems, the organs created by FAO to deal with the question of surpluses, his delegation had prepared for the Committee's approval the draft resolution contained in Conference Room Paper No. 17. *

Mr. BOERMA (Food and Agriculture Organization) recalled that the Consultative Sub-Committee on Surplus Disposal had been established on the principle that membership would be open to all countries. In response to a letter circulated by the Director-General of FAO prior to the formation of the Sub-Committee, 21 countries had indicated that they wished to become members and 30 others had requested the right to send observers. The situation

* For the text of the Uruguayan representative's statement, see Information Document No. 54.

would be reviewed at the FAO Conference in November and he was confident that any country that wished to become a member would be welcome.

It was true that the Sub-Committee had expressed certain doubts on some of its terms of reference and that the Committee on Commodity Problems, which was competent to deal with all aspects of the question of surpluses, met only twice a year. However, that problem, too, would be considered at the November Conference.

Although the emphasis was on the aspect of disposal, FAO did not neglect the problem of preventing the future accumulation of large surpluses. Under a 1953 resolution, the FAO Secretariat had prepared a study on price policy in cereals. No decision had been taken on the question because international negotiations were still taking place with a view to harmonizing world production and consumption, but that subject too would be taken up at the forthcoming Conference. Meanwhile, a similar study of livestock prices had been initiated.

The CHAIRMAN suggested the nomination of the representatives of Argentina, Chile, the United States, France, Haiti, Mexico and Uruguay, as members of the Sub-Committee on Agricultural Surpluses.

It was so agreed.

Mr. LOVERIDGE (United States of America) expressed the great interest of his delegation in the statements just made by the representatives of Argentina and Uruguay, and wished to remind the Committee of the strenuous efforts being made by his Government to solve the problems of surpluses. The value of United States exports of agricultural products had been reduced from 4,100 million dollars in the year 1951-1952 to 2,800 million dollars in the year 1952-1953, and the areas planted with wheat, cotton and rice had been drastically cut between 1953 and 1955. The wheat surplus, he was sure, would be absorbed in a far shorter time than had been expected, and the whole problem would prove to be a temporary one only.

He entirely agreed with the representative of Argentina that it was desirable to extend the membership of the Consultative Sub-Committee on Surplus Disposal of FAO and said that his delegation /was prepared

was prepared to press for such an extension.

The United States delegation was happy to join the sub-committee to draft a resolution on surpluses which might be generally acceptable.

Mr. LACARTE MURO (Uruguay) welcomed the understanding statement made by the United States representative and felt that the goodwill shown in the Committee augured well for the results of its work.

Selectivity in agriculture: draft resolutions (Conference Room Papers Nos. 10 and 11/Rev.1)

Mr. BUENO (Brazil) said that the working group composed of the representatives of Haiti, Chile and Brazil had considered the possibility of amalgamating the resolutions in Conference Room Papers Nos. 10 and 11, but had come to the conclusion that it would be preferable to retain them as separate resolutions. The second recommendation in the Brazilian draft resolution had, however, been amplified to include a reference to the diversity of problems resulting from the different densities of existing rural populations. The amended draft was to be found in Conference Room Paper No. 11/Rev.1

Mr. JEAN-MICHEL (Haiti) said that his delegation approved of the amendment to the Brazilian draft resolution and supported the resolution as a whole.

Mr. SCHATAN (Chile) also supported the Brazilian draft resolution.

Mr. LOVERIDGE (United States of America) asked for the postponement of the vote on that resolution until the next meeting.

It was so agreed.

Mr. BUENO (Brazil) and Mr. JEAN-MICHEL (Haiti) expressed their support for the Chilean draft resolution (Conference Room Paper No. 10) which they felt was very valuable.

The Chilean draft resolution was approved.

Mr. LARSEN (International Bank for Reconstruction and Development) expressed the profound interest of the Bank in the
/improvement of

improvement of agriculture in Latin America, and offered the collaboration of the Bank's technical staff in the studies which had been called for from the Economic Commission for Latin America in co-operation with FAO.

