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Held at Headquarters, New York,
on Thursday, 23 May 1957, at 2.30 p.m.

President:

Mr. HOOD

(Australia)

Examination of conditions in the Trust Territory of Somaliland under Italian administration (continued):

- (a) Annual report on the administration of the Trust Territory of Somaliland under Italian administration [4e]
- (b) Financing of the economic development plans of the Trust Territory of Somaliland under Italian administration: report of the Mission of the International Bank for Reconstruction and Development to the Trust Territory of Somaliland under Italian administration [11]
- (c) Report of the United Nations Advisory Council for the Trust Territory of Somaliland under Italian administration [16]

Note: The Official Record of this meeting, i.e., the summary record, will appear in provisional mimeographed form under the symbol T/SR.798 and will be subject to representatives' corrections. It will appear in final form in a printed volume.

EXAMINATION OF CONDITIONS IN THE TRUST TERRITORY OF SOMALILAND UNDER ITALIAN ADMINISTRATION (T/L.765) (continued):

- (a) ANNUAL REPORT ON THE ADMINISTRATION OF THE TRUST TERRITORY OF SOMALILAND UNDER ITALIAN ADMINISTRATION (T/1315, 1321) [Agenda item 4e]
- (b) FINANCING OF THE ECONOMIC DEVELOPMENT PLANS OF THE TRUST TERRITORY OF SOMALILAND UNDER ITALIAN ADMINISTRATION: REPORT OF THE MISSION OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE TRUST TERRITORY OF SOMALILAND UNDER ITALIAN ADMINISTRATION [TRUSTEESHIP COUNCIL RESOLUTION 1255 (XVI)] (T/1296) [Agenda item 11]
- (c) REPORT OF THE UNITED NATIONS ADVISORY COUNCIL FOR THE TRUST TERRITORY OF SOMALILAND UNDER ITALIAN ADMINISTRATION (T/1311) [Agenda item 16]

At the invitation of the President, Mr. de Holte Castello (Colombia), Mr. El-Zayat (Egypt) and Mr. Baradi (Philippines), members of the Advisory Council for Somaliland under Italian administration, took places at the Council table.

At the invitation of the President, Mr. Gastarri, Special representative for Somaliland under Italian administration, took a place at the Council table.

At the invitation of the President, Mr. J. H. Williams, Representative of the International Bank, took a place at the Council table.

The PRESIDENT: Before calling on those representatives who wish to address questions to the Administering Authority, I invite the representative of the International Bank to make a statement to the Council.

Mr. WILLIAMS (International Bank): I have discussed very fully with the special representative the figures that he gave to the Council yesterday on the economies which he believed could be attained in the cost of production of bananas in Somaliland. I should like to say that this was a most frank discussion and reminded me very forcibly of the particular competence and good will which the special representative demonstrated when the Bank Mission was in Somaliland. His contribution to our work was greatly appreciated.

Figures read aloud are very difficult to grasp, and I shall use as few as I can.

(Mr. Williams, International Bank)

Let me summarize what we heard yesterday by saying that the reduction in costs that would have to be achieved to make bananas from Somaliland competitive in European markets without special protection amounts to about 45 lire a kilogramme. A saving of about 15 lire a kilogramme could be achieved in shipping costs, we believe, leaving about 30 lire to be saved on the plantations in packing and transporting bananas to the coast and in loading them on the ships. To the extent that economies could not be made at these points, then any further reduction would have to be made in profits, however defined.

(Mr. Williams, International Bank)

So far as the Bank estimates are concerned, I would draw your attention particularly to pages 76 to 81 in the Bank's report. For the present cost structure you will find a summary in Table A2, and it may be that you would be interested in Table A3 which shows how the expenditures of the industry are distributed at present among imports, local goods, taxes and so forth.

I think it is true to say that, with perhaps only a minor exception, the special representative and the Bank report are in full agreement. The minor exception, I would say, concerns our estimate of the economies to be achieved in freight rates, and similarly we start from a slightly lower prospective price in 1960-61 than he did. He, I think, took an average figure. We took the lower of the range of figures. However, the arithmetical differences, shall we say, of these figures really fall within the range of error that can easily be made in an estimate of this kind. Then you might ask, "Would there appear to be a difference between us, if difference is the right word? I think so on two points. In the first place, the Bank assumed in its estimates that the industry would still be paying taxes. At present, as you know, it pays an export duty of about five lire a kilogramme. For purposes of our estimate we retained this, and I think some of the savings in the estimate of the special representative included remission of this export duty. Secondly, in arriving at our general conclusion, we adopted a different criterion of the return to the grower. The figures quoted yesterday spoke of a 19 or 20 per cent return on sales, if I remember correctly, which I might note was before payment of income tax. But should we not also be keenly interested in the return on the capital implied, again taking account of what would remain after taxation because it is ultimately the comparison between this return and that from alternative employment of capital elsewhere that will determine whether people will invest enough to stay in the industry or try to pull out? This is not an academic point.

Before the economies we are all talking about could be achieved, the industry would have to concentrate on the Giuba River which is the area served by the prospective deep-water berth at Chisimaio. As you may recall, something like 150 or more growers, with over two-thirds of the present area, are in the region of Genale, and they would have to develop new lands, install irrigation

(Mr. Williams, International Bank)

systems, roads, build new packing sheds, housing and all that is involved in developing new estates from the ground up. That will require a large amount of new capital, and it would be the prospective reward to that new capital, compared to the risks involved, that would normally determine whether the investment would be made or not. Among these risks are the fluctuations in crop and fluctuations in price.

Least of all perhaps in agriculture can we assume that everything will go just right. Only a relatively small decline in prices, for example 10 per cent, would risk wiping out the gross profit in the example we had yesterday. That is cutting it very fine. The Mission, therefore, concluded that even if all the economies possible were attained, the industry would still probably not have a reasonable chance of earning a large enough return to justify -- perhaps to stimulate would be a better term -- the investment required without some form of protection or subsidy.

To the extent that the industry is relieved of taxation or does not itself have to contribute to the direct capital costs involved in its relocation, for example in the construction of the deep-water berth, then of course exceptional help of some kind already begins to enter the picture.

The important point that the Bank report was trying to make was that if nothing exceptional were done, the industry as a whole -- I say as a whole because there are very considerable variations in costs between one grower and another -- would run down and would wither away. It seems to us that we should make this point as sharply as we could.

I have tried the patience of the Council and I apologize for taking so much time, but this is a complicated question. In conclusion, perhaps you will allow me one observation. The Minister for Economic Affairs noted yesterday that the conclusions of the Bank were based on a rigidly economic line of reasoning and on cautious reservations inspired by principles of banking. I think that we assumed that it was to get just such an opinion that the Bank was asked to organize a Mission. However, we would be the last to believe that those criteria alone are all that may be important and that other considerations may enter into the making of decisions. What we did hope was that if we could lay out for you as clearly as possible the economic ground work, the task of arriving at those decisions would be made somewhat easier.

Mr. GASBARRI (Special representative): I should like to thank the Bank representative for his kind words and expressions regarding me and my work in Somaliland with the Mission, and I am glad that the Bank representative agrees with my figure of yesterday.

After all this discussion, we remain on the same point. The Somali Government says that this reduction of the forty-five lire per kilo at 1960 can be considered remunerative. The Bank representative says that the profit left to the growers by 1960 perhaps is not likely to be considered permanent. On this point, if you will allow me, I should like to remind you of the story of the bottle of water which was half full. Optimistic-minded people say that the bottle is half full, while pessimistically-minded people say that the bottle is half empty.

Mr. GRILLO (Italy): Yesterday I asked the Indian representative to be good enough to let me comment later on the suggestion he made that the Administering Authority consider the possibility of inviting a special technical assistance mission to Somaliland to evaluate the specific needs of the Territory after 1960 and to formulate, in consultation with the Somali Government, the technical assistance schemes that may be necessary after 1960.

(Mr. Grillo, Italy)

The time I have taken to answer is in itself evidence of the importance of the problem and it is a compliment to the interesting suggestion which has been made by the representative of India. No doubt, he has himself suggested, the Administering Authority will consult the Somaliland Government.

Let me add that the Administering Authority in Somaliland aims to create a class of Somali experts and technicians. It does not aim at making foreign experts in technical assistance a permanent institution in the Territory. That such is the case is proved by the fact that in a previous report -- I think it was the one concerning the year 1954 or 1955 -- we estimated the need of experts as 250. The Minister for Economic Affairs informed the Council yesterday that this estimate has now been reduced to 130 or 150 units, for medical services, facilities for education, agriculture, mining, public works, etc. The financial requirements for these 130 or 150 units is estimated as So. 7 million or \$1 million.

In order to perform a constructive task, the suggested technical assistance mission would stay in Somaliland for a rather long time if it were to make a thorough study in the many fields in which technical assistance is required. Moreover, the mission should consist of many experts in the various administrative, economic, social and educational fields. In other words, it should be a fairly large mission and I would let the Council imagine the expense such a mission would require.

