



**CONTENTS**

	Page
Agenda item 28:	
Establishment of a world food reserve: report of the Economic and Social Council ( <i>continued</i> ).....	167

**Chairman:** Mr. Mohammad MIR KHAN (Pakistan).

**AGENDA ITEM 28**

**Establishment of a world food reserve: report of  
 the Economic and Social Council (A/3154,  
 A/3192, A/C.2/L.297 and Corr.1, A/C.2/L.299)  
 (*continued*)**

1. Mr. BENN (Australia) said that the report entitled *Functions of a World Food Reserve—Scope and Limitations*<sup>1</sup> was a well-reasoned and conservative study of the entire question of the establishment of a world food reserve. The Food and Agriculture Organization of the United Nations (FAO) had rightly stressed the practical difficulties to be overcome and the limitations of the role of such a reserve.

2. The Australian delegation recognized that it was desirable to establish food reserves by means of surpluses, not only for humanitarian reasons but also as a contribution to the economic development of under-developed areas. However, the Australian Government could not approve, even in principle, any of the proposals of a multilateral nature which had been made. It would be unable to approve the proposals so long as the manner of carrying them into effect had not been worked out in detail. That also explained why the Australian Government had favoured an *ad hoc* approach on a bilateral basis, without any prior commitment on the part of Governments. Not that Australia was indifferent to the difficulties which food shortages could cause in certain countries; on the contrary, the Australian Government had assisted several countries—India, Pakistan and Ceylon—in emergency situations by providing them with supplies from its own resources, and it was willing to continue to give assistance of that kind whenever necessary. Nevertheless, the establishment and operation of national and international food reserves should not become the subject of a final decision until the practical aspects of the question, and not merely general purposes and principles, had been studied much more thoroughly. Such a study should preferably be prepared by FAO, as the agency best qualified. He was in complete agreement with the opinion expressed by the representative of Ceylon, who had said that the whole question should be viewed as one aspect of the broader problem of economic development.

<sup>1</sup> Food and Agriculture Organization of the United Nations, Commodity Policy Studies No. 10, Rome, 1956.

3. With respect to the establishment of buffer stocks for market stabilization, in any scheme for creating self-financing buffer stocks the interests of producers as well as of consumers should be considered, since both obviously had an equal interest in market stability. Such schemes, however, generally had a tendency to reduce upward price fluctuation and were of little or no value as a check on downward price fluctuation.

4. The holding of buffer stocks, though desirable in principle, presented difficulties in implementation. The prices of imported foods were so vital a factor for so many countries that Governments would probably be reluctant to concede to some international body the right to make decisions concerning the management of such stocks, particularly in view of the rudimentary stage of knowledge of buffer-stock operations. Still, some progress might be made if it were possible to define, and then distinguish between, excessive and reasonable fluctuations, short-term movements and long-term trends, transitory surface disturbances and more profound changes. Even so, there would still be difficulties: buffer stocks might serve to absorb surpluses caused by domestic price policies, in which case measures to discourage over-production would be postponed and the problem of over-supply would be magnified. Moreover, there were limits to the cushioning effects of buffer stocks: once they attained their maximum capacity they could do nothing to stem the flow of commodities and were of negligible value as a bolster against falling prices.

5. The use of surplus agricultural commodities for the economic development of under-developed countries might sometimes have undesirable effects both on the economies of the recipient countries and on the trade of the normal commercial suppliers of such countries because, unless strictly controlled, it would disrupt their normal marketing arrangements. To eliminate that danger, the projects in each case would have to be subjected to thorough study, the conditions found necessary by such a study would have to be strictly observed, and care would have to be taken to avoid any tendency towards the universal application of plans devised to suit a particular set of circumstances. As the FAO report stated, the difficulties in the way of world-wide co-ordinated endeavours might not be insuperable, but they were very great and very real and should be approached with considerable caution.

