

1950
NEW ZEALAND

The Food and Agriculture Organization of the United Nations

REPORT OF THE NEW ZEALAND DELEGATION
ON THE FIFTH SESSION HELD AT WASHINGTON,
D.C., 21 NOVEMBER – 7 DECEMBER, 1949

Presented to Both Houses of the General Assembly by Leave

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FIFTH SESSION OF THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

THE fifth session of the FAO Conference was held at Washington, D.C., from 21 November to 7 December, 1949.

The New Zealand delegation was as follows :—

Member—

E. J. FAWCETT, Director-General of Agriculture.

Alternate—

R. W. MARSHALL, Department of Industries and Commerce.
Washington.

Associates—

L. J. K. FUTTER, Department of Industries and Commerce,
Washington.

I. L. E. ELLIOTT, Department of Agriculture.

Secretary-typist—

L. GAIR, Department of Industries and Commerce, Washington.

Senor Dr. Oscar Gans, Cuban Ambassador to the United States of America, was elected Chairman, while the Hon. S. L. Mansholt, Netherlands Minister of Agriculture, the Hon. N. J. O. Makin, Australian Ambassador to the United States of America, and Darwish Al-Haidari, Director-General of Agriculture of Iraq, were elected Vice-Chairmen.

REPRESENTATION

The Organization has a total membership of 63 nations as follows : Afghanistan, Australia, Austria, Belgium, Bolivia, Brazil, Burma, Canada, Ceylon, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Finland, France, Greece, Guatemala, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iraq, Ireland, Israel, Italy, Korea, Lebanon, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippine Republic, Poland, Portugal, Saudi Arabia, Switzerland, Sweden, Syria, Thailand, Turkey, Union of South Africa, United Kingdom, United States of America, Uruguay, Venezuela, Yugoslavia.

Of these Paraguay, Peru, and Poland were not represented, and Afghanistan, Indonesia, Israel, Korea, and Sweden were admitted as new members during the session.

The following non-member Governments and Organizations were represented by observers : Argentina, Iran, United Nations, International Bank for Reconstruction and Development, United Nations

International Children's Emergency Fund, International Labour Organization, International Monetary Fund, International Refugee Organization, United Nations Educational, Scientific, and Cultural Organization, World Health Organization, Holy See, Supreme Commander for Allied Powers, Japan, Allied High Commissioners for Western Germany, International Commission of Agricultural Industries, International Cotton Advisory Committee, International Office of Epizootics, International Wine Office, Organization of American States, Permanent International Bureau of Analytical Chemistry, International Chamber of Commerce, International Co-operative Alliance, International Federation of Agricultural Producers, World Federation of United Nations Associations, Associated Country Women of the World, International Council of Women, International Union for Child Welfare, International Confederation of Agricultural Engineers and Technicians, League of Red Cross Societies.

ORGANIZATION OF CONFERENCE

The work of the Conference was organized in three Commissions as follows :—

Commission I (Chairman, Viscount Bruce) : World Food Situation and Outlook.

Commission II (Chairman, M. Louis Marie, Switzerland) : Activities of the Organization.

Commission III (Chairman, Mr B. R. Sen, India) : Constitutional, Administrative, and Financial Questions.

The Commissions met simultaneously and their reports were adopted as the report of the Conference.

WORLD FOOD SITUATION AND OUTLOOK

Production

Reports showed that total world agricultural production had regained pre-war levels but, population having increased by about 10 per cent. the supplies available per person are still below pre-war. At the projected rate of progress it is estimated that for the world as a whole the supply per person will not reach pre-war levels for some six or seven years. In the Far East and Latin America it will take longer. Present food supplies are nutritionally inferior to pre-war, lower production of protective foods not being compensated by higher production of grains, potatoes, and sugar. The supply of protective foods will take even longer to recover than that of energy foods.

While considerable recovery has been made from the effects of war-time destruction, the dislocation of the war has raised formidable problems which greatly retard the expansion of food production. Although North American production was expanded greatly to meet urgent needs, the expansion was based largely on increased per acre yields and involved some departure from sound farming and conservation practices which should be corrected.

Consumption

Consumption disparities among nations have become greater. The proportion of the world's population in countries with an average daily diet of 2,000 calories or less has increased from about one-fifth to about one-third. On the other hand, of the four countries outside Europe which pre-war were above the 3,000-calorie level, three have increased both their calorie and their protein intake per person. Nevertheless, in a number of countries the consumption disparities between income groups have been reduced because of increased food supply or augmented purchasing power or such measures as rationing and food subsidies.