At this stage my delegation takes no sides. I wish to say that the suggestion will be duly considered by the Administering Authority in consultation with the Somaliland Government. Subject to the decisions which the Administering Authority will take in consultation with the Somaliland Government in regard to this suggestion, I would like to add that the responsibility for estimating the needs in technical assistance should be left to the Somaliland Government, especially in view of the fact that such estimate has been considerably reduced, as I have just shown.

Any large mission, such as the one that has been suggested, going into a Territory like Somaliland where there is so much to do in all fields, would be inclined to recommend a considerable increase in expenditure, which would

ultimately appear in the budget of the Somaliland Government. This is in relation to the suggestion of the technical assistance mission.

If I may continue for a little while, I would at this stage make reference to another point in the intervention of the representative of India. On the question of direct financial assistance by the United Nations, the Indian representative told us that his present view is that the question could more appropriately be dealt with by the General Assembly than in the Trusteeship Council.

There are two aspects to the question. One is a question of competence and one is a question of substance. As far as the first one is concerned, I fully realize that the Trusteeship Council has no funds of its own from which to draw any direct assistance. We all know that the budget of the United Nations is administered by the General Assembly and therefore no decisive step could be taken by the Trusteeship Council.

As to the question of substance, I wish to remind the Council that there is a resolution of the General Assembly which asked the Trusteeship Council to report to it. General Assembly resolution 855 (IX), in operative paragraph 3, states the following:

"Requests the Trusteeship Council to continue its study of the question and on the basis of the conclusions of the 1954 Visiting Mission ... and the report of the Bank ... to endeavour to decide on practical measures for financing the economic development plans for Somaliland and to report to the General Assembly at its next session;"

We all know the great sense of expectation which everybody in the Council had for the Bank's report. We have studied it and we are studying it, and we have also heard here the Minister for Economic Affairs of Somaliland. We have brought Mr. Gasbarri here and he has shown great competence in this field. What is going to happen if, after this thorough discussion, we report to the General Assembly without making any recommendations or suggestions? To me, it would not convey to the General Assembly the keen interest we have taken in the matter and the lengthy and thorough discussions we have had.

I may agree that it is premature for the Trusteeship Council to make a specific recommendation as to the amount of the external financial assistance which may be required after 1960. But one good step forward would at least be to state clearly that some financial assistance will be required after 1960. Then there are many possibilities with regard to the way for providing such funds, and I hope that the representatives in the Council will come forward with some practical suggestions as to the various possibilities which might be listed in our report to the General Assembly and which might be taken into consideration by the General Assembly.

Mr. DORSINVILLE (Haiti)(interpretation from French): After having heard the representative of Italy, the Minister for Economic Affairs of Somaliland, and a number of questions and replies, it seems to us that the financial concern of the two Governments is to ensure private investments on the one hand and the question of assistance to Somaliland after 1960. We have been told that So. 26 million and So. 27 million respectively will be needed.

In the first case, 28 million somalos would be used in self-liquidating projects and the Minister for Economic Affairs in his statement has given a list of industries that might be developed. In the second case, financial assistance would make it possible to provide public assistance to meet the budgetary deficit and to put into operation certain long-range plans. What is lacking is the money.

In view of the concern shown about the future situation after 1960, I wonder whether it would not be appropriate to concentrate our attention on this aspect of the problem. We have just heard the representative of Italy's statement. This confirms our opinion that we should devote our attention to this aspect of the question.

I would like to know whether the International Bank would be prepared to finance investments in the Territory and advance the necessary sums to assist the Government after 1960. According to what the representative of Italy said, which supports the views expressed by the Bank in its report, it might not be practical to set up any plans if we are not sure of having the necessary funds to carry them out. I do not know whether the representative of Italy would like to comment on my observations but I think that the Trusteeship Council in any case might be willing to express its views on this question: where will the money come from and who will provide the necessary guarantees?

The representative of Italy and the Minister for Economic Affairs have made observations on some of the pessimistic conclusions reached in the Bank's report but the substance of the problem remains the same and I think it is the same as I have outlined. I would therefore be very grateful to hear the views of the representative of Italy and the other members of the Council on this point.

Mr. GRILLO (Italy): It is not for me to make any comment about the possibility of obtaining loans from the International Bank. All I can say in this regard is that the report of the Bank has stated very clearly that its mission was sent to Somaliland to study the existing situation and the possibilities of economic development but not to study any problems of financial assistance from the Bank. That is all I can say regarding the possible source of income. Probably the representative of the Bank might comment on this suggestion.

Mr. DORSINVILLE (Haiti) (interpretation from French): We have just heard the reply of the representative of Italy. He suggested that the representative of the Bank might wish to comment on the suggestion made by my delegation and if the representative of the Bank sees no objection I would be very glad to hear any comments he might wish to make.

The PRESIDENT: Does the representative of the International Bank feel in a position to make a comment on this point?

Mr. WILLIAMS (International Bank): I think it is evident that I could not speak properly on behalf of the management of the Bank in a matter such as this. I could, I think, draw the attention of the Council again to the conclusions in the report on this matter which is dealt with to some extent on page 97 of the printed report, where some reference at least is made to the question of what kind of assistance might be considered appropriate.

Mr. DORSINVILLE (Haiti) (interpretation from French): I thank the representative of the Bank for what he has just said. I think that this suggestion might be taken into consideration by the other members of the Council. I think that any comment on the suggestion made by my delegation would be very useful in our study of this problem which is of concern to us all. Therefore I hope that members of the Council will be able to give it some consideration.

Now I wish to take the opportunity of turning to a question of detail which I wish to raise at this stage. We have noted that the blocking of the Suez Canal caused a loss of revenue which was less than had been anticipated -- about 4 million somalos. How do the Administration and the Government propose to make up this loss? I wonder if the special representative can give me a reply on this point.

Mr. GASBARRI (Special representative): The report of the Advisory Council states that we did expect to have a reduction on account of the blocking of the Suez Canal of more than 2 million somalos per month, but in January and February this figure was revised and our estimate is that after six months, between November and April, the decrease in the revenues will only be 4 million somalos. There are

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Special representative)

now more optimistic signs that this 4 million somalos can also be reduced. In point of fact, as from 1 January to the end of April, the decrease in revenue has only been 500,000 somalos.

Now we expect a big reduction in income taxation because the income taxation for the year 1957 will be known in 1958; so the figure of 4 million somalos remains as our estimate, with some likelihood of being reduced.

As far as the ways and means to cover such a new gap are concerned, this is a matter to be seen in the course of this year and could be done in two ways: the first is by reducing our expenses; the second is to see whether it is possible to increase some revenues.

Mr. DORSINVILLE (Haiti) (interpretation from French): I have another question. In paragraph 228 of the report of the Advisory Council we noted the suggestion that there might be some Somalis in the economic development agency ASES. Could the special representative tell us whether it would be possible to follow up the suggestion made in the Advisory Council's report?

Mr. GASBARRI (Special representative): The suggestion of the Advisory Council has been given such serious consideration that as from April of this year two Somali members are in this development agency, namely, the Minister of Economic Affairs Mr. Hagi Farah Ali Oman and the Minister of Financial Affairs Mr. Salad.

Mr. DORSINVILLE (Haiti) (interpretation from French): I wish to thank the special representative for the clarification he has just made. I am very glad to learn that Somalis are already actually members of this economic development agency. I have no further questions to put for the time being.

Mr. RIFAI (Syria): I have a few questions to put to the special representative.

Yesterday and, I think, the day before, the representative of Italy spoke about the European market. I am interested in this question. I should like to know in clearer terms and more specifically what the benefits would be that would accrue to Somaliland through its association with the European market. I should also like to know what would be the adverse effects of this association on its commercial relations with other nations which will not be associated with the European market in the future.

Mr. GASBARRI (Special representative): If you will allow me, Mr. President, may I suggest that this is a question to be answered by the Italian representative.

Mr. GRILLO (Italy): I will require a few moments to secure all the relevant material. Perhaps the Syrian representative wishes to put another question.

The PRESIDENT: The representative of Italy will certainly be given time to consult his documents.

Mr. RIFAI (Syria): I am most willing to put my other questions while the representative of Italy is searching for his information.

I find the following on page 29 of the Bank's report:

"There has been no incentive to take advantage of the possibility of higher and more regular yields on the Giuba than on the Uebi Scebeli. Similarly, quotas are allocated to individual growers within the societies according to formulae of varying complexity, but all using area as the basis of calculation." (T/1296)

There is a footnote at the bottom of page 30 on this question of quotas. It states:

"Since the mission was in Somalia, changes in the basis of the quota system have been under consideration." (Ibid.)

Can the Special Representative comment on both these remarks and in particular on whether this consideration of the quota system has yielded any results or led to any sort of decision on the part of the Administering Authority?

Mr. GASBARRI (Special Representative): What the report of the Bank states on page 29 is right, but what is stated in this note on page 30 is also right, where steps are being taken to solve this matter. Yesterday, in speaking of cotton, I had an opportunity to tell the Council that the Administration and the Somali Government are in a position to tell the banana growers, who are protected, that for every hectare of bananas they have to grow two hectares of other crops -- first cotton, ramie and other fibres. In these circumstances, provisions are also made to correct this system of quotas.