6. The United States draft resolution (A/C.2/L.297 and Corr.1) represented a constructive effort in an important field. It was nevertheless surprising that the proposal, which dealt with the establishment of national reserves, had been submitted in connexion with agenda item 28, which concerned the establishment of a world food reserve. Indeed, the Australian delegation was unable to accept without qualification the United States representative's view that the establishment of national reserves would accomplish most of the objec-

tives envisaged by the establishment of a world food reserve.

7. On the other hand, he noted with satisfaction that the United States proposal represented a practical approach; in particular, it contemplated bilateral arrangements rather than the establishment of an international organization to administer reserve stocks.

8. It was of course desirable to establish national food reserves for the purpose of relieving emergencies, but before any international action was taken in that direction the conditions governing the establishment and operation of such reserves would have to be defined, to ensure that international trade and commerce were not disrupted. Those problems were being considered by FAO, and he agreed with the representative of Argentina that FAO was the body competent to do so. Until FAO announced the results of its studies, the General Assembly should approach the question of national food reserves with considerable caution. It might even be premature for the Assembly to adopt any resolution on that subject.

9. He was pleased to learn that the United States had decided not to use its surplus agricultural stocks for the establishment of national reserves unless two conditions of fundamental importance were satisfied: firstly, that the countries concerned developed reasonable programmes, in keeping with their particular circumstances and, secondly, that they proceeded with due regard to the FAO principles of avoiding harmful interferences with a normal pattern of production and international trade.

10. Mr. BRAVO (Chile) referred to some of the principles set forth in the Preamble of the Charter of the United Nations and to the provisions of Articles 13 and 55; he said that the United Nations had become so absorbed in the recent political events that it had neglected to pay proper attention to the purposes defined in those Articles. He asked the members of the Committee to search their consciences and decide whether they had really accomplished their task.

11. If a balance-sheet were drawn up for the work accomplished during the past ten years, it was impossible not to reach the conclusion which the Secretary-General had expressed in the introduction to his annual report (A/3137/Add.1) after analysing current economic trends: namely, that the most important economic and social problems confronting the world were almost as far from solution as they had been ten years earlier.

12. What were the circumstances or influences accounting for the failure of the United Nations in the economic field? Certainly not the structure of the Organization, nor any lack of ability and zeal on the part of the staff, which was above reproach. Perhaps the fault lay with certain Powers which, despite the resources at their disposal, were doing nothing to assist the economically weaker countries.

13. Of the five items on the Committee's agenda, two items 26 and 29 could have been disposed of in two weeks, for they called for purely formal decisions. Yet less than a month was left for dealing with the other three items, the two most important of which concerned the economic development of under-developed countries, a subject which the United Nations had been studying for more than eight years. The attitude of the great Powers in that connexion was most disappointing.

14. With respect to the Special United Nations Fund for Economic Development (SUNFED), it was proposed to convene a world economic conference. That proposal was unnecessary, for the Committee itself, being composed of the representatives of eighty sovereign States, was perfectly competent to consider and solve problems of an economic and financial nature.

15. He traced the history of the question of a world food reserve from the establishment of the United Nations Relief and Rehabilitation Administration (UNRRA), in 1943 to the adoption of General Assembly resolution 827 (IX), the provisions of which he cited. All that effort had finally culminated in the draft resolution contained in document A/C.2/L.297 and Corr.1. The latter marked a step backward inasmuch as it contemplated the constitution of national reserves and ignored the proposal for the establishment of a world organization, except in so far as it called for fresh research and studies.

16. In the month of work still left, the Committee should draft and adopt a resolution which would guarantee the implementation of the only two projects relating to economic questions that were really constructive and interdependent; such action would hold out the prospect of a practical solution for the problem of raising the standards of living in the under-developed countries.

17. Mr. LOUGH (New Zealand) said that his country, as a large producer and exporter of foodstuffs, was intensely interested in international food problems; his delegation had therefore made a very close study of FAO's outstanding report, which gave an objective account of what had been and what was being done to meet food shortages. He fully agreed with the general conclusion that a distinction should be drawn between the use of food supplies to fight malnutrition and the establishment of a world food reserve designed to stabilize prices on the international market. He also shared the view expressed in operative paragraph 2 of Economic and Social Council resolution 621 (XXII) that the basic solution of the problems to which the General Assembly resolution referred lay in rapid and balanced economic development.