International Trade

In International trade the most significant feature is the massive increase in the share of the United States, and to a lesser extent of Canada, in world exports. Their share in world food exports has risen in the past ten years from less than one-seventh to about two-fifths of the total. The United States share in world exports of bread grains rose from about one-tenth before the war to close on one-half since the war. The volume of food exports of the rest of the world has fallen and is recovering only slowly. In the Far East the decline in trade has been particularly severe. Apart from war damage and civil disorders, industrialization is promoting a needed increase in food consumption, leaving a still smaller surplus for export.

While the world is relying more heavily on dollar countries for both agricultural and industrial goods, the means of paying have decreased. Many of the food deficit countries have lost important sources of dollar earnings. Moreover, a large part of the dollars formerly earned by them from the under-developed countries are no longer available. Out of all this has grown a situation of inherent instability in which even the present inadequate consumption levels of the food deficit areas are precariously held. This basically unstable position has been maintained by depletion of the gold and dollar reserves of soft currency countries, and loans and gifts by the United States and Canada on an unprecedented scale.

Any sudden fall in the dollar earning of the food deficit countries or in the volume of United States gifts and loans might precipitate a food shortage in some countries and a surplus in North America. Experience early in 1949 showed how sensitive those dollar earnings (particularly those from United States merchandise imports) are to any fall in United States industrial activity and consumer purchasing power.

Thus efficient production in the soft currency and under-developed areas must be maintained and expanded to bring about a more balanced agricultural economy in the world. At the same time, in the face of extremely low consumption levels and exchange difficulties in many countries of this area, means must be devised to assist the maintenance of a high level of efficient agricultural production and a large volume of agricultural exports in North America.

Current Policies of Governments

Government agricultural policies are an important force shaping the world food and agriculture situation. The following comments bring out some of the common tendencies :—

A number of countries report the continuation or initiation of programmes for improving the diet of vulnerable groups and poorer classes. Many more Governments need to give attention to this matter, especially in countries where over-all food supplies will for some time remain inadequate, and where, therefore, the most effective utilization of them acquires particular importance.

Most countries with relatively inadequate *per caput* consumption envisage an extension of their agricultural production, but, apparently, in most cases not an expansion of sufficient magnitude to remedy substantially their nutritional problem in the near future.

Most under-developed countries envisage reduced imports and expanded exports of food and agricultural products, even where food consumption is low. This is related to their desire to have the maximum possible quantity of foreign exchange for industrialization and general economic development.

Regional meetings in Latin America, the Near East, and the Far East emphasized that Governments may have to give greater attention to (a) production of more nutritionally valuable foods, (b) diversification from one or two export crops to a wider variety of products, (c) devoting more land to the production of crops, such as roots and tubers, having a higher calorie output per acre than bread grains, (d) development of extension and other Government services for agriculture, (e) policies of soil conservation and improvement, and (f) provision of adequate storage facilities for food and agricultural commodities.

The majority of the more developed countries intend to reduce food imports and expand food production. Most, though not all, are driven

to these policies by their balance of payments and other post-war difficulties. A few of the more developed countries with actual or imminent agricultural surpluses have initiated action to reduce the output of products which they cannot sell while underfed countries are restricting imports which they need but cannot buy.

In view of the reported agricultural programmes of various countries there appears an important commodity dilemma—namely, that for most farm products the intentions to export substantially exceed the intentions to import. Assuming implementation of the programmes and the maintenance of present agricultural prices and other economic factors, this situation might arise for bread grains, coarse grains, rice, sugar, fats and oils, and fish. By contrast projected exports might be less than projected imports of coffee, lumber, and wood pulp.

How to Bring About the Necessary Expansion of Agricultural Production in Under-developed Countries

The attainment of desirable nutritional standards in under-developed countries must be achieved by the full mobilization of agricultural resources for the expansion of production. Primary responsibility for achieving this rests on national Governments and national action. Such expansion of agricultural production cannot be sustained in many countries without simultaneous balanced development of industry to stimulate purchasing power.

For agriculture, the expanded technical assistance programme approved by the United Nations General Assembly acquires special significance. This programme can transform the lives of hundreds of millions of people. To take full advantage of it, Governments of under-developed countries need to examine the difficulties which impede the expansion of food production and prepare projects for overcoming them. In the preparation of agricultural extension services, better use and conservation of soils, and improvement of crop and live-stock production, technical assistance can be of great value.

Many of these countries may need to divert to agriculture a larger proportion of their available financial resources. Drainage, irrigation, land clearance, afforestation, and live-stock improvement all require large sums of money. So do the improvement of transport and of storage facilities. Because the capacity of the low income countries to save is low, domestic capital will need to be supplemented in many cases by foreign capital.