Mr. RIFAI (Syria): I am very grateful to the special representative for clarifying this point for me.

I should like to refer to another point, which is also in the Bank's report. Not only is it stated in the Bank's report, but it also seems to be admitted by the Administering Authority that the main hope for the future support of the Territory lies in livestock. When one considers that livestock is so important to the Territory, it is a little difficult to understand the following statement in the report of the Bank:

"There are only six Italian veterinarians and twenty-two trained Somali assistants to tend to animal health in the whole of Somalia." (Ibid., page 75) Does the special representative feel that the number of veterinarians should be increased in order to take better care of the livestock in the Territory and improve results in this respect?

Mr. GASBARRI (Special Representative): It is not easy for me to answer such a question because this matter falls under social advancement. Anyhow, I can inform you that the Bank's report, in another part, states that the veterinary service is well equipped and well staffed. When the report states that there are too few, it may refer to further advancement. I can assure you that in the seven-year economic advancement programme there is a figure of

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24 million for livestock. In this figure there is one million included for improving the veterinary service. Up to now no investment has been made in addition to this one million. But the one million is still available for such development.

Mr. RIFAI (Syria): The following question is addressed both to the special representative and the representative of the Bank, particularly the latter. Frankly, I cannot understand why the European agriculture is considered to be founded largely on an artificial basis. It was not very clearly explained in the report. I should like to have further clarification on this point. It seems that the European agriculture is sort of artificially based. Probably it is uneconomic in nature. Since it is of some value to the Territory, I want to know why this statement has been made and what led to this conclusion.

Mr. WILLIAMS (International Bank for Reconstruction and Development): Will the representative of Syria give me the particular passage that he finds obscure so that I can explain it?

Mr. RIFAI (Syria): The following is stated on page 91:

"The hard facts are that the traditional sectors of the economy offer little prospect of rapid expansion, while European agriculture has grown up on a largely artificial basis." (Ibid.)

I have searched in all sections of the report and I have failed to find an explanation of this conclusion. This statement occurs in "Part IV Conclusions".

Mr. WILLIAMS (International Bank for Reconstruction and Development): This remark reflects the feeling which is explained, I think, in the section on European concessions which begins on page 14 of the report. Here it is stated that with perhaps the notable exception of SAIS sugar estates, those of the concessions which depend on the support of bananas for their principal activity have been able to develop because they have had a particular market for that product virtually since the first years that bananas were grown, since the early 1930's.

Mr. RIFAI (Syria): What I wanted to know was whether the Bank was referring to any artificial subsidies which led to these concessions, subsidies which were uneconomic in nature and which never bore fruit.

Mr. WILLIAMS (International Bank for Reconstruction and Development): The Bank had in mind in this context only the market advantages.

Mr. RIFAI (Syria): I am satisfied. I do not know whether the representative of Italy or the special representative would like to comment.

Mr. GASBARRI (Special representative): I should like to say that these remarks on the Bank's report are only half correct because in point of fact, whilst it is true that on the Italian market there is some preference for Somaliland products, it is also true that another part of the cotton, ground-nuts and livestock products are going into the sterling area to a value of about So. 10 million, into the dollar area to a value of So. 4 million, and into the German mark area to a value of about So. 4 million per year for cotton. That means that they have the possibility to be competitive with markets other than Italian ones.

The big agricultural enterprise of S.A.I.S., which in the report is considered one of the best enterprises in this part of Africa, is now involved in a big investment in agriculture alone -- not bananas, but cotton, ground-nuts, oilseeds, ramie and other products.

Mr. RIFAI (Syria): This is my last question. I notice that the statute of the Banca d'Italia would not allow it, when Somaliland becomes independent, to operate in that Territory. The Trusteeship Council has on various occasions made certain recommendations with regard to the establishment of a national bank in Somaliland. I wonder whether the special representative could tell me whether there have been any serious steps in that direction, namely, with regard to the establishment of a national bank in the Territory.

Mr. GASBARRI (Special representative): The answer is yes. Steps were begun in the early part of 1957. A special mission of the Cassa per la Circolazione Monetaria came from Italy to Mogadiscio to see about this point in consultation with all the other banks, with the Administration and also with the Finance and Economics Ministers of the Somali Government, to see what steps should be taken to start this new organization for setting up a national bank in Somaliland. The Minister for Economic Affairs, Mr. Hagi Farah Ali Omar, also had some talks with the authorities in Italy in the last few weeks.

Mr. RIFAI (Syria): I have no more questions, and I wish simply to thank the special representative for his kind answers. I am certainly waiting also to hear the answer from the representative of Italy to the first question that I put.

Mr. GRILLO (Italy): The day before yesterday, I explained to the Council the principles which are the basis of the European Common Market and I gave a rough translation of the provisions of the Treaty referring to Somaliland in so far as it is an overseas territory. Although I would be prepared to do it a second time, I do not think that the Syrian representative expects me to repeat what I said about the preamble and the principles of international co-operation which are the basis of this Treaty.

Sometime ago I said in the Council that Somaliland is not associated with this. When I said that Somaliland is not or will not be associated with the European Common Market, I meant to say that there is not a formal association in such a way that Somaliland is a party to the Treaty or that Italy as an administering Power has pledged or committed Somaliland for any length of time to do or not to do anything. The burden is only on one side, on the six European participating countries.

I said also sometime ago in the Council that the function of the association, which I have tried to explain, will manifest itself in two ways: first, by the reduction of tariffs and, second, by capital investment in public works.

The reduction of tariffs will apply to the European market and the overseas territories. In the overseas territories a reduction of tariffs will not take place when the existing ones are needed to protect local industries. When a reduction of tariffs in Somaliland is enforced, this reduction, of course, on the basis of the principle of non-discrimination, will be applied to any Member of the United Nations. But the principal advantage which Somaliland will derive from this association, although informal, with the European Common Market Treaty is the reduction of tariffs which will be enforced in six European markets for goods and products coming from Somaliland.

As the special representative has just explained, there is preferential treatment for goods coming from Somaliland. Exports from Somaliland will enjoy preferential treatment not in one but in six European countries. It is

essentially a one-way bargain, in which Somaliland will get duty-free or preferential treatment for its exports.

Then there is the question of \$5 million provided by the common fund for investments. This is a fund which will be effected through the development plans in Somaliland as far as roads, public works and hospitals are concerned.

As I have said, it will be a one-way bargain. Somaliland will derive all the advantage. Somaliland is not bound to anything. Somaliland, when it becomes independent, may say: "No, we do not want to enjoy the lower tariffs on the European market." The independent Somaliland will be entirely free to do what the Government decides.

I hope this answer is satisfactory to the representative of Syria.

Mr. RIFAI (Syria): I am very grateful to the representative of Italy for explaining to us again at length the European Common Market. I note that he has answered the first part of my question. The second part referred to the adverse effects on the commercial relations of Somaliland, as a result of its association with the market, with certain territories in the Indian Ocean area, for example, or even European countries or other countries in the neighbouring areas that are not associated with the European Common Market. What will that effect be? That is a sort of hypothetical question, and I just wanted to see whether they had taken that into consideration. Probably there is no adverse effect upon the commercial relations of Somaliland in that respect, but I was just inquisitive and wanted to know whether they had taken that into consideration and thought there might be certain adverse effects which would, however, be outweighed to a large degree by the benefits that would accrue to the Territory.

The PRESIDENT: I understood that the representative of Italy was confining himself in the main to this aspect in relation to the present metropolitan territory. I am not sure whether he wishes to go further into a rather more hypothetical situation as suggested by the representative of Syria.

Mr. GRILLO (Italy): I can reply very briefly. I am in a position to say that there will be no adverse effect on Somaliland. The economy and the foreign trade of Somaliland will not in any way be adversely affected by its association with the European common market. Somaliland will remain entirely free to trade with any neighbouring country. The only point that I wish to make clear is that Somaliland is offered the opportunity of paying lower tariffs on its exports to six European countries and is being offered \$5 million for public works. Somaliland is entirely free to say that it does not want to pay lower tariffs and that it does not want the \$5 million for public investment. There is no burden imposed on Somaliland.

Mr. CLAEYS BOUUAERT (Belgium) (interpretation from French): The excellent quality of the documentation which has been put at the disposal of the members of the Council makes it almost superfluous to put any questions. The situation is made perfectly clear in the report of the Administering Authority, the report of the United Nations Advisory Council and the report of the Bank. The few doubts that may have existed have been clarified by the very complete statements made by the Minister of Economic Affairs of the Government of Somaliland and by the representative of Italy.

The investment picture is shown on page 55 of the annual report. These investments, particularly in the field of agriculture, are very important. It is encouraging to note the accelerated progress which has been made in this field. I note that the improvement of arable land has increased from 4,000 hectares in 1950-1954 to 10,000 hectares in 1955 and to 25,900 hectares in 1956, making a total of approximately 40,000 hectares since 1950. These are remarkable figures.