18. There were, however, some aspects of the FAO report with which his delegation did not altogether agree. While the report pointed out that the current problems were due to the occurrence not of seasonal gluts but of excess supplies generated under national price support programmes, FAO seemed inclined to think that such policies were inevitable and that the accumulation of stocks would continue. New Zealand could not accept that state of affairs with equanimity, for countries which exported their primary products under normal commercial conditions could not hope to compete with highly industrialized countries in which exports were subsidized by the State. Furthermore, the very existence of such surpluses made the external trading position of all the exporting countries uncertain and insecure.

19. Such a situation was certainly not conducive to a healthy world commodity trade, even though the major country concerned—the United States—fully recognized, as its representative had stated, an obligation to avoid actions which would have disruptive effects on the level of prices. While appreciating the efforts which the United States Government was making to avoid upsetting commercial markets, the New Zealand delegation thought it desirable that policies which gave

rise to surpluses should be adjusted so as to alleviate the harmful effects of the accumulation of stocks on international trade. It was therefore unable to accept the conclusion implied in the FAO report that a continuation of the existing state of affairs was inevitable.

20. Nor did the New Zealand delegation fully share the FAO view that greater weight should be placed on building up national food reserves than on creating international reserves. He agreed that national reserves set aside from normal production or imports might play a very useful part in the event of emergency shortages, and that in general they would not be so large as to threaten the stability of world prices. However, as the national reserves in question would be built up largely with the help of the United States, it was not improbable that they would reach substantial proportions. Provided that the reserves were used only in emergencies, the countries exporting primary products would have no cause for alarm. In the absence of international supervision or control, a State possessing such stocks could use them as it pleased, without any obligation to consult other Governments. However, more than one situation could be envisaged in which the State concerned might be tempted to use its stocks in a way which would tend to exaggerate the instability of already unstable commodity markets. In the event of a general decline in commodity prices, for example, a country dependent on commodity exports and faced with the necessity of restricting its imports to offset the decline in its currency earnings would naturally be tempted to draw on its food reserves, and might reasonably argue that an exceptional measure of that kind was fully justified by the critical position of its balance of payments. The inevitable effect would be to create new difficulties for the food exporting countries which would be compelled, in turn, to cut down their imports. The world economy was so interdependent that the dangers of such a situation were all too clear.

21. Various international schemes aimed at preventing a general decline in prices had been suggested, but they were all based to a greater or lesser degree on buying in to build up stocks when prices were falling. The point was, however, that Governments would protect their national interests by drawing on their reserves instead of importing, and the effect would only be to intensify the downward movement of prices. When national reserves had been exhausted, purchases would be resumed and a new upward movement would begin. It would seem, therefore, that the establishment of national reserves operated without any international control would tend to increase the existing instability of the commodity market.

22. National reserves could of course help to check the upward movement at a time of rising prices by slowing down purchases, and thus act as a stabilizing factor. What the primary producing countries were most interested in, however, was some type of reserve that would check the downward movement in the prices of their products. For that purpose it would be necessary to build up reserves from normal commercial supplies when prices were falling; but if reserves were to be established from United States surpluses they would not have that effect.

23. The New Zealand delegation therefore considered that the establishment of national reserves from surpluses, and their use, should be subject to international control. It had been pleased that the FAO Consultative Sub-Committee on Surplus Disposal was giving close consideration to the international aspects of the prob-

lem and that the Committee on Commodity Problems, in March 1957, and no doubt the FAO Council later, would be discussing it also.