To expand agricultural production greater attention needs to be given to the problem of the transfer of population, including temporary agricultural workers, from areas where labour is surplus to areas where labour is scarce.

How to Maintain and Expand High Levels of Agricultural Production and Consumption in the Face of the Current Financial Disequilibrium and Balance of Payment Difficulties.

Unless a concerted effort is made to restore trade and payments equilibrium, the persistence of present difficulties would compel some of the largest surplus producing countries to restrict their agricultural output and deficit countries to expand their production at any cost. Solution of these difficulties must be sought in two directions.

The first comprises all measures which increase the dollar earnings of deficit countries, including—

(a) The maintenance of a high level of industrial activity and consumer purchasing power in the dollar area, particularly the United States, thus sustaining the level of imports ;

(b) Appropriate action by the hard currency countries to increase their imports from the soft currency areas ;

(c) An increase in the competitive power of soft currency products in hard currency markets by a further reduction in cost and adjustments in quality ; and

(d) The maintenance of an economically sound relationship of prices (and also costs) between soft and hard currency countries.

The measures for achieving more balanced international economic relations presuppose the maintenance of economically efficient production in the soft currency area, expansion of the exchange of goods between the countries of that area, and avoidance of policies of self-sufficiency.

The second is to encourage a large and regular flow of investment from the hard to the soft currency area. Whilst for development purposes international loans are, generally speaking, most urgently required in low income countries, the current balance of payment difficulties would be eased whatever parts of the soft currency area were to obtain such loans. At the same time as steps are being taken to deal with the balance of payments problem, serious consideration should be given to current national agricultural price policies and to appropriate price adjustments reflecting technological improvements—

(a) To promote more rapid economic recovery in the devastated countries ;

(b) To discourage uneconomic agricultural production ; and

(c) To maintain a high level of output in areas of greatest relative productivity.

It cannot be foreseen how successful these various measures vigorously undertaken will be in restoring trade and payments equilibrium. To the extent that they fail, the countries which now rely heavily on dollar sources for food and other products would be forced to greater self-sufficiency by expanding production, even at high cost, within their

own territories or in other parts of the soft currency world. Such expansion, generally, must be initiated well before the products are required because of time involved in consummating agricultural development projects. It would involve considerable new investment.

Even if the proposed remedial measures ultimately succeeded in closing the dollar gap this would take time, and meanwhile agricultural surpluses threaten to emerge in the hard currency area. If restriction of production cannot be advocated, both for humanitarian and economic reasons, other policies will have to be considered. Various measures to stimulate a larger internal consumption might dispose of some of the surpluses. Some might be transferred to other needy countries through special forms of financing either by unilateral action or multilaterally.

The various measures here discussed might together contribute powerfully to the achievement of a viable equilibrium in the world pattern of trade and payments and of production. It is necessary, however, for these corrective measures to operate in the presence of the numerous other measures such as import quotas, exchange controls, bilateral trade agreements, export subsidies, gifts, price or income supports, and measures of rural social policy by which Governments deal with the inescapable short run problems associated with major dislocations. To employ these other measures to prevent immediate catastrophe and yet to apply them with sufficient restraint not to inhibit progress toward the organization of a world of multilateral trade and convertibility calls for the understanding co-operation of Governments.

INTERNATIONAL COMMODITY PROBLEMS

International Commodity Clearing House Proposals.

The Conference had before it the proposal for the establishment of an International Commodity Clearing House as contained in the Director-General's Report on World Commodity Problems. This proposal is addressed primarily to the problem of surpluses in hard currency areas and deficits in areas which lack convertible currency with which to meet their needs. This aspect of surpluses is one phase of the general international trade and financial disequilibrium, and it is essential, in judging any proposal for dealing with the commodity surplus problem, to consider whether it advances the achievement of multilateral trade and general convertibility of currency.

Short-term Trading Functions of ICCH

The ICCH proposals involve the accumulation of inconvertible currency through a new international organization to the credit of the selling country. This accumulation, on a large scale, would represent additional indebtedness by the deficit countries and would delay general convertibility beyond the time when it might otherwise be accomplished.

The original report of the Committee of Experts contemplated that inconvertible currencies would be held unused until general convertibility was restored. It was suggested in general discussion, however, that the disadvantages of such accumulation could be mitigated to the extent that these currencies could be used for purchases in the soft currency areas before the restoration of general convertibility. This would, however, in the main, be for the purchase of commodities which would ordinarily earn hard currency, and thus prejudice the individual effort to secure equilibrium on current hard currency accounts.