(Mr. Claeys Bouuaert, Belgium)

I should like to ask the special representative to supply the following additional information. Is this land presently held by those who have taken part in this work of the transformation of the soil, or is uncultivated land merely placed at the disposal of agriculturists who are already settled in the region?

Mr. CASBARKI (Special representative): For approximately two-thirds of the 40,000 hectares of improved land, the people concerned had already been settled. I can cite the largest and the most important as an example, which is the area of Bulo Mererta, also known under the name of Project No. 4. This project is carried on jointly by the Italian Administration and the International Cooperation Administration, and covers 20,000 hectares of the 40,000 hectares. All the people, approximately 100,000, who were living around this area were already working the land.

There are three methods, the first of which is dry farming. There was no possibility of irrigation, except the one provided by the skies. The second method was irrigation by flooding, a method used to cut the banks of the river at a particular point so as to draw water. But that was very dangerous, because sometimes more water than was needed was drawn and floods resulted. Thirdly, a small part of these people were using small canals which were set up by the service, but there was no mechanical system for closing and opening the gates.

The big scheme which is now going on under Project No. 4 provides irrigation through two big dams. Thirty-six kilometres of canals provide these people with a regular system of irrigation. The output per year per hectare has been increased in the first method, namely dry farming, from five quintals per hectare of crops -- by crops I mean maize -- to twelve quintals, which is a difference of seven quintals per hectare. In the case of the second method, namely flood irrigation, the increase has been about four or five, and in some cases twelve, because some places were flooded by these waters. In the case of the canals, the increase has been between two and three.

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Special representative)

That is true for the year 1955-1956, when the rains were very brief in Somaliland. Through this scheme the Somali growers have been able to grow 200,000 bags of maize, whereas without those dams and canals they would have had nothing. In terms of prices at that time, crops valued at So. 80 million were saved for the economy of Somaliland. The cost of Project No. 4 is only five, so the project more than paid for itself in only one season.

Mr. CLAEYS BOUUAERT (Belgium) (interpretation from French): In paragraph 55.3.(c) on page 65 of the annual report, reference is made to the fact that attempts have been made to settle, on reclaimed land, families coming from less favoured regions, agriculturally speaking; but that the persons who are already settled on that land have not been pleased with this migration. Could the special representative give us any information about this transfer, such as the number of people involved? I believe that this does represent a very interesting effort to use the natural and human resources available in the Territory.

Mr. GASBARRI (Special representative): This has nothing to do with our investments and efforts with regard to agriculture. The report states that the migration from the Migiurtinia and Mudugh to another part of Somaliland was not looked upon with great favour by the people in that part, particularly the agriculturalists. Up to now, we have not carried out any large experiments in transferring people from the North to the South to engage in agriculture. Usually, the people in the Migiurtinia and Mudugh live from livestock, not from agriculture. In the Migiurtinia, there is no sign of anything growing, with the exception of some palm trees. In Mudugh, the rainfall is between 23 and 100 millimetres per year, and there is no possibility of growing anything. A rainfall of at least 300 millimetres per year is required to grow anything. Hence, only experiments on a very small scale have been carried out in some co-operatives of the Lower Giuba. Such an experiment was undertaken in the Rahole co-operative, and in another one nearby. On a small scale, the experiments were successful.

In any case, the statement in the report is true in that the people of the Lower Giuba do not look on such migrations from the North to the South with great favour. We must remember that this is not a serious problem, because the people of the Lower Giuba are of the same stock and belong to the same tribes as the people of the North. Most of the people in the Lower Giuba came from Mudugh and the Migiurtinia.

Mr. CLAEYS BOUUAERT (Belgium) (interpretation from French): Reference is made in one of the documents before us to some roads that have been paved with asphalt but that are no longer being maintained. Could the special representative tell us when those roads were constructed? Was it since the establishment of the trusteeship?

Mr. GASBARRI (Special representative): These tarred roads were built before the trusteeship -- between 1936 and 1940. They total 600 kilometres. Out of those 600 kilometres of roads, only 150 are maintained and repaired, because the traffic on the remaining kilometres does not justify a large expenditure for such maintenance and repair.

The Italian administration has undertaken another large programme in connexion with roads. This involves the stabilization of the main road connecting Mogadiscio with Chisimaio. This road goes through the two regions where 90 per cent of the Territory's riches are to be found and 70 per cent or more of the Territory's population. The road is 475 kilometres long; it must be stabilized. Work is in progress to turn this natural road into an all-weather road.

Mr. HAMILTON (Australia): Yesterday, the special representative told the Council that it was anticipated that a profit of approximately 19 per cent would be shown by banana growers after certain reductions in cost had been made. The special representative also told the Council that it was envisaged that a law would be passed which would require banana growers to plant two hectares or two units of area of cotton or other products for each one unit of area of bananas. Could the special representative tell us what the implications of this law will be upon the 19 per cent profit on capital which it is otherwise estimated the banana growers will obtain from the production of bananas.

Mr. GASBARRI (Special representative): So far as bananas are concerned, the profit is and remains 19 per cent. The profit on other crops will be quite different. I am not in a position at this time to say what it will be. It is very difficult to estimate the profit to be obtained from any business, particularly when agriculture is involved. What I am in a position to say is that the profit for bananas is 19 per cent. I can say that because the Italian administration, the Somali Government and I, personally, have devoted a great deal of attention to this serious problem.

Mr. HAMILTON (Australia): I think I should understand from this that, while the growers who used to grow bananas exclusively will be obtaining a 19 per cent profit on bananas, they will now no longer be growing bananas exclusively, but two-thirds of the ground which they hold will be occupied by other crops upon which the profit may not be 19 per cent.

Mr. GASBARRI (Special representative): It may be less; it may be more. I repeat, we do not know. What is important is that, as the banana crop is a protected one, the Italian Administration and the Somali Government are in a position to say to the people: now, you are enjoying such protection, and we require you to put in two hectares of other crops to one hectare of bananas. The representative of Australia asks why the people have not been growing other crops. The answer is simple: because the profit on bananas has been very high, at any rate, much higher than that from other crops. However, I repeat -- as I said to the representative of Syria and others -- that cotton, ground-nuts, ramie and other fibres are not to be considered as being without any reasonable profit. As will be seen from the report of the International Bank, a well founded, well equipped and well staffed society is investing more than So. 5 million in the agricultural sector for growing cotton, ground-nuts, ramie and other crops different from bananas. That means that there is a good prospect in Somaliland for European firms as far as those products are concerned.

Mr. HAMILTON (Australia): Could the special representative tell us what the profit on bananas has been in the past?

Mr. GASBARRI (Special representative):: I can say that the profit calculated by an official commission from Italy in 1955 was considered reasonable by the International Bank Mission in Somaliland. In 1955 the profit of the banana growers was 32 lire per kilo of bananas. I cannot say what the profit was for previous years; possibly it was more because the prices paid by the monopoly were much higher. As a matter of information, I may say that, while in 1950 the monopoly was paying 150 lire per kilo f.o.b. Somaliland in 1955, when the profit was 32 lire per kilo, it paid only 112 lire.

Mr. HAMILTON (Australia): I understand that the anticipated profit on bananas will be reduced from 43 lire per kilo to 10 lire per kilo. I also understand from a remark of the special representative yesterday in the Council that a reduction in the cost of bananas is expected from a better system of growing them. The special representative said:

"...Now we are growing bananas with the trees five metres apart.

We are going to start a new system, a system used in French Guinea, the Cameroons and other countries. Through this new system, we estimate that another five lire per kilo will be produced." (T/PV.797, page 26)

I should like to ask the special representative to give us, perhaps, a little more detail on this system. I infer that this system means to grow banana plants rather more closely together. Could the special representative tell us what increase in total production is likely to derive from the adoption of this new system?

Mr. GASBARRI (Special representative): I can only give an estimate in round figures. By means of this system, we expect to have from one hectare of bananas 150 quintals per year of exportable product. As may be seen from the report of the International Bank, only 72 quintals per hectare per year of exportable product is being produced now. There is a wide difference between one producer and another since there are 230 people producing bananas and, as the report of the International Bank points out, there is a considerable difference between the cost and the price.

Mr. HAMILTON (Australia): I understand that it is not necessarily intended to increase the total production of bananas, but rather to concentrate the production so that its cost will be reduced.

The special representative told us yesterday that it was envisaged that the tax on bananas would be withdrawn and that this would save, I believe, 5 lire per kilo. Could the special representative tell us what the implications of the withdrawal of this tax will be so far as the budget of the Territory is concerned, and whether the estimates of the aid which is likely to be required by the new State in the future take into account the abolition of this tax.

Mr. CASBARRI (Special representative): Yes; the implication in the budget for 1960 in this connexion is 600,000 quintals of bananas per So. 6 per quintal, which makes So. 3.6 million. These figures were taken into account by the Minister of Economic Affairs when he stated yesterday that in 1960 foreign aid for Somaliland would be So.27 million, divided as follows: So. 7 million for technical assistance; So. 10 million to cover the gap in the budget of the Territory; So. 10 million to go on with the economic development programmes.