24. Turning to the United States draft resolution he expressed full support for the amendment proposed by Denmark (A/C.2/L.299) but had doubts about the draft resolution itself. It was surely the function of FAO, and not of the Secretary-General, to prepare the proposed report, since the former was the body technically best qualified, and in any case it already had the question under consideration. He echoed the caution voiced by the representatives of the Philippines and Argentina against the overlapping and duplication of work. It would not be possible for him, for the reasons stated, to vote for the United States draft resolution unless it were amended to take due account of FAO's competence in the matter of food reserves. It was doubtful whether a General Assembly resolution was necessary, but if such a resolution were adopted he hoped it would stress the need for prior consultations with the exporting countries before bilateral agreements relating to the use of surpluses for the establishment of national reserves were concluded.

25. Mr. KAUFMANN (Netherlands) was disturbed by the slow progress made in solving the problems involved in the establishment of a world food reserve.

26. The excellent FAO report clearly demonstrated the practical impossibility of solving through a single instrument the four distinct problems set forth in General Assembly resolution 827 (IX). The economic and other aspects of the measures designed to counteract price fluctuations and promote the disposal of surpluses, the technical problems of raising food production, the health aspects of fighting malnutrition, the humanitarian and organizational aspects of famine relief, all had their own special characteristics. One of the great merits of the FAO report was that it separated and analysed them.

27. The coexistence of poverty and plenty, famine and food surpluses, was so patent that easy solutions might be expected to abound. Yet that was not so.

28. Referring to the question of the use of food surpluses, he endorsed the remarks of the representatives of Australia and New Zealand. The establishment of national reserves raised problems different from those involved in the establishment of a world reserve, and perhaps the question of national reserves should not be considered by the Committee.

29. Furthermore, the use of food surpluses would not automatically produce salutary effects in the recipient countries. As shown in the FAO report, a number of conditions had to be fulfilled, one of them being that the foodstuffs consumed should be additional. The danger of inflation was ever present. If counterpart funds were set up from the sale of such foodstuffs, the spending of the funds in question might easily have inflationary effects. It was no coincidence that under the Marshall Plan several European Governments had come to the conclusion that the best use of the so-called counterpart funds was not to use them at all.

30. While the possibilities of using food surpluses to establish national reserves should be explored and exploited to the full, the long-term answers to the problem lay elsewhere. In that connexion, he said it was hardly possible to distinguish between the buffer stocks referred to by the Australian representative and the national reserves referred to by the New Zealand representative. Several delegations had stressed that the

existence of food surpluses was related to insufficient demand, and that the demand would increase progressively with economic development. The Netherlands delegation agreed with the view expressed in paragraph 2 of Economic and Social Council resolution 621 (XXII) and was convinced that the fundamental solution of the twin problems of fund surpluses and shortages lay in balanced economic development and in a balanced international division of economic activities. Those were the postulates of any solution to the urgent question of mitigating inexcusable price fluctuations.

31. The draft resolution proposed by the United States met with his approval in principle, though the points made by the Australian and New Zealand representatives deserved careful study by the Committee. In draft resolution 621 (XXII), the Economic and Social Council had requested the Secretary-General to draw up a report in consultation with FAO. It was therefore logical that the Secretary-General should also act in consultation with FAO in dealing with the new subject raised in the United States draft resolution, especially since the question of the use of food surpluses for constituting national reserves was now under close consideration by FAO, which had set up a special working party for that purpose.

32. The Netherlands delegation was therefore in complete agreement with the Danish amendment which contained a reference to FAO principles, and looked forward with keen interest to hearing what the Director-General of FAO would have to say on the question at an early meeting of the Second Committee.

33. Mr. PALIWAL (India) said that for India, as for many countries which were in the process of development, food and food reserves were matters of vital importance. In the view of the Indian delegation, the FAO report had been right in pointing out that the self-financing of a world food reserve could be used mainly to counteract excessive short-term price fluctuations and not for fighting chronic malnutrition, relieving famine and other emergency situations, building up national reserves and promoting economic development. It was preferable to seek a solution for the latter type of problem through the disposal of structural surpluses either by way of bilateral agreements or through the medium of a world food capital fund as proposed by FAO.