The proposals also involve sales at concessional hard currency prices through an international organization. In view of the hard currency shortage, purchases of additional quantities of a surplus commodity could not take place on any appreciable scale without prejudicing the efforts of the importing countries to achieve equilibrium on hard currency account.

The proposals both for sale in inconvertible currencies or at concessional prices assume that particular transactions between two countries in any commodity will be additional to the "normal volume of trade" in that commodity. It would be administratively difficult to determine the "normal volume of trade" in each case and, in practice, such transactions might prejudice the normal trade in particular commodities and the interests of other exporting and importing countries.

The creation of any new international organization is undesirable unless it can be shown to be essential to carry out functions that cannot be performed equally well by an existing organization or by member Governments. The financial functions proposed for the ICCH could be performed by the Governments directly involved.

The report of the Experts also envisaged certain longer-term functions for ICCH, one of the most important being the holding of buffer stocks after achievement of general convertibility. There are two principal objections to this proposal. In the first place the Conference shared the view of the Preparatory Commission on World Food Proposals that, where buffer stocks are appropriate, they "should be nationally held, but administered under internationally agreed rules." Furthermore, where any international co-ordination in regard to buffer stocks is desirable, it should, in general, be related to a commodity by commodity approach and to individual inter-governmental commodity agreements.

Suggested Approach to the Problem

It is convenient for the purpose of considering possible approaches to the solution of the agricultural surplus problem to consider separately (a) causes which are more or less directly related to the general currency difficulties now prevailing, and (b) all other causes. It is, however, recognized that in practice the surplus in most cases would arise from a combination of both.

Surpluses which are a reflection of international financial disequilibrium either exist or are in prospect. The Conference was unable to envisage any international financial or trading mechanism designed to deal solely with the over-all commodity problem which was not subject to one or more of the objections expressed to the ICCH proposals. Within the framework of individual commodity agreements, however, the exporting and importing countries may be able to devise provisions relating to the financial difficulties in the particular commodity involved but not open to the objections to the ICCH proposals expressed above.

In view of the difficulties to which general international action is subject the Governments of the countries holding the surpluses may decide to supplement action already being taken on the financial front by specific efforts to facilitate the movement of surplus supplies to needy areas.

Individual action by Governments to move surpluses from hard currency countries to soft currency countries would almost inevitably take one or some combination of the following forms: (i) Long-term credits; (ii) concessional prices; (iii) gifts. Whichever method is adopted it is important that the interests of other exporting and importing countries be considered, and it is desirable that there should be appropriate international consultation.

The assessment of the commodity surplus problem arising from causes other than international financial disequilibrium requires the complete analysis of a series of inter-related factors. While recognizing that this problem is likely to become progressively more important, the Conference found it impossible to offer a complete analysis of all the factors, nor did it believe that there was a specific remedy that could be applied to all commodities. The Conference recalled the recommendation of the Preparatory Commission on World Food Proposals, which was endorsed by the third session of the FAO Conference, and called particular attention to Items 3-6 and Item 8 of this resolution, as follows:—

“(3) That the principles of inter-governmental commodity policy referred to in the Economic and Social Council’s resolution of 28 March, 1947, and those set out in the Preparatory Commission’s report serve as a general guide to member Governments;

“(4) That FAO should play an active part in the study of agricultural commodity problems and, where the circumstances demand it, should take the initiative in promoting inter-governmental action in this field;

“(5) That for a certain number of important commodities, commodity agreements are the best means of assuring steady markets and price stability at a fair level, and thereby of encouraging primary producers to plan with confidence;

“(6) That in framing and concluding commodity agreements Governments should bear in mind the interdependence of agricultural commodities in respect of production, consumption, trade, and prices;

“(8) That so far as policy with regard to agricultural commodities is concerned, the Council of FAO when established, should take as a guide the principles indicated at previous Conferences as set out in the report of the Preparatory Commission and outlined in this report.”

The principles governing international commodity agreements and the mechanism for concluding them are set out in Chapter VI of the Havana Charter for the International Trade Organization, but the Conference noted with regret that this Charter has not yet come into force. Meanwhile some of the functions proposed for the ITO have been delegated to the Interim Co-ordinating Committee for International Commodity Arrangements. Although ICCICA does not possess all the powers of the ITO, it is, nevertheless, in a position to promote discussions on commodity problems between Governments and to assist in the conclusion of commodity agreements. One of the three members of ICCICA is a representative of FAO, and the Conference recommended that FAO should make greater use of ICCICA for securing action on the surplus problems reported by its member Governments. The Conference also recommended to the Economic and Social Council of the United Nations that greater resources be made available to ICCICA.