Mr. HAMILTON (Australia): I only heard these figures in passing, but I think the special representative estimated 600,000 quintals of bananas whereas the production in 1955 was 485,000 quintals. I understand, therefore, that it is estimated that the production of bananas will increase quite substantially between 1955 and 1960. I would be grateful for confirmation.

Mr. GASPARRI (Special representative): It is not estimated or expected, it is fixed that for 1960 the exportation will be 600,000. If you go through the International Bank report, you will find between pages 18 and 35 all the details and notes. It says that by 1960 the monopoly will buy 600,000 quintals. When I say that it will buy, I mean that it is not an expectation or hope because this has been laid down by contract. The Italian Monopoly, which is a Monopoly of the Italian Republic or State, has committed itself with the growers and with the Italian administration and Somali Government to buy 600,000 quintals. You can find such a figure on page 27 of the Bank's report (T/1296).

Mr. HAMILTON (Australia): I should like to thank the special representative for that information. I am sorry that I did not take sufficient note of the figures given by the World Bank. I think that in giving us his comments a few minutes ago, the representative of the Bank assumed that in order to effect a reduction in the cost of bananas and to bring his own figures into consistency with those which have been expressed elsewhere, a large part of the banana industry would be removed from its present position to the Giuba area since in the Genale area the cost of production is substantially higher than in the Giuba area. I hope that I am not misquoting the representative of the but I wonder whether the special representative could confirm this assumption.

Mr. GASBARRI (Special representative): I can confirm this statement of the Bank in so far as the cost of the banana production is higher in the Scebeli area than in the Giuba area. I always refer to 1955 because in 1955 we had the report of the Special Italian Commission on prices, and the International Bank has always referred to this report. So in 1955 the cost of one kilo of bananas in lower Giuba was 32 lire as against 38 lire in the Scebeli area, which is a difference of 6 lire per kilo.

Mr. HAMILTON (Australia): My point here was that I was interested to know whether it was intended by the Administration to transfer a great part of the industry from the Genale area to the Giuba area and virtually to abandon the industry in so far as it exists in the Genale area. Is that correct?

Mr. GASBARRI (Special representative): Yes, that is the policy of the Somali Government and the Italian administration. Up to now, large enterprises which had been growing bananas in the Scebeli area have transferred to the Giuba area. Also another large enterprise, one of the three exporting bananas, Acca has also transferred its plantation to the extent of one-third to Giuba. Up to now there has been no compulsory step or measure on the part of the Somali Government or the Italian administration to cause these people to transfer their plantations from Genale to the lower Giuba, but it is in the interests of these people to make such a transfer. Perhaps there will be some people among the 230 growers who will find it convenient to produce bananas in the Scebeli area because, as I told you before, there would be 230 different sets of costs. Perhaps the costs are much lower than 32 lire as they were reported in the International Bank's report and by the Special Italian Commission on prices.

The meeting was suspended at 4.10 p.m. and resumed at 4.35 p.m.

Mr. HAMILTON (Australia): The special representative has told the Council that it is envisaged that the banana industry will gradually move across the Genale area to the Giuba area. Presumably, this will bring about a revolution, however gradual, in the agriculture of the Genale irrigated area. Could the special representative tell us whether the estimates for financial aid, which have been given to the Council, take into account the capital needs to introduce an entirely new system of agricultural production in the Genale area?

Mr. GASBARRI (Special representative): As regards the Genale area, the problem can be expressed better in figures than in words. There are only 5,000 hectares invested in bananas out of 32,000 hectares that these people have in the Genale and Afgoi area along the Scebeli River. Therefore, if you consider transferring from Genale into the Giuba, as I stated before, the output in bananas per hectare will no longer be, as expected, 72 quintals per hectare, but 125 and 150. If we consider only the figure of 125, then the need for hectares in Giuba will no longer be 5,000 but only 3,600.

Out of these 3,600, the problem has already been solved for 600 hectares, because the society is growing and for this plantation it has already transferred 500 hectares, and the other society, as I stated before, the AWCA, moved about one-third of the plantation from Afgoi, making another 100. Therefore, the problem to be solved is for 3,000 hectares.

In the Lower Giuba, there is nothing to do but to grow bananas, because in the Lower Giuba they are disposing of 14,000 hectares of European farmers. They are using only 1,400 for their own plantation. Thus, one can see that there is quite a lot of area for new plantation, without any levelling of the land. The estimated cost of this transfer for these 3,000 hectares will be So. 6 million at a rate of 2,000 per hectare.

I have now been asked how these people can finance this So. 6 million for transferring plantation from Genale to the Lower Giuba, setting up a revolution.

can state that in order to grow a banana tree only nine months is required. Therefore, starting now, we can have a production in 1958 which will be paid, not with a profit of 10 per cent, as it will be in 1960, but with a profit of 18 per cent,

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according to the price which will be paid by the monopoly in 1957 and 1958. Therefore, if you consider that these people are entitled to support for 450,000 quintals in 1958, you will see that the 450,000 is the difference in higher profit in 1957 and 1958, as against 1960, and you will already have about 4 million gained. The gain will be over 2 million. Perhaps these 2 million will be amortized in the following years between 1959 and 1960.

I repeat, these are only estimated calculations by me merely to answer your question. As I said before, many of these banana-growers in Genale will remain there, because among these people there are at least one-third who are producing very well, better than in the Lower Giuba, because they are disposed to better areas, better possibilities of drawing water from the river.

Mr. HAMILTON (Australia): I am very grateful to the special representative for the information he has given, which seems to have put the problem into a clearer perspective. I was particularly interested in the cost of turning over the land at present occupied by bananas in the Genale area to other production rather than the cost of taking up the production of bananas or bringing additional areas in the Giuba area under banana production. It is the transfer from bananas to other crops in which I am most interested. However, as I see it, no great area of land is involved and presumably the capital expenditure would not be as large as I had anticipated. I would like to thank the special representative for this information. I have no more questions.

Mr. FELD (United States of America): I have several questions which I should like to address to the special representative, all of which relate to statements made in the report of the International Bank. The first relates to a statement on page 98, which I shall read:

"Private business is uncertain as to its position and opportunities after 1960. Except from the operations of the oil companies, the inflow of private capital has largely stopped: the tendency is rather for funds to flow out. Able men have already begun to leave Somalia or are actively seeking more certain employment elsewhere." (T/1296, page 98)

I should like to ask the special representative what efforts are being made by the Administration to encourage private capital and able businessmen to remain in Somaliland and to contribute to the growth of the economy. It seems to my delegation that it would be indeed regrettable for Somaliland to lose these valuable assets which have already done so much, according to the Bank's report, especially in the field of agriculture.

Mr. GASBARRI (Special representative): I understand that this statement on page 98 of the Bank's report is a fear rather than a fact because, in point of fact, no big enterprise has left the country up to now. Perhaps what made the Bank note such an impression is the following: From 1950 to 1953, private investments in industry and agriculture in Somaliland were at the rate of 40 million per year. From 1954 this 40 million has been increasing by 10 million

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representative)

in 1954, 9 million in 1955 and 3 million in 1956. This figure of 3 million for private investments in 1956 does not include agricultural investments, which were not calculated, and possibly this could become 6 million. This may be the reason why the International Bank is reporting such an impression.

There is a decrease in new private investment, not a running away of private operators. Anyhow, as from 1956 these figures of private investment are likely to increase. I have had many opportunities to tell you that the big industrial enterprises in the Upper Scebeli alone are investing in the agricultural field more than 5 million somalos in 1957 and other enterprises are on the point of making investments.

I can quote the following; fishing industries, about 2 million somalos; meat canning, about 1 million somalos. So I repeat that my impression is that the International Bank meant to say that there are no more incentives for new investments, not that big enterprises or big farms are moving away. I do not know of any farms which went away: I know of a big farm called the Rosica which went away, but another one came in its place.

Mr. FIELD (United States of America): On page 94 of the Bank's report, referring to banking and foreign exchange, the statement is made:

"Lire make up over two-thirds of Somalia's external assets: the extent to which they could be used multilaterally at the end of the Trusteeship would have to be defined." (T/1296. page 94)

Could the special representative indicate whether the Administration has given consideration to this observation by the Bank?

Mr. GASBARRI (Special representative): I am not in a position to state now and commit the Italian Government on this subject. This is a matter of policy to be established at the appropriate time by the body concerned.

Mr. FELD (United States of America): My last question relates to the following statement on page 75 of the Bank's report:

"Extension, that is, the art of inducing farmers to improve their methods of crop and animal husbandry, so as to enhance yields and conserve soil and water, has, however, hardly begun. Very few officers of any grade are employed on this fundamentally important task." (T/1296)

Can the special representative indicate whether any efforts are being made to provide for more effective agricultural extension work?

