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ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

PROVISION OF FOOD SURPLUSES TO FOOD-DEFICIENT PEOPLES THROUGH
THE UNITED NATIONS SYSTEM

Joint proposal by the United Nations and the Food and Agriculture Organization of the United Nations regarding procedures and arrangements for multilateral utilization of surplus food prepared in accordance with General Assembly resolution 1496 (XV) and Economic and Social Council resolution 832 (XXXII) 1/

I. INTRODUCTION

1. The following specific proposal for multilateral action on surplus food utilization has evolved from successive discussions in the General Assembly, in October 1960; in the FAO Council, in October 1960 and June 1961; and related discussions in subordinate bodies such as the FAO Committee on Commodity Problems; and finally in the thirty-second session of the Economic and Social Council, in July-August 1961. The resolution adopted by the Economic and Social Council requests the Secretary-General of the United Nations and the Director-General of the Food and Agriculture Organization of the United Nations to consult with one another and with other agencies concerned, to formulate more fully "proposals regarding procedures and arrangements" for a multilateral programme for surplus food mobilization and distribution, including national and international emergency food reserves, and the use of surpluses for economic and social development programmes. (The text of this resolution is attached as annex 1.) The resolution

1/ The present joint proposal is being simultaneously submitted to the eleventh session of the Conference of the Food and Agriculture Organization of the United Nations which will meet in Rome on 4 November 1961, as document C 61/18. In accordance with Economic and Social Council resolution 832 (XXXII), paragraph 3, a note on the discussions and decisions of the Conference will be submitted to the Assembly as soon as possible after the Conference has completed its action on this question.

invites Governments to be prepared to take positions respecting the proposal of the United States of America for an initial programme aiming at a fund of \$100 million in commodities and cash contributions, as made before the FAO Council, and the principal measures for its implementation at the forthcoming sessions of the General Assembly and FAO Conference. It also recommends that the General Assembly, in considering these proposals, take into account the discussions and any decisions taken at the eleventh session of the FAO Conference, so that the matter would be considered first by FAO, and then by the General Assembly in the light of the FAO action.

2. In agreement between the Secretary-General of the United Nations and the Director-General of FAO, and after consultation with representatives of the specialized and other international agencies concerned, the following proposal for procedures and arrangements is submitted for consideration and action by the FAO Council and Conference and the General Assembly, respectively.

3. The subject is presented first in terms of arrangements to be made by countries in providing the resources needed, and by FAO and other co-operating international organizations in creating the mechanisms for handling those resources; and then secondly, in terms of procedures to be followed by recipient countries, contributing countries and international organizations, respectively.

II. ARRANGEMENTS BY GOVERNMENTS FOR PROVIDING THE RESOURCES

A preliminary outline of the arrangements suggested for establishing the initial fund was given in a paper presented by the United States representative at the FAO Council on 19 June 1961 (attached as annex 2). After considering these suggestions, and the suggestions made by delegations at the FAO Council and during the discussions of the Economic and Social Council, arrangements for providing the resources are suggested as follows:

Establishment of Surplus Utilization Fund

1. The FAO Conference will decide on establishing the Surplus Utilization Fund (hereafter called "the Fund") to be administered by a joint FAO/United Nations Surplus Utilization Division (hereafter referred to as SUD, see section III, 3). Matters of United Nations participation would be approved subsequently by the General Assembly, and any necessary action on co-operation by other international

agencies would be considered by their governing bodies in due course. These discussions would take into consideration the decisions of the thirty-fifth session of the Council of FAO (attached as annex 3), the thirty-second session of the Economic and Social Council (annex 1), and resolution 1496 (XV) of the fifteenth session of the General Assembly (annex 4), and the relevant sections of the reports of the Committee on Commodity Problems (annex 5).

2. The initial subscription goal would be \$100 million. Operations could commence, however, as soon as more than half of the amount had been pledged.

Uses of the Fund

3. The Fund would be used to help finance emergency relief and international food reserves; national food reserves; relief of chronic malnutrition, infant, pre-school and school feeding, educational fellowships, and other social development activities; labour-intensive and other economic development activities.