34. India did not object in principle to the establishment of a world food reserve, but saw many practical difficulties in the way of its constitution and operation. In particular, difficulties relating to the determination of the desirable size of a buffer stock, in cash and in kind, and the establishment of floor and ceiling prices of different types of products, besides the operating difficulties, would have to be closely studied. Except in the case of tin before the war, there had been no experience of the working of international buffer stocks, and some of the remedies suggested by FAO were likely to run into practical difficulties in actual operation. All those problems were being studied by the FAO Committee on Commodity Problems and by the Consultative Sub-Committee on the Economic Aspects of Rice and it was hoped that solutions would be found sooner or later.

35. In the prevailing circumstances, the Indian delegation felt that the objective of counteracting excessive price fluctuations could be achieved mainly through publicly managed national stocks. It would not, however, be possible to carry large stocks unless external financial assistance was forthcoming to meet the capital

charges and operating expenses involved. Besides, a complete co-ordination of national stock policies on an international plane with a view to relieving temporary shortages and absorbing temporary surpluses would be a very difficult task. The only way acceptable to all the countries for achieving that co-ordination would perhaps be to have periodic discussions by inter-governmental groups. Such an arrangement would operate by consent of the participating countries and not through any international control.

36. The suggestion made by FAO concerning the establishment of a world food capital fund was commendable in principle, and the proposal to link it up with SUNFED deserved consideration. As explained in the FAO report, the utilization of surplus food stocks to assist economic development could only work satisfactorily if other forms of finance could be made available to meet that part of expenditure which could not be covered by the use of surplus food. A link with SUNFED might enable the importing countries to have both surplus farm products and the additional grants required by them in order to operate the various projects in a co-ordinated manner.

37. In the Indian delegation's view, it would be very desirable if the Secretary-General, in consultation with FAO and other agencies, would explore the possibility of setting up a working group to examine how far the various proposals made by FAO and the suggestions made at the twenty-second session of the Economic and Social Council could be given practical shape. The working group might, in particular, make a careful study of the ideas and conclusions flowing from the distinctions made in the FAO report between two types of fund, namely commodity stabilization fund reserves operating on a self-financing basis on the one hand, and the world food capital fund linked if possible with SUNFED on the other.

38. The Indian delegation, before proposing any amendment, would be glad to hear any comment on its suggestions. It reserved the right to offer further comments when the draft resolution and amendments, if any, came up for discussion.

39. In conclusion, he reaffirmed his Government's general agreement with resolution 621 (XXII) of the Economic and Social Council.

40. Mr. JACQUINOT (France) said that the course which General Assembly resolution 827 (IX) had set for the Committee involved two dangers: in order to achieve its aims, the Committee must beware of failing in idealism and of avoiding any practical form of action.

41. The establishment of a world food reserve raised complex issues which it was difficult to dissociate from the more general questions with which they were closely linked. Great credit was due to FAO for submitting such an excellent analysis of existing knowledge on the subject and for classifying its various aspects without artificially simplifying them.

42. The Economic and Social Council had acknowledged at its twenty-second session that a single organization could not achieve all the objectives which the General Assembly had set for the world food reserve, namely: to relieve emergency needs in case of famine, to fight chronic malnutrition, to promote the stabilization of agricultural prices and to promote the rational disposal of surpluses. The Council had therefore laid particular stress on the utilization of food reserves to relieve unforeseeable food shortages and had requested the Secretary-General to prepare a report on the sub-



ject. The Council had thus placed emphasis on the aspect of the question which was entitled to priority on both humanitarian and practical grounds.

43. As was well known, the international community had acted speedily and effectively whenever help had been needed by famine-stricken peoples; but such international generosity had seldom been co-ordinated; it had been the indirect total, or rather the juxtaposition of the generosity of individual countries. It was obvious that a more coherent organization of assistance would result in the speedier and more complete relief of needs which were ever pressing. Food distribution schemes carried out by FAO and the United Nations Children's Fund had shown that joint action could be both speedy and effective. The Food and Agriculture Organization of the United Nations had evolved, and was applying, methods of detecting the threat of famine anywhere in the world. The present task was to supplement that action by means of an emergency relief system, also on an international basis.