Mr. GASBARRI (Special representative): Yes, great efforts are being made with the help of the International Co-operation Administration, which is co-operating with us in some economic development projects and programmes. While I am speaking to you, one of the experts in extension services is arriving at Mogadiscio. I cannot give you his name. He will be followed by two others. The first one is intended for extension service at Uebi Scebeli where the big project No. 4 of Bullo Mererta is located. I had the occasion to refer to this before. Another one is intended for Lower Giuba where we are also involved with big investments in agriculture. The third one is intended for dry farming in the Upper Giuba. We had only one by the name of Mr. Thomas, but unfortunately he had to go away for health reasons.

Mr. THORP (New Zealand): I should like to begin my questioning by reverting to aspects of two questions which were asked before. The first is merely to obtain confirmation on the question of the amount of financial assistance which Somalia is estimated by the Minister for Economic Affairs to require after 1960. It was established that, in reaching these figures, account had been taken of the So. 3 million odd which will be lost to the Territory's finances when the export tax is removed. I would be grateful to the special representative if he could also confirm, and perhaps give me the figure which has been arrived at,

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the allowance which has been made for the loss of gross export receipts from the lower price which it is anticipated will be received from bananas since this will presumably be reflected in the receipts from import duties.

Mr. GASBARRI (Special representative): All this has been taken into account in the figure of So. 27 million given by the Economic Affairs Minister as to 1960.

Mr. THORP (New Zealand): I thank the special representative for that clarification. The second question follows up some questions which were asked by the representative of Australia about the future of the Genale area when the banana plantations move. As I understand it, there is an appreciable area of land in good working condition by Somali standards there, and I assume that there are plans for its alternative use should there be a transfer to Giuba. Perhaps the special representative could expand on this aspect.

Mr. GASEBARRI (Special representative): I wish to make it clear again that this transfer of the banana plantations from Genale on the Uebi Scebeli river to Lower Giuba is not a compulsory one. Secondly, if any transfer takes place, it will only involve 5,000 hectares. The farmers use 5,000 hectares for bananas and 14,000 hectares for other crops. The total is 19,000 hectares. These crops are revolved. So if the 5,000 hectares are removed from Genale to Lower Giuba, it does not mean that the other 14,000 hectares for cotton, ground-nuts, ramie and other crops are to be given up. As I had the opportunity to state yesterday, so far as agriculture is concerned, Genale started its colony with cotton in 1926 and not with bananas. No one knew about banana growing. Therefore these 5,000 hectares will not be destroyed. They will be employed for cotton and other crops. The economy of Somalia will be increased by these 5,000 hectares in the Lower Giuba where only 1,400 hectares out of 14,000 are in use.

Mr. THORP (New Zealand): In his interesting and very intelligent statement yesterday, the Minister for Economic Affairs of Somalia indicated that his Government would view favourably outside investments in agriculture as well as in industry; that is, I assume, in the development of export crops and also notably in the production of cotton. In his statement, the Minister said:

"The pessimism of the report is not shared, particularly with regard to agriculture, wherein the report goes so far as to shut out the possibility of profitable investments by other than local investors.

"This appraisal is denied by facts, the most recent of which is the action of a large Italian agricultural concern (SAIS), for which the report itself expresses a particular consideration, which is now investing in the Lower Giuba region So. 5 million for developments ranging from the cultivation of cotton to that of peanuts and other agricultural products for industrial processing." (T/PV.797, pp.8-10)

I have two questions to ask the special representative which arise out of the foregoing statement. First, would he regard the operations of SAIS as representative of the operations of investment capital from outside the Territory? And secondly, would it be fair to assume that the results to be achieved by SAIS by 1960 would be any test of the prospects for investment in the post-1960 period in these crops, primarily cotton?

Mr. GASBARRI (Special representative): The answer is yes to both questions.

Mr. THORP (New Zealand): I certainly thank the special representative for the unqualified reply which he has given to me. With regard to the statement I quoted, I assume that some security of tenure of land will be offered to these investors, but this will have to come about in the post-trusteeship period.

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I could quote many passages from the Bank's report which draw attention to the skill, experience and capital necessary to grow export crops profitably in the difficult conditions of Somaliland. They appear, for example, at pages 13, 15, 31, 73, 75 and 76 of the report and they have been referred to before. There are two statements which I had found particularly difficult to follow, bearing in mind the later information we have had in this Council, though I have been greatly helped in understanding them by the statement made by the Bank representative this afternoon. May I refer to them, however, to follow this line of thought a little further.

At page 15 of the Council's version of the Bank's report there is a statement as follows:

"But even with irrigation, very few crops offer a reasonable chance of yields high enough to reward the skill and capital required."

(T/1296, page 15)

Then there is a reference to concessions and to the S.A.I.S. operation in sugar. Then there is a sentence which reads as follows:

"But it has become abundantly clear that none of these could sustain a fully irrigated agriculture by European farmers." (Ibid)

I wonder whether I could at this point ask the representative of the Bank to confirm to me whether the word "fully" in this sense has any particular significance and whether partially irrigated or mixed agriculture is differentiated.

Mr. WILLIAMS (International Bank): I can see the possible ambiguity of that. The reason for putting "fully irrigated agriculture" is that under Somali conditions, almost without exception, anything less than regular irrigation would make impossible sufficiently reliable cultivation of any of the major crops.

Mr. THORP (New Zealand): Having obtained that clarification, may I refer to page 76 of the Bank's report, where in the third paragraph it is stated:

"There is no practical alternative to bananas as an export crop."

(T/1296, page 76)

(Mr. Thorp, New Zealand)

Naturally, we have all listened to the statements that have been made and we understand the different approaches which are being made by the Bank and by the Somali Government to this problem, but I wonder whether the representative of the Bank could draw my attention to the sections of the report where cotton has been excluded as an alternative crop to bananas, whereas we have now found it reaching a prominent place as a possible alternative in our thinking.

Mr. WILLIAMS (International Bank): May I say first that the mission itself was of the opinion that cotton, and I might quote from page 73, "could become of primary importance as a Somali cash and export crop." That was on the assumption that an appropriate organization were created, and the special representative yesterday spoke about that organization. So far as cotton on the regular concession type of economy is concerned, the mission was left in considerable doubt. On page 81, where we looked very quickly at other possible crops, the last paragraph talks of cotton or citrus as being those crops which in principle would offer a high enough return per unit invested to warrant serious consideration as the basis for an irrigation concession economy.

Cotton is certainly attractive. As the special representative pointed out. European farming in Somaliland largely began with cotton. It was the combination of fickle prices and a very fickle crop which caused the collapse of cotton and the growing of bananas in the early 1930's.

The experiments with cotton by S.A.I.S. that had taken place up to the time that the mission was in Somaliland were still somewhat inconclusive. As has been said, S.A.I.S. has demonstrated very considerable management and technical skill. The problem that they had not fully resolved was a problem of pest control. While there was some prospects that this had been solved from the technical point of view, it had not yet been solved from the point of view of economic application; and of course this problem would get bigger the more widely extended cotton growing became.

With that in mind, on the one hand, and with some minor reservations about the general world market for cotton and its traditional behaviour, we decided that it would not be warranted, at this stage anyway, to suggest that cotton be looked on for the concession farmers as a reliable alternative to any other crop.

If the problem of pest control is indeed resolved, that view would have to be modified. As of the time the mission was in Somaliland and consulted with S.A.I.S., which was the major concern with experience in cotton, the opinion that the mission came to did not seem to offer any alternative.

Mr. THORP (New Zealand): I am very grateful to the representative of the Bank for that exposition of the views of the Bank, which illuminate the report considerably.

In his very recent question, the representative of the United States referred to a subject which had interested my delegation, namely, the development of extension work, and the encouraging answer given by the special representative has been noted. I wonder whether I might now ask the special representative a question about the production possibilities of the indigenous population -- the local farmers -- as compared with the concession economy.

First of all, I realize that this is asking for a somewhat subjective answer, but could the special representative give me any idea of when the rural population of Somaliland might be expected to make a substantially increased contribution to the export production of cotton. I have in mind that some experience will be gained under Project 4 as a guide to the possibilities in this regard. From what the representative of the Bank has said, the Bank's mission would attach considerable importance to the possibilities of production by the indigenous people, since the economics of it would be more favourable than those of the concessions.

Mr. GASBARRI (Special representative): With the permission of the President, I should like to reply to a question which was not put to me in connexion with pest control. When we say pest control we mean combatting platyhedra and dysdercus. We in Somaliland know what black arm is, but we are free of such infestation.

Under Decree No. 19 dated 25 March 1957, all stocks of previous crops must be destroyed. This is the first and most important measure to rid the growers of that cotton and to destroy the stocks of previous production. A special service has been set up under the Economic Minister to combat platyhedra and dysdercus.

As regards the second question, for the year 1951-1952, the year of the highest production of cotton in Somaliland, 90 per cent if not 100 per cent of the production came from the farmers of Somaliland. Between 1950 and 1955, the International Bank report states that 60 per cent of all the production comes from Somali growers and planters.