Proposed New Machinery

It was concluded that, while existing machinery should be used in the initiation of inter-governmental commodity agreements for the solution of longer-term surplus problems, the need exists for some additional mechanism in relation to the surplus problem arising from prevailing balance of payments disequilibrium in so far as an international agreement for the commodity concerned does not exist or its provisions do not deal with this aspect of surpluses.

The Conference therefore decided to establish forthwith an FAO Committee on Commodity Problems to work under the supervision of the Council of FAO. The Council shall, on request of the Committee, transmit any report of the Committee to member Governments and to the next regular session of the Conference, together with any comments the Council may wish to make. This Committee will be advisory and address itself primarily to the food and agricultural surplus* commodity situation arising from balance of payments difficulties. With respect to such surpluses, its functions are:—

(a) To consider such statements as to their needs as may be received from the Governments of countries experiencing difficulties in securing supplies and to transmit such statements to Governments of countries holding surpluses :

* NOTE.—The term “surplus” as used in this report refers to supplies of food and agricultural commodities for which no effective demand exists at current price levels on the basis of payment in the currency of the producing country.

(b) To consider such statements as may be submitted by the Governments of countries holding surpluses concerning their proposals for disposing of supplies on special terms and to make recommendations thereon to the Governments concerned, having regard to the effects of such transactions on the interests of other importing and exporting countries :

(c) To review information relating to commodity surplus and deficit situations and, where considered desirable, to initiate discussion between Governments with a view to promoting appropriate international action.

In the case of any proposal relating to a commodity which is subject to an International Commodity Agreement and for which an International Commodity Council exists, the Committee shall notify the Council concerned. In arriving at recommendations, the Committee shall consider any views and recommendations of the Commodity Council concerned. In the case of commodities for which study groups or other inter-governmental commodity bodies have been set up, such bodies should be consulted. Where the Committee proposes to make recommendations it should consult with the International Monetary Fund as to their possible balance of payments effects. In arriving at recommendations, the Committee shall consider any views and recommendations of the International Monetary Fund.

So far as concerns the composition of the Committee, the Conference recommended :—

(a) That it should consist of fourteen members representing member Governments of FAO to be appointed annually by the Council of FAO :

(b) That the Committee should have powers to set up such sub-committees as may be necessary, and to include in their membership representatives of Governments other than those appointed to the main Committee which may wish to participate on grounds of particular interest :

(c) That the Committee have powers to invite the attendance of appropriate observers :

(d) Subject to the approval of the Council of FAO the Committee shall determine the detailed procedures under which it proposes to discharge the functions enumerated above :

(e) That the position of the Committee be reviewed when ITO comes into existence, and that meanwhile the Interim Commission of ITO be invited to appoint a representative to the Committee.

INTERNATIONAL INVESTMENT AND FINANCIAL FACILITIES

The Conference had before it the Director-General's report on International Investment and Financing Facilities and a supplementary statement by the International Bank for Reconstruction and Development.

While some highly developed countries already have high national income and high labour productivity *per capita* and can readily save substantial amounts for investment, others need almost all they produce for their bare existence. The differences in absolute terms are striking, the comparison being between annual savings in the order of \$100 or more *per capita* in highly developed countries and \$5 or less in under-developed countries. Whereas highly developed countries are increasing their *per capita* output and raising their living standards, many less developed countries can make little or no progress and there is danger of the gap between developed and under-developed countries becoming greater, with serious economic and social implications. The small domestic savings in the under-developed countries must be supplemented with international investment from abroad if FAO is ever to achieve its objectives.

Substantially increased investment, both domestic and international, will be required to make technical aid under the expanded technical assistance programme fully effective. An adequate proportion of technical assistance should be devoted to aiding Governments to prepare over-all programmes for agricultural development and to work out plans for specified individual development projects and to carry them through. These will include projects under which the debtor countries can sell their products to other countries so as to earn the foreign exchange with which to repay their borrowings.

In countries with low levels of production, income, and savings, development programmes are needed on a massive scale not only in agriculture, but also in manufacturing, transportation, and related industries, if increased production is to overtake and surpass increasing population. International financing is needed not only to pay for the imported supplies for development projects, but also for consumption goods to help maintain adequate living standards until the new projects can become productive, and thus help prevent inflation in the country during the process.

Existing national economic development plans require international funds far in excess of those available. Despite this fact, international financial institutions report they have not received a sufficient number of adequately prepared loan applications for specific development pro-

jects to utilize their available funds. Special efforts should be made, with the aid of technical assistance, to formulate specific and well-documented agricultural and related projects and to submit these to financial institutions for consideration.