Mr. SACO (FAO Secretary to the Committee), on behalf of FAO, and Mr. TRIVELLI (ECLA Secretary to the Committee), on behalf of ECLA, thanked the representative of the International Bank very warmly for his offer of assistance.

National policies for production and trade and the situation of the various products

(a) Products of animal origin and livestock production.

The SECRETARY drew attention to the draft resolution submitted jointly by the delegations of Colombia and Chile on the subject of products of animal origin (Conference Room Paper No. 13).

Mr. RODRIGUEZ MORALES (Ecuador) said that Ecuador was in the same position as Colombia in that it did not produce enough meat and milk; his delegation would therefore support the resolution as offering a partial solution of the problem - partial because, as his delegation had already stated, it favoured a general programming of agricultural production. He wondered whether reference could be made in the resolution to the cleanliness of the conditions in which cattle were kept.

The SECRETARY felt that that aspect of the question was covered by the words "technical and economic factors" in operative paragraph 2 (a).

Mr. LOVERIDGE (United States of America) said that his delegation appreciated the need for the stimulation of livestock production in Latin America but would like time to study the draft resolution. He therefore asked for the postponement of the vote.

It was so decided.

(b) Agricultural products giving rise to surpluses problems (i) wheat, (ii) maize, (iii) rice, (iv) sugar, (v) cotton.

No comments were made.

/(c) Coffee.

(c) Coffee.

Mr. SELVA (El Salvador) reviewed the main points of the documents before the Committee as they concerned coffee production and purchase, and went on to correct some misapprehensions regarding current coffee prices. A comparison between the actual cost of a pound of coffee to the United States consumer in 1929 and in 1953 would seem to suggest that in that interval the price of coffee had doubled. Economically speaking, however - as could be proved by reference to the Consumer Price Index of the United States Bureau of Labour Statistics - the price of coffee had risen by only 18 per cent, whereas the prices of other items showed a far sharper rise: wheat, 32 per cent; iron and steel 52 per cent, and automobiles exported to Latin America 60 per cent. The campaign being waged in the United States against coffee consumption therefore appear somewhat unfair. Moreover, the price of green coffee showed no comparable rise; in 1950-51, for instance, the price of green coffee rose by only 3 cents whereas the margin between that price and the price of roasted coffee rose from 23 to 33 cents, a net rise of 43 per cent in a single year. Nor was that steep rise to be accounted for by changes in the costs of transforming green coffee into roast coffee, while during the same period the consumer price index rose by only 10 per cent.

There was thus clearly room for such organizations as ECLA and FAO to carry out detailed and comprehensive studies of the world coffee trade from the points of view of production, consumption and price movements on the consumer markets. His delegation would also welcome any proposal for a consideration by the Secretariat of ECLA, in collaboration with the Secretariats of the Economic Commissions for Europe and for Asia and the Far East, of the possibility of broadening consumer markets in Europe and Asia.

Mr. BUENO (Brazil) said that the statement just made by the representative of El Salvador was of great interest to his delegation, which supported in principle all the comments he had made. He would have further comments to make at the next meeting.

/Mr. JEAN-MICHEL

Mr. JEAN-MICHEL (Haiti) suggested that a working group should be set up to draft a resolution recommending that the Commission, in co-operation with FAO, should undertake a study of the subject of hard fibres and particularly of pita, which was of special interest to his country.

Mr. BOERMA (Food and Agriculture Organization) explained that some five months earlier his organization had published a study on fibres in general, and that since that date it had received a request from the Government of the Philippines to make a study of hard fibres. The request had been admitted in principle by the Committee on Commodity Problems at its June meeting, and preparations were under way for the completion of the work.

Mr. JEAN-MICHEL (Haiti) agreed that in view of the fact that a study on hard fibres was already in hand there was no call for a further resolution, and he withdrew his suggestion.

The meeting rose at 5:30 p.m.