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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. CROLL (Canada) said that his country's economy depended to a considerable extent on the export of primary commodities, of which food grains constituted the largest item. Agriculture was the most significant of Canada's primary industries, employing 20 per cent of the male labour force. The subject under discussion was therefore of very great importance to his delegation. Its views on the subject of a world food reserve had been clearly expressed at the twenty-second session of the Economic and Social Council (930th meeting). He would restate them briefly.

2. The purposes of establishing a world food reserve were, as the representative of Costa Rica had pointed out, fourfold: to raise levels of food production and consumption and to fight chronic malnutrition; to relieve famine and meet other emergency situations; to counteract excessive price fluctuations; and to promote the rational disposal of intermittent agricultural surpluses. His delegation had no quarrel with those objectives, and in fact subscribed to all of them. It had some doubts, however, about the best method of achieving them. Canada, like some other countries, felt that the creation of a central, multilaterally controlled reserve of food was impracticable, and it concurred in the view expressed in Economic and Social Council resolution 621 (XXII) that ultimately the best solution lay in rapid and balanced economic development. As the Council had observed, food surpluses could usefully contribute to such development under appropriate circumstances and taking into account the principles established by the Food and Agriculture Organization of the United Nations (FAO) for the disposal of agricultural surpluses. His delegation fully endorsed the Council's conclusions and recommendations.

3. With regard to the draft resolution submitted by the United States delegation on the subject of international co-operation in the establishment of national food reserves (A/C.2/L.297 and Corr.1), his delegation did not wish to take a final stand at the present time. The draft was further evidence of the co-operative-

ness and generosity of the United States, and his Government did not object to the idea of establishing national food reserves for use in meeting emergencies. It was, however, concerned about the dangers inherent in the disposal of surplus agricultural products in that way, and felt that any proposals should be given exhaustive study in the appropriate technical body—that was to say, FAO—before being approved by the General Assembly. The Food and Agriculture Organization of the United Nations had been set up expressly to give the deliberative bodies appropriate technical advice. Such advice had not yet been received in the present instance. The position was as follows: the FAO Consultative Sub-Committee on Surplus Disposal had prepared a preliminary report which would be discussed by the FAO Committee on Commodity Problems in March 1957. The Secretary-General himself would no doubt wish to wait for specific recommendations from FAO before preparing any report on that subject. It appeared altogether premature, therefore, for the Second Committee to go further into the matter at the present time.

4. As had been pointed out by Mr. Kamat, the representative of India on the Working Party on National Reserves set up by the FAO Consultative Sub-Committee on Surplus Disposal, many complex problems were involved in the matter of establishing national food reserves, among them that of preventing the disruption of the normal pattern of international trade, on which the economies of so many countries, including Canada, depended. His delegation would be reluctant to support any proposal that might have the effect of impeding the free flow of international trade, and it was a fact that the large-scale disposal of surpluses could undermine its whole basis. Canada therefore hoped that the United States delegation might find it possible to amend the draft resolution in such a way as to make it more acceptable to the Canadian and other delegations.

5. Mr. KENNEDY (Ireland) said that, while his delegation appreciated the constructive statement made by the United States delegation at the 415th meeting, it had some misgivings concerning the practical implications of the draft resolution submitted by the United States.

6. In the first place, the Irish delegation, like others, had some difficulty in discussing the question of national food reserves under an agenda item dealing with a world food reserve, if only from the practical point of view of briefing on the subject. Moreover, he shared the doubts of other representatives as to the wisdom of adopting such a resolution when the relevant studies by the Economic and Social Council and FAO had yet to be completed.

7. His delegation's main concern, however, in approaching the draft resolution, was the effect which the creation of such food reserves might have on the ex-

port trade of other countries. True, the United States representative had indicated that it was intended in granting such assistance to observe the FAO principle of avoiding harmful interference with normal patterns of production and international trade, and in that connexion he welcomed the amendment to the resolution proposed by the Danish delegation (A/C.2/L.299). Nevertheless, even with the best will in the world, it was virtually impossible to avoid interfering with normal patterns of trade and production when disposing of large surpluses of food in the manner envisaged in the draft. As recent experience and studies made by the Organization for European Economic Co-operation (OEEC) had shown, when surplus foodstuffs were exported at concessional prices they inevitably tended to cause price distortion, economic dislocation and unemployment. If the Committee were to adopt such a resolution, it should therefore go further and express the hope that steps would be taken to prevent the occurrence of unmanageable surpluses in the first place: otherwise, the present problems would be perpetuated and, indeed, intensified. The representatives of New Zealand, the Netherlands and other countries had made some very pertinent remarks in that connexion. Thus, while commending the aims of the draft resolution, his delegation wished to draw attention to some of its incidental implications, and looked forward with interest to any amendment which the United States delegation might feel able to make.

8. Mr. OMPI (Indonesia) said that from the economic point of view there was no justification for devoting more attention to the world food situation than to the raw materials situation; basically the problems were alike, since the primary products involved were subject to short-term fluctuations due to periodic variations in supply and demand. The reason why more attention was given to the world food situation was that mankind refused to accept the anomaly of food surpluses in certain areas and malnutrition and even hunger in others.