A number of delegations emphasized that relatively slight attention has been paid to agriculture in development programmes and that a small proportion of the funds actually committed for both national and international investment are for agriculture.

ACTIVITIES OF THE ORGANIZATION

Commission II dealt with the activities of the technical divisions of the Organization through a series of working panels. Before the Commission was thus subdivided the work carried out during 1948-49 was examined and approved as being fully in line with the objectives of the Organization and giving effect to the recommendations made at the last Conference. The draft programme of work for 1950 was also examined and approved subject to various amendments.

One of the principal subjects was the means by which the increased programme of technical assistance should be implemented by FAO, and a number of resolutions designed to set up the necessary machinery were passed.

In considering on a broad basis the type of activity which should receive priority, the following categories were decided upon :—

(1) Measures to secure early increases in the production of food and other requirements of local populations.

(2) Measures which are likely to result within the foreseeable future in an appreciable increase in the external income of the country seeking assistance, in the economic development of natural resources which might result in increasing exports, in reducing the need for importing goods that can be economically produced in the country, and generally in assisting in the creation of favourable conditions for investment and the expansion of trade.

(3) Measures of a long-term nature—mainly research and investigational projects.

The second question of major importance discussed by Commission II was in connection with extension and advisory services, because it was fully realized that no programme could be effective unless Governments strengthen or create these services.

On the regional activities of FAO, the Conference welcomed the establishment of pre-conference regional meetings. It was also gratified to note the establishment of regional councils or commissions on fisheries, forestry and forest products, and on certain phases of agriculture.

The Special Working Party on Technical Assistance

The existence of this working party arose from the provisions made by United Nations and the Economic and Social Council to make funds available for a programme of expanded technical assistance to under-developed countries. The working party had before it the recommendations of each of the other working parties, most of which agreed that the first necessity was an initial broad survey to determine what lines technical assistance should follow in each country. All agreed also that the next step would have to be the setting up of suitable extension services.

Extension and Advisory Services

The point was made strongly that to increase the level of efficiency of food production in under-developed countries, it was vitally necessary that suitable advisory and extension services be built up by the Governments concerned. FAO's main role would be the provision of advice and specialist personnel. Particular attention was paid to the fact that the development of these services must be through the culture of the people and accord with accustomed ways, institutions, and organizations. The necessity for the closest liaison between research and extension and the value of recruiting only personnel of the highest qualifications were emphasized.

The Agriculture Working Party

Measures designed to facilitate the reporting and control of both plant and animal diseases were considered, and it was recommended that centralized agencies to deal with both matters should be set up. Believing that most countries have potentialities for further productive development of their land and water resources, it was recommended that each member Government should examine its legal powers and administrative machinery and seek to obtain further powers if it finds these to be necessary. Where required FAO should promote inter-governmental consideration of the problem. It was also recommended that a world-wide meeting of specialists be held during 1951 on the problem of water utilization and control, and that the work initiated for the exchange of seeds and disease resistant and high-yielding strains and varieties be strengthened.

Economics, Marketing, Statistics, and Distribution

The working party drew attention to the necessity for member Governments to submit food balance sheets. In addition, noting that information on total national supplies of food alone is insufficient for adequate planning of food policy, the Conference considered it desirable

that member Governments should carry out sample food consumption surveys which would throw light on the distribution of national supplies and serve as a check on the accuracy of the food balance sheets. The Conference also considered it desirable that FAO should review the world food survey published in 1946 and publish a second survey.

It was also noted with satisfaction that some countries have already taken a census of agriculture, and it was decided to call the attention of the remaining Governments to the recommendation of the Fourth Conference session,—viz., “That each member Government . . . undertake to conduct a census of agriculture consistent with the programme submitted by FAO in or about 1950.”

The Conference considered that the provision of authoritative and up-to-date economic and statistical reports relating to production, trade, and prices, within its field is one of the most important functions of FAO, and that the various procedures adopted for the collection of information from member Governments should be reviewed with the object of improving existing arrangements.

The Fisheries Working Party

The party generally approved the proposed development of fisheries information services and particularly plans for future development. It felt that regional fisheries councils should work in the closest co-operation with established international fisheries commissions or similar bodies. It was generally considered that in FAO documents more attention should be given to the role of fisheries in the general food supply situation.

Forestry and Forest Products

Among the studies listed in the 1950 programme, the Conference recommended that the following matters receive the highest priority: (a) Aids to improvement of forest inventories; (b) range and forest land conservation; (c) reafforestation methods; (d) “forest combines” (integrated forest industries).