44. Several methods of organizing such relief had been proposed, ranging from an ambitious scheme for an international relief fund to more practical plans such as the "Plan of the Three Circles", the operation of which was briefly set out in paragraphs 54 to 57 of the FAO report. The French Government favoured the latter system: its flexible procedure would obviate the difficulties of storage and transport and ensure speedy and straightforward action on the basis of prior undertakings which many Governments appeared to be in a position to assume. The United States draft resolution appeared to be along those lines. It was natural at that stage that texts proposed should still be vague. The French delegation hoped that the report which the Secretary-General had been requested to prepare would provide the Committee with information enabling it to take a decision. Meanwhile, however, the French delegation hoped to persuade other delegations that it was absolutely indispensable, whatever the method adopted, to co-ordinate relief in order to achieve positive results. It was better to plan ahead than to improvise.

45. Nevertheless, the relief that could be furnished in emergencies did not eradicate the deep-set causes. The population of certain under-developed countries was still threatened with famine, and the free distribution of food did not remedy that situation; the only remedy was to adopt decisive measures to ensure the economic development of such countries. That was why it had been considered preferable to channel the limited resources available for international assistance into economic development, and to use agricultural surpluses to finance such development. Development programmes brought about an increased demand for food in the countries applying them, and so placed a strain on domestic prices; that strain could be reduced by deliveries of agricultural surpluses, which would thus contribute to economic development. In that connexion, FAO had suggested the establishment of a world food capital fund which would be distinct from SUNFED but the financing of which would be co-ordinated with that of SUNFED. The French delegation could not but regard that suggestion as demonstrating the justice of the argument recently advanced by the Brazilian and French representatives concerning the need for some degree of financial centralization.

46. Lastly, the world food reserve was intended to provide buffer stocks. The FAO report made it clear that it was still too early to discuss the setting up of what

the French delegation had called in a previous statement a "comptoir". The important thing, however, was to indicate at that stage what was the course to be followed and to persuade Governments to take a definite public stand: the effect would be to remove some of the difficulties. He recalled that the representative of the International Federation of Agricultural Producers, speaking in the twenty-second session (930th meeting) of the Economic and Social Council, had held that Governments were responsible for the present state of affairs and that it was incumbent upon them to promote appropriate policies. In that respect also the United States draft seemed to be a first step in the right direction. At the present stage, however, the French delegation was prepared to leave the matter in the hands of the Commission on International Commodity Trade and of FAO, more particularly the FAO Committee on Commodity Problems. It was in those bodies that progress could be made, and it was important, therefore, that they should be given every material assistance and encouragement.

47. With regard to the United States draft resolution and the proposed amendment to it, he stressed the need to act with speed and to find methods of action which would prove immediately acceptable to Governments. The United States draft resolution proposed one such course of action: it aimed at promoting the establishment of national reserves to meet food shortages and stabilize local prices. That was an essential task. Countries threatened with famine or in the process of economic development had to build up national reserves, but it was precisely such countries which did not have the means to finance such reserves. They therefore had to be helped not only to overcome a crisis, if one arose, but also to carry out their programmes by an assurance of some degree of continuity in the assistance they were receiving. In that way, agricultural surpluses would be put to rational use.

48. The French delegation had already paid a tribute to the magnanimity which prompted the United States proposal. The draft resolution, by giving FAO a centralizing function and so introducing a considerable measure of multilateralism, constituted a valuable point of departure. It was important, however, to ensure that the building up of national reserves through contributions made as gifts or on special conditions did not have the effect of upsetting the markets: that was the purpose of the Danish amendment. It was the task of the Consultative Sub-Committee of the FAO Committee on Commodity Problems to ensure the application of the general principles laid down by FAO for the disposal of surpluses; as its debates had shown, consultation between all the countries concerned was an essential element of international co-operation in that field. It was important, therefore, to emphasize that aspect of the problem which, incidentally, was implicitly recognized in the United States draft.