9. It was gratifying to note how much interest had been shown in seeking a solution to the world food problem; FAO was to be commended on its valuable work in that connexion; the information it had prepared on nutritional conditions in various parts of the world, its suggestions for dealing with the situation, and its study entitled *Functions of a World Food Reserve—Scope and Limitations*¹ had all proved very useful.

10. The opinion had been expressed by FAO that the creation of an international buffer stock of a simple commodity or of a composite commodity reserve was not feasible at present. His delegation was glad to note that that view was based primarily on practical rather than theoretical considerations. The practical difficulties might ultimately be overcome, and indeed must be overcome if the proposed solution was sound. It would be most unfortunate if the idea of a reserve had to be abandoned because of the existing political and financial climate. He strongly recommended that the Secretary-General give serious attention to the idea of creating buffer stocks as a possible solution to the problem of food surpluses, and that his conclusions be included in the report requested in paragraph 4 of Economic and Social Council resolution 621 (XXII). He drew the Secretary-General's attention to some related technical problems requiring further study in connexion with

the storability, homogeneity and standardization of the foodstuffs in question.

11. He did not wish to give the impression that no practical steps could be taken without such buffer stocks. He would welcome any measures calculated to lighten the burden of producers and consumers alike. The FAO study and the United States draft resolution contained many suggestions which deserved to be explored further by the Secretary-General in his forthcoming report.

12. The United States draft resolution envisaged buffer stocks as a stabilizing factor at the national level. The system of buffer stocks, which Indonesia had applied to the extent of its capacity, had a double function: it relieved the needs of the population and had a stabilizing effect on prices. Rice had a strategic place in the Indonesian price structure, and he wished to thank the United States Government for enabling Indonesia to purchase some of its surplus stocks of foodstuffs and other commodities with Indonesian currency. In principle he welcomed the idea of buffer stocks, but pointed out that the problem affected producers as well as consumers. The United States draft contained no reference to the interests of producers, and he wondered whether the intention was that that aspect should be studied by the Secretariat. In that connexion he welcomed the Danish representative's reference to the FAO principle of avoiding harmful interference with the normal patterns of production and international trade.

13. He hoped that the General Assembly would have before it at its twelfth session a document embodying ideas and suggestions which could be given effect as quickly as possible.

14. Sir Alec RANDALL (United Kingdom) considered that the FAO study was an exceptionally able and well-balanced analysis of the problems involved in the establishment of a world food reserve. He had been particularly impressed by its underlying note of humanity. It made a remarkable contribution to international understanding of the various schemes for famine relief and price stabilization which had been considered since the end of the Second World War, and it would certainly continue to be used for some time as a basic reference document on those complex problems.

15. At the same time, the study showed conclusively that further research into the problems of world food reserves was unlikely to be profitable for the time being. There could of course be no disagreement on the desirability of pursuing the ends which the proponents of a world food reserve hoped to achieve by its establishment, but his Government had serious doubts, amply borne out by the FAO study, as to whether a world food reserve could contribute to those ends. Certainly it could not contribute to all of them at once: it could not act as a reserve for famine relief, an instrument for the stabilization of prices and a factor in the promotion of economic development at one and the same time.

16. Even in the pursuit of any one of those ends, it was doubtful whether a centrally located and centrally controlled food reserve could be of much real value. The reasons for his Government's doubts had already been stated in detail at the twenty-second session of the Council (931st meeting). It was because of those doubts that his delegation had shown some reluctance in voting for Council resolution 621 (XXII). It had felt then, and continued to feel, that nothing of rea-

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

practical value could emerge in the report requested in that resolution. In explaining its vote his delegation had made it clear that it was inadvisable for United Nations resources to be devoted to the preparation of the report when there were so many more urgent problems of indisputable value demanding the time and resources of the Organization. It had also pointed out that it would be difficult for the Secretary-General to avoid overlapping with studies already under way, particularly in FAO.

17. The United States draft resolution, on the other hand, offered scope for practical work and achievement. At the same time, he had, like the Netherlands representative, been much impressed with the considerations stressed by the Australian, New Zealand, Canadian and Irish representatives. He hoped that it would be possible for the United States delegation to take those considerations into account and perhaps revise its draft accordingly.

18. Currently, FAO was examining the problems involved in the establishment and accumulation of national reserves, and it might have been better to await its report before undertaking a similar study. At least the draft resolution should reaffirm the provision in Council resolution 621 (XXII) that any report produced by the Secretary-General should be prepared in close consultation with FAO.

19. He warmly welcomed the United States representative's statement that assistance in building up national reserves should be given only in accordance with safeguards which would ensure the observance of the FAO principle of avoiding harmful interference with the normal patterns of production and international trade. It was gratifying that the Danish delegation had submitted an amendment emphasizing that point.

20. At the Council's twenty-second session, he had remarked that the FAO study did not perhaps lay sufficient emphasis on the danger that national reserves might be used in a manner detrimental to other producers and consumers. The vague reference to emergency situations, in paragraph 1 of the United States draft, gave rise to some apprehension in that connexion. It should be made clear that the emergency situations referred to were simply those which might arise through famine or other local disasters and not emergencies arising out of general economic policy or trading conditions.

21. Subject to those reservations, he whole-heartedly supported the aims underlying the various proposals for the establishment of food reserves and welcomed the United States draft resolution which, he hoped, would take into account the points raised during the discussion.

The meeting rose at 4.5 p.m.