In connexion with Project No. 4, we expect very much from that area in the field of cotton production by the Somali people. We have also another big project jointly carried out with the International Co-operation Administration, which is called Project No. 3 and which is devoted to cotton only. I quoted yesterday the figures of a well-known expert, but I believe that those figures are much too optimistic. However, that is the opinion of a very well-known expert.

Mr. THORP (New Zealand): It only remains for me to put the question in this final form. Could the special representative confirm my understanding of these questions that in fact the Government of Somaliland will rely primarily on cotton production by local farmers, or is relying primarily on the idea of cotton production by local farmers, when it expresses confidence in the future of cotton as an export crop?

Mr. GASBARRI (Special representative): I do not know whether I interpret well the views, ideas and opinions of the Somali Government, but I know that the Somali Government relies a great deal on the cotton grown by Somali producers, while the Italian administration relies a great deal on the production of banana growers. For each hectare devoted to bananas, they must plant two hectares of

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Special representative)

other crops, the crops giving the best profits after bananas. There is another crop which is likely to give much higher profits than bananas and cotton, namely ramie. In our literature ramie is called "the fibre of the future". This is now grown in China. As a matter of fact, this fibre is called the China grass because it comes from China. Ramie is also grown in Florida. It is used in Germany. As I stated yesterday, Germany has a mission in Somaliland to invest in the planting of more hectares with Ramie. Therefore, Somaliland will be in competition with Florida. This is not like the case of bananas. The cost of transporting one kilo from Mogadiscio to Germany will be less than the cost of transporting one kilo of ramie from Florida to Germany.

As regards the output of crops other than bananas, I can quote some figures. Cotton: the average production output per year per hectare is 1.2 quintals for Somaliland for production between 1950 and 1955, when there was no law for the compulsory destruction of crops of previous products. There was no service then to protect the cotton from platyhedra and dysdercus. There was no Egyptian expert and there were no other facilities for cotton.

I should like to repeat the excellent remarks contained in the report of the International Bank concerning these enterprises. The figure 1.2 for the last season of cotton has become 2.4. For the Congo, the figure is 1.3; Ruanda-Urundi, 1; Gambia, 1.1; Senegal, 1.3; Mozambique, 1.2; Tanganyika, the country which is in competition with us, 1.2; in all overseas territories of France, 1.3. Therefore, the prospects for Somaliland are not as gloomy as they may appear.

I repeat: If S.A.I.S., with its consistently sound scientific direction, becomes involved in so big an investment programme in cotton, it certainly means that some profits can be made.

Mr. GRILLO (Italy): Before we proceed to the next subject, may I go back for one moment to the question put by the representative of Belgium about migration. I should like to add, in order to make more clear, if I may say so, the answer given by the special representative, that on this question of migration, referred to on page 65, paragraph 55.3.(b), it is not a question of a specific plan of the Administering Authority to transfer people from Migiurtinia and Mudugh to southern Somaliland. There is no question of that, not even in connexion

with any development plans of the Administering Authority. The question mentioned on page 65 is not new. It is a historical question, as may be gathered from the report itself. In fact, it goes back to the historical trend of the northern populations to move south and to the resentment of the populations already settled in the southern areas.

The PRESIDENT: Before the Council begins its questioning of the special representative on social and educational advancement, it might be useful if I indicated what I take to be the Council's formal position in respect of the economic situation in the Territory. Here, I refer to the Council's position in addition to its normal responsibility to submit a report and, if it wishes, recommendations to the General Assembly in respect of the Territory in general. The facts are the following.

On 7 July 1954, the Council adopted a resolution (1001 (XIV)), by which it invited:

"the General Assembly during its [forthcoming] ninth regular session to instruct the Secretary-General to consider, in consultation with the Italian Government and the International Bank for Reconstruction and Development, whether the financing of the economic development plan for Somaliland may be assisted, either by the Bank, within the limits of its statutes and policy, and for that purpose to request the Bank to send a mission to Somaliland to study the situation, or by other means to be applied by the United Nations".

In December 1954, the General Assembly, in its resolution 855 (IX) did request:

"the Secretary-General to consider in agreement with the Italian Government the advisability of asking the International Bank for Reconstruction and Development to send a mission of experts to study the situation and the possibilities of economic development in the Trust Territory of Somaliland under Italian Administration".

The Assembly further requested:

"the Trusteeship Council to continue its study of the question and on the basis of the conclusions of the 1954 Visiting Mission to Trust Territories in East Africa and the report of the Bank, if the plan for the mission ... is carried out, to endeavour to decide on practical measures for financing the economic development plans for Somaliland and to report to the General Assembly at its [tenth] session".

(The President)

In July of the next year -- 1955 -- the Trusteeship Council, "Having been informed ... that the International Bank was reluctant [at that stage] to accede to the request that a mission of the Bank be sent to the Territory, but that it would be willing to consider the matter again in the event that the Trusteeship Council were unable to find ... alternative means for carrying out such a study ..., and that any such request should come from the Government concerned", recommended to the Administering Authority:

"that it make a formal request, as proposed, to the International Bank". (Resolution 1255 (XVI))

In its conclusions and recommendations on conditions in the Trust Territory, the Council at its eighteenth session proposed to consider the situation which was likely to arise in 1960 in respect of the budgetary deficit and the assistance which would be required, when the report of the Bank and the Administering Authority's comments on that report were available.

It seems that we have now reached the stage envisaged by the Council at its eighteenth session. It seems clear, furthermore, that General Assembly resolution 855 (IX) is still before the Council. Since the report of the Bank is now before us and comments have already been made on it, the Council may now feel itself in a position where it can, as it were, re-advise itself of General Assembly resolution 855 (IX) and consider what steps it may take in relation to that resolution.

That is the formal position, as it appears to me. It would seem useful to remind the Council at this point of that position. Of course, these matters can and will be taken up again in the course of members' general observations on the Territory. Naturally, the matters will also be considered in some detail in the Drafting Committee, and that Committee's report will in turn come back to the Council. The purpose of these remarks is not to suggest that at this particular stage any further procedure is required on the part of the Council; I am merely attempting to remind the Council, as I have said, of what appears to be the formal position in the light of earlier action taken.

Social and educational advancement

The PRESIDENT: I understand that the representative of the World Health Organization wishes to make a statement to the Council, and I now invite him to do so.

Dr. TABONA (World Health Organization): The present statement is based on a review of the 1956 annual report of the Administering Authority and on observations made by WHO staff which has visited the Territory recently.

The World Health Organization has noted with satisfaction the continued attention being given by the Administration to the health needs of the population of Somaliland, in the face of the well-known difficulties besetting that Territory. In spite of the progress made in setting up basic medical care services and programmes of communicable disease control, maternal and child health and environmental sanitation, much remains to be done. The health problems in this Territory are many, and a great number of them cannot be adequately solved without improving the educational standards and economic and social conditions of the population. For example, a limited educational background creates problems in the technical training of health services staff. Again, economic development is essential to provide the basic necessities of life, such as food, water and proper shelter.

The most pressing problem in the health field is the shortage of medical and health personnel, and this will become particularly acute after 1960, when the Territory becomes fully independent. In the absence of even one qualified Somali doctor at present, the best foreseeable situation is that by 1963 there might be nine Somali doctors. If all the Italian doctors were retained after independence, under bilateral agreement and with the financial support of the Italian Government, they would be able only to maintain the work at its present stage. If no appropriate steps are taken to ensure the socialization of staff responsible for health work, there is a danger of discontinuation or even collapse of medical facilities so far established.

These considerations lead the World Health Organization to suggest that the Administering Authority examine the following two steps. The first step would be to establish a short, two-year course for carefully selected senior medical assistants to enable them to assume greater responsibility in the health work of their own Territory. The second step would be the concurrent strengthening of the training programme for medical and health auxiliary personnel. These two steps have been put into effect with notable success in the Sudan. The Organization has been assisting a number of its Member States in this type of training work and would be prepared to render assistance to Somaliland, if requested.

I now turn to a second fundamental problem, one which has already been stressed in the recommendations of the United Nations Advisory Council. I refer to the need to reorient the existing services more towards preventive work. This would enable the Administration to strengthen health services while at the same time following the Advisory Council's suggestion that:

"no demand should be made, for the time being at least, to increase greatly medical expenditure". (T/1311, paragraph 244)

(Dr. Tabona, WHO)

In this connexion, special reference was made to setting up a demonstration area for this purpose, and the Council has expressed the hope that such a project would be considered by WHO and UNICEF in Category I of the Technical Assistance programme to be implemented in 1958. Existing staff in the various health and medical services, including the hospitals, would have to be trained in the field of public health before properly orientated health services could be demonstrated. The establishment of a training area is, therefore, necessary and requires careful study of the local situation. The World Health Organization considers this recommendation of the Council an important and practical one and would be prepared to render such assistance as soon as funds were made available for it.

Another important consideration for the improvement of health services in the Territory would be an over-all long-term planning of health work. Once a training and demonstration area for the suitable types of health services had been set up, it would be a natural sequence to extend gradually such type of service throughout the country. For this, an over-all plan would be required which would regard the development of health services either as an independent programme or, whenever possible, as an integral part of the social and economic development programme of the Territory.