The Conference stressed the importance of the standardization of timber testing and grading in relation to the more rational use of timber and to seed and plant certification.

In considering the question of technical assistance for economic development, the panel suggested that the following priorities should form a useful guide to the Director-General in considering new projects: (1) Forest inventories; (2) education and training; (3) fresh services and administrative machinery; (4) reforestation in its broadest sense; (5) current land use, with special regard to shifting cultivation; (6) industrial aspects of forest development; (7) forest co-operatives.

The Information Working Party

Apart from stressing the importance of information services in disseminating knowledge of the activities of FAO and fully endorsing the future policy of the Division, this working party had no new recommendations.

The Nutrition Working Party

In approving the programme for 1950, the working party recommended that emphasis should be on providing direct technical assistance to Governments attempting to carry out practical programmes of work in the field of school feeding and nutrition education. The panel considered that the most effective way to assist member Governments was by helping them to establish services concerned with the planning of food production, distribution and consumption policies, and that fellowships should be available to senior workers.

Rural Welfare Working Party

The party approved a proposal to inquire into rural problems and programmes among mountain peoples in Europe and the Near East. It felt, too, that there was a great need for improving the welfare of fishing communities in many parts of the world, and therefore proposed that the Director-General include in the programme for 1951 a project similar to that referred to above for mountain areas.

CONSTITUTIONAL, ADMINISTRATIVE, AND FINANCIAL QUESTIONS

Site of Permanent Headquarters

There was unanimous agreement that the Organization could no longer continue on the basis of a temporary location, and all delegates pressed for a decision. It was a clear contest between a site in Europe and a site in the United States of America, and the Conference was fairly evenly divided. In the United States generous offers from the United States Government and the University of Maryland were forthcoming for the establishment of FAO headquarters in or around Washington. A site was offered by the United Nations in New York. In Europe sites were offered in Geneva, Copenhagen, and Rome.

After considerable discussion on this matter, as well as procedural questions involved, the Conference by a vote of 30 to 28 selected Rome as the permanent site.

International Institute of Agriculture and the International Forestry Centre

The General Assembly of the Institute decided after the Quebec Conference that the above Organization could be liquidated. The Commission considered the actions taken towards liquidation, urged member countries to pay their outstanding contributions, and decided that the remaining funds of the Institute—approximately \$30,000—be used to maintain the library of the Institute in Rome during 1950, with the balance earmarked for maintenance in 1951 if necessary.

Frequency and Timing of Conference Session and Date of Next Session

It has been thought that it might be desirable to hold the session of the Conference every two years rather than on the annual basis prescribed in the Constitution. The Director-General reported on this matter and proposed that in future the Conference should meet in alternate years and preferably in February rather than November. It was generally agreed that biennial Conferences would allow a better implementation of the work of FAO, and accordingly it was agreed to recommend that the Conference meet at least once in every two years with the proviso that the Conference may at any session decide to meet the following year. On the question of the month in which the Conference should be held there was a division of opinion, but a clear majority favoured the first six months of the year over October-November. It was finally agreed that April was the best month.

On the question of the next Conference it was decided to recommend that this be held in April, 1951, at the headquarters of the Organization. There was considerable feeling that it would be better to hold the next Conference in November, 1950, in Washington before the move to Rome, and it was agreed that, if urgent circumstances indicated that this would be preferable, the Conference could be moved forward.

Administrative Tribunal and Appeals Procedure

The Commission recommended that FAO should not establish an independent Tribunal but should consider joining the United Nations Tribunal on which matter the Director-General should report to a subsequent session of the Council, and that the existing FAO Appeals Committee should be continued as the United Nations Tribunal presupposes an internal staff appeals body.

Site of Regional Office for Asia and the Far East

The Director-General reported on possible alternative sites for the Regional Office, but advised that it should remain at Bangkok until the end of 1951. This recommendation was accepted on the understanding that it will be reviewed early in 1951. Several delegates intimated that they will have specific proposals to make on other locations.

Regional Representation in Latin America

Provision was made in the 1950 budget for a Latin-American Regional Office, and the Director-General proposed the use of existing arrangements for providing services required for that region. The Commission noted, however, that the selection of Rome as a permanent site of FAO headquarters will produce a change in the relative position of the headquarters and the region, and authorized the Director, in agreement with representatives of the Latin-American member Governments, to decide on the site and select the regional representative.