49. In conclusion, he stated the specific objectives upon which the Committee could at present concentrate: promoting the building up of food reserves in the under-developed countries, taking decisive steps to link the utilization of surpluses with the execution of economic programmes and, lastly, furnishing rapid relief to the hungry.

50. Mr. MINWALA (Pakistan) recalled the four objectives set forth in General Assembly resolution 827 (IX) and observed that the FAO report on the functions of a world food reserve submitted pursuant to

that resolution left no doubt as to the difficulties of achieving those objectives within the framework of a single organization. Each objective would have to be examined singly, as they presented problems which must be approached by very different methods. Since it was now abundantly clear that all four objectives could not be simultaneously achieved through the establishment of a world reserve, the question arose whether attention should be directed towards one or more of them.

51. It was clear that the first objective—to raise the levels of food production and consumption and to fight chronic malnutrition—could not be realized except by promoting the economic development of areas where purchasing power was low.

52. The second objective—to relieve famine and other emergency situations—was one of immediate importance, particularly to Pakistan and countries in a similar position. Pakistan had in past years suffered several times from food shortages which had had an adverse effect on its economic development. Perhaps in no region of the world today were people living so near the margin of subsistence as in Asia and the Far East. That region, which comprised half the world's population, was now producing less food *per capita* than before the war. It could be safely affirmed that the agricultural potentialities of the region as a whole were such that the possibilities of increasing agricultural productivity *per capita* were real, given adequate measures to that end.

53. The real problem in that connexion was the absence of any adequate machinery capable of taking urgent measures to meet recurrent food shortages arising from natural calamities or other causes. The arrangements made by FAO to invoke international emergency aid were rather cumbersome, and could not always be brought into play with sufficient rapidity. The only practicable course for a country faced with a critical food shortage up to now had been to obtain food supplies by bilateral negotiations with countries able and willing to help. The terms and conditions under which relief supplies had been donated under the existing United States surplus disposal legislation had been remarkably generous; but bilateral arrangements to relieve a situation caused by shortages had not always been entirely devoid of political or economic repercussions, and countries which had in one way or another been adversely affected had sometimes, unfortunately, grown to mistrust bilateral arrangements,

which had played so important a part in providing relief.

54. The bilateral approach therefore could not be regarded as entirely satisfactory when considered in all its aspects. Although Pakistan's experience with such arrangements had been a source of great satisfaction, it did not consider that they always provided ideal solutions to emergency food problems. Increasing multi-lateral co-operation should therefore supplement, but not supplant, the present bilateral arrangements, unless national food stocks were already in existence. Bilateral programmes would not necessarily diminish in importance merely because some of the transactions would take place on a multi-governmental basis, probably under the auspices of the United Nations. Since the end of the war, the gradual evolution of multilateral co-operation and international action had reached the point where it might be possible to envisage the establishment of an emergency food reserve or, alternatively, an international relief fund, which would probably be more flexible in operation and simpler in organization.

55. The third objective—price stabilization—seemed more difficult to achieve. Buffer-stock techniques, though essentially sound in theory, presented many practical obstacles, not the least of which were storage and selection of commodities. Perhaps more light could be thrown on the solution of the problem when the subject was considered in greater detail by other bodies such as the Commission on International Commodity Trade.

56. The rational disposal of agricultural surpluses, most of which were of a primarily structural rather than seasonal or cyclical character, would seem to be the least baffling of all the problems. Among the possible uses of food surpluses, the FAO report suggested a kind of international food reserve which would promote economic development in under-developed countries by making surpluses available on special terms out of the reserve. A world food capital fund, whether linked with or forming a part of SUNFED, would be of inestimable help in financing projects, particularly those requiring extensive manpower. The pilot study carried out by FAO in India on the possible use of agricultural surpluses in financing economic development had shown that it was possible to use such surpluses to the mutual advantage of producing and recipient countries.

The meeting rose at 12.35 p.m.