The Trusteeship Council has noted in the past the adverse effect of poor health and conditions on social and economic development in the Territory. With careful planning of health services based on a priority of needs and available resources, it is possible to achieve a balanced and orderly development of health work in Somaliland and, consequently, the improvement of health conditions in the Territory. The World Health Organization is also prepared to render assistance in this type of health planning if requested.

The PRESIDENT: I invite equestions from members of the Council.

Mr. KIANG (China): The question which I should like to put to both the representative of UNESCO and the special representative is confined to education. I think that the Council will recall that, in his opening statement introducing the annual report on Somaliland, the representative of Italy spoke at some length about the problem of nomadism, and he ably developed his point by quoting in extenso relevant passages of the report of the Advisory Council and also of the report of the International Bank. This problem is, in fact, dealt with in the annual report, particularly on pages 115 and 116. In its report also, the United Nations Advisory Council has dealt with the education of nomads. The Advisory Council commented on two projects for the education of the nomads, namely, the AUNEP project and the DAUFEP project. In both of these, UNESCO and AFIS are directly involved.

The Advisory Council seems to have misgivings as to the success of the experiment if it is to be conducted on the basis of the AUNEP project, and for which, we understand, UNESCO has proposed to intensify its activities. According to its report, the Advisory Council is of the opinion that the DAUFEP project holds out more hope than the AUNEP project and is also of the opinion "that it would be more feasible to concentrate first on training personnel sufficient in numbers to make a real impact on the nomad". It considers that "in the long run it will be productive to have a smaller number of highly educated persons, who can later deal with such a serious problem as nomad education, rather than to have great numbers who have barely attained literacy and whose little knowledge would probably soon be forgotten once the stimulus is withdrawn". (T/1311, page 119, paragraph 327)

I wish, first of all, to know from any representative members of the Advisory Council whether my understanding of what I have read in the Advisory Council's report is correct before I put any question to the special representative.

Mr. BARADI (Philippines): I have been authorized to state that the understanding of the representative of China regarding the observations and opinion of the Advisory Council is satisfactory.

Mr. KIANG (China): Then I may conclude that my understanding of what appears in the report is correct.

Now I should like to hear the views of the special representative on the observations of the Advisory Council.

Mr. ZADOTTI (Special representative): The observations made on this point by the Advisory Council are certainly very interesting and very important, and I think that, generally speaking, they cover the subject very well inasmuch as they show how difficult it is to deal with such a problem.

The two projects now under way -- the AUNEP project and the DAUFEP project -- which represent the joint efforts of UNESCO and the Administering Authority in tackling this problem, are somewhat different in nature and scope. I would not group them together as referring particularly to the nomads. As a matter of fact, the DAUFEP project does not actually refer to the nomads at all. The problem of the education of the nomads is covered by the other project, the AUNEP project, which is now proceeding in the Lower Giuba section of Afmadu. The DAUFEP project, as the Council is aware, has been in operation for some time, and. I must say frankly that the results have not always been encouraging.

At the beginning, a UNESCO expert was in charge of the operation. He was an expert from Mexico who had had considerable experience in this field, and the project was intended to cover mass education, and not only nomad education. It was established in what we, in agreement with the expert, believed to be the most convenient area, namely, Dinsor, which is a little town located half way between the two rivers, the Giuba and the Uebi Scebeli. This area was selected because it represents the point where most of the tribes in transit go during the different seasons of the year.

(Mr. Zadotti, Special representative)

The projects, as I said before, were intended for mass education and many experiments were conducted by the UNESCO expert. Some of them met with some success; some of them met with no success at all. The main purpose was to educate the people to handicrafts, to build their own houses by using new methods; and of course by giving them some demonstration of new methods in agriculture also and by giving them some practical demonstration by showing them film strips and so on.

As I said before, the project as late as last year was not very successful in general because it met with some resistance on the part of the population. I can give an example. The expert wanted to teach the people to make bricks out of earth and to build houses with bricks instead of wood which the Somalis use. Of course, the idea was a very laudable one, but it was not accepted by the Somalis because they have had long experience with the climate of the Territory and they find that it is much better to have a traditional house which permits ventilation and which at the same time is more convenient for their own use.

I am giving all these details in order to indicate how the work developed. The UNESCO expert was subsequently understudied by an Italian expert who went to Mexico on a six month scholarship. He then returned to the Territory and took over with the agreement of UNESCO from the Mexican expert who had been working there until then. The Administration decided to go on with this experiment because we felt that even if no visible results had been obtained up till then, it was worth pursuing along the lines indicated and agreed upon both by UNESCO and the Administering Authority.

I have given this very long description of this project just to indicate the difficulty that such a project involves when you start such an experiment in Somaliland.

The second one was the AUNEP expert, the education of nomads. On the recommendation of this Council the Administering Authority, in agreement with UNESCO, was only too happy to engage the services of a UNESCO expert who, as the Council well knows, arrived in the Territory in March 1956, if I remember correctly. This expert was provided with all possible assistance from the Administration. He had ample opportunity to visit the whole of the Territory and to select the spot that he thought was most convenient for his experiment. After a few months he finally decided to select a place in the lower Giuba which is an area entirely

(Mr. Zadotti, Special representative)

populated by nomads. The Administration, I repeat, gave this expert all the assistance necessary, and he set out on his work with the conviction that his job was not an easy one. The results as far as I know, have not been successful so far. I do not mean to blame the expert in any way when I say this. The responsibility for the lack of success of the experiment was merely due to local conditions. I think that when we approach the problem of nomadism we have to speak of the nomad in terms of a man who really moves about quite rapidly and who is very difficult to contact because usually even the smallest unit of his tribe is split up into many fragments. This sometimes makes it impossible for anyone to contact a limited group for a certain period of time in order to take any action with them.

All of these difficulties were discussed at length with the UNESCO expert, and some ways and means are now being considered by the Administration. One of the purposes was to prepare a very large staff of assistants who could assist the expert in his operation. However, as the Council will certainly understand, these operations are certainly limited by the financial question. We cannot embark on a very large-scale operation without prejudice to the financial implications of such an operation.

In conclusion, I should like to say to the representative of China that as regards both problems the Administration and Somali Government are fully alive to them, but it would not be very realistic to expect results in a very short time; it will take patience; it will take long work; it will take long experience before any substantial result is obtained in this field.

Mr. BARADI (Philippines): The Advisory Council notes with satisfaction that the special representative agreed generally with the observations expressed by the Advisory Council. May I, if only for the purpose of clarification, add that the Advisory Council was conscious of the fact that when it mentioned the terms DAUFEP and AUNEP, it knew the distinction between the two. Both do not apply to the nomads, as can be clearly seen from paragraphs 322, 323 and 324 of the Advisory Council's report, which refers to fundamental education. The first sentence of paragraph 322 reads as follows:

(Mr. Zadotti. Special representative)

"Implementing the agreements made between UNESCO and the Italian Government on 5 August 1952 and 26 February 1953, a programme of fundamental education and community development was started on 8 January 1954 at Dinsor in the Upper Giuba region." (T/1311)

There is a footnote on that sentence at the bottom of page 117 of this report which states: "The project is briefly referred to as DAUFEP". That means community development. On the other hand, the AUNEP is clearly in the report of the Advisory Council on page 118 in paragraphs 325, 326 and 327. The first sentences of paragraph 325 read as follows:

"The problem of nomadism has already been dealt with in paragraphs above. In March 1956, a joint project in nomad education was started by AFIS and UNESCO, in which UNESCO furnished the services of a technical expert and equipment such as vehicles, cinema projector..."

The notation on this particular paragraph at the bottom of the page reads as follows: "It is referred to as AUNEP - AFIS, UNESCO Nomad Education Project." Thus in the view of the Advisory Council these two do not refer to nomads, but they do refer to two distinct terms in educational development in Somaliland.

Mr. ZADOTTI (Special representative): May I be permitted to offer some clarification. When I made this distinction and clarification, it was more for the sake of the Council. I did not entertain any doubt that the Advisory Council, of course, knew what they were talking about. But sometimes -- and it happens to me also -- one gets involved with strange names like AUNEP and DAUPEP and it might generate some confusion.

Mr. KIANG (China): It is most interesting to hear the commentaries from both the special representative and a member of the Advisory Council on the question I have raised. Would the representative of UNESCO care to make his observation in this matter, in reference to paragraph 327 of the Advisory Council's report?

Mr. SALSAMENDI (United Nations Educational, Scientific and Cultural Administration) (interpretation from Spanish): I would ask to be permitted to answer this question a little later.

Mr. KIANG (China): That is perfectly agreeable to me. I have no further questions.

The PRESIDENT: It would be convenient now to adjourn the meeting. It will not be necessary, I estimate, for the Council to meet tomorrow morning. I judge that we can finish the remaining questions tomorrow afternoon and also make a beginning with the final statements to the extent that members are ready to do so tomorrow.

The meeting rose at 5.55 p.m.