Adoption of Spanish as a Working Language

In view of the number of Spanish-speaking countries represented in FAO (19) there was a general agreement that in principle the introduction of Spanish should be approved ; however, the adding of another official language involves extra expense, and it was made clear in discussion that, whilst the Commission recommended the adoption of Spanish, it should be introduced in easy stages and as the finances of FAO would permit.

Scale of Contributions

The report of the special Committee appointed at the fourth session of the Conference was considered, and although all delegates were unanimous in commending the work of the Committee, there was not complete agreement with the proposed new scale ; however it was evident that a majority were in favour of accepting the scale proposed with a further instruction to the special Committee to study other changes which might advantageously be made. In this connection it is proposed to take advantage of the facilities of the Scale of Contributions Committee of the United Nations. Finally, the Commission voted to accept the scale of contributions as set out in the report of the special Committee, with the proviso that after the financial year of 1950 the adjustment known as Step 7 in the report shall be omitted in computing the scale. The result of this is that countries who were revised downward in the new scale will, under this proposal, have a further reduction after 1950. In the case of New Zealand, our contribution under the old scale was \$43,000 per annum—for 1950 this will be \$39,000, and thereafter, assuming that no additional alterations are made as a result of the next Conference, our contribution will be \$35,000.

Staff Assessment Plan

The Commission considered the question of a Staff Assessment Plan as a means of assessing staff of the Food and Agriculture Organization in an amount comparable to national income-taxes. This is designed to ensure that there is not constituted a tax privileged group of

international public servants, and in anticipation of early action by member Governments to accede to the Convention on Privileges and Immunities of the United Nations, or to exempt their nationals employed by specialized agencies of the United Nations from national income taxation with respect to salaries and emoluments paid by the specialized agencies, or otherwise to grant relief from double taxation to such nationals. Details of the plan were approved, and the Director-General was authorized to establish such a plan, effective on 1st January, 1950, or such other time as may be determined.

Pensions

The Director-General presented an independent FAO pension scheme which was designed to provide benefits similar to the United Nations scheme, except that retiring age under FAO would be sixty-five years, rather than sixty. It was estimated that the FAO scheme would cost some \$70,000 per annum less than entering into the United Nations scheme, and the Commission decided, by a close vote, to accept the FAO independent scheme. After this decision, however, the permanent site of FAO was decided in favour of Rome, and the Director-General then pointed out that the pension scheme would still have to be based on United States dollars, that in his view the saving would now be considerably reduced, and that he accordingly favoured the entry of FAO into the United Nations Pension Fund.

Financial Affairs

In general discussion, the main faults in financial affairs referred to were the arrears of contributions. The Commission noted a suggestion from the Council that the Organization should consult with the United Nations and other specialized agencies on the methods adopted in collecting arrears—the Commission felt, however, that such action should be left to the discretion of the Director-General.

The financial affairs of FAO, whilst reasonably sound, do warrant the utmost care and economy. The biggest help would be the prompt payment in full by all Governments of their contributions in each year, and it will be necessary for the Director-General to exercise every economy to ensure getting FAO on a sound financial basis so that its programme of work will not be impaired.

Draft Budget for 1950

The same difficulty occurred at this session as at the fourth session in that Commission II in discussing the programme of work did not finish its deliberations until late in the session and this delayed consideration of the budget. At the same time Commission II found that the documents presented to it did not allow it to make an estimate

of the new charges or savings which its recommendations might involve, and that Commission has requested additional information on the costs of budgets of work in the future. Commission III considered it essential for the future, at the beginning of its work, that a Committee should be set up to study the income side of the budget, administrative costs, and balancing the budget. The draft budget was accepted, subject to certain amendments, consequent on increases of contributions to a 100-per-cent. basis.

Periodic Reports

Article XI of the Constitution requires that member Governments supply periodic reports of agricultural programmes and development to form the basis of over-all programming and the study of production generally. The response of some member Governments has not been satisfactory owing to excessive detail sought and absence of adequate statistical services. It was agreed that a simplified form should be issued in the hope that all member Governments might co-operate. New Zealand is one of the member Governments which has consistently supplied the information requested.

Election of Council Members

The terms of office of China, Cuba, Czechoslovakia, Netherlands, Philippine Republic, and United Kingdom expired as Council members with the fifth session of the Conference. According to the principle of geographical representation Pakistan, Venezuela, Yugoslavia, Belgium, and Burma replaced the first five mentioned countries respectively while the United Kingdom was re-elected.

Appointment of Independent Chairman of Council

The Constitution provides for the annual appointment of an independent Chairman of the FAO Council. Viscount Bruce of Melbourne was reappointed but expressed the wish to be relieved of the position at the next Conference.

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