Terms of contributions, in cash or in kind

4. The pledges would be in terms of surplus commodities or in currencies, or both, acceptable to the Director-General of FAO. The over-all goal would be two-thirds in commodities, and one-third in cash, with commodity contributions valued at world market prices for commercial shipments.^{2/}

5. The Director-General would be authorized to accept contributions from all Member countries of the United Nations or of the specialized agencies. The Director-General would also be authorized to invite additional contributions to meet famine or food emergencies, if the resources set aside for these purposes (see section IV B (7) below) have been exhausted.

6. The Director-General would be authorized to accept contributions in terms of services in special cases (such as for ocean transport) where he deemed it to the advantage of the programme to accept and utilize them.

^{2/} The Director-General would be authorized to use a portion of the cash for the purchase of surplus commodities and other products from countries not in a position to contribute them.

7. The contributions to the initial subscriptions would be available for commitment to recipient countries and delivery to them until three years after operations began. If any country found itself, by reason of unexpected developments, in serious difficulty in completing the commodity deliveries it had offered, it would be free to cancel unused portions at the end of any calendar year, but only to the extent that such unused portions had not yet been committed for distribution.

Conditions on commodity contributions

8. (a) The commodity contributions would be held in the contributing country until called for by SUD and then delivered at export ports f.o.b., at the cost of the contributing country.

(b) Costs of ocean freight and ocean insurance to the port of the recipient country and, in the absence of such a port, the costs of unloading in the port of call and of transport to the border of the recipient country will be paid from the Fund. Normally, the contributing or recipient countries would make the shipping arrangements in agreement with SUD at the Fund's expense.

(c) Costs of unloading and internal transport and distribution would normally be borne by the recipient country. SUD might, in exceptional circumstances, assist these arrangements, through helping to arrange surplus utilization projects, to create needed additional physical resources for handling storage or distribution.

Basis for contributions

9. Contributions would be on a voluntary basis, to be announced, for example, at a pledging conference at a subsequent agreed time.

III. ARRANGEMENTS FOR ADMINISTERING THE RESOURCES

1. FAO would be the focal point for administering the Fund jointly with the United Nations and in collaboration with other specialized agencies and other international institutions concerned in the manner set forth below. The centre for administration will be at FAO headquarters in Rome.

2. The Fund will be administered in accordance with the Financial Regulations of FAO in so far as applicable. In case of need, special regulations will be developed for approval by the FAO Conference.

economic commissions, as well as other specialized agencies and other international institutions, as specified in section III, paragraphs 8-10 and section IV, paragraph B (2).

Structure of the Surplus Utilization Division

5. SUD will be a joint FAO/United Nations division with its staff composed in part of FAO officials and in part of United Nations officials stationed at Rome for this purpose.
6. SUD will be financed entirely from the Surplus Utilization Fund. It will start on as small a scale as needed to handle the essential initial activities, and grow with the operation.
7. Although the exact scope and nature of the work cannot at this stage be forecast, it is contemplated that SUD might be composed of three branches: a planning and research branch, an operations branch and an appraisal branch.

Co-operation of SUD with other FAO and United Nations units

8. SUD would consult with, and seek advice from the appropriate units of FAO and of the United Nations, including its regional economic commissions.
9. The financial administration of the Fund will be the responsibility of the Department of Administration and Finance of FAO. To the extent feasible, SUD would also utilize other technical, administrative and general services of that organization. The additional costs involved would be charged to the Fund.

Co-operation with other specialized agencies and UNICEF

10. The World Health Organization, the International Labour Organisation, the United Nations Educational, Scientific and Cultural Organization and the United Nations Children's Fund will be closely associated in the examination and planning of appropriate portions of the over-all programme, and will assist countries, on their request, in the implementation of individual projects or aspects of them coming within their respective fields of competence. The International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation will be kept fully informed and will be consulted on all aspects of programmes of interest to them. These organizations may also

submit proposals leading to the support of the Fund in implementing appropriate projects in their own programmes.

Governmental Supervision of the Programme

11. The governmental supervision of the programme would be exercised by a committee for surplus utilization consisting of representatives of eighteen States Members of the United Nations or the specialized agencies.
12. The Committee would provide general policy guidance on the administration and operations of the Fund. It would examine programmes of work submitted to it jointly by the Director-General of FAO and the Secretary-General of the United Nations and authorize the implementation of such programmes. The Committee would meet twice a year.
13. All members of the Committee would be elected by the Economic and Social Council, or alternatively half by the Economic and Social Council and half by the FAO Council. There would be equal representation of the Committee of economically more developed countries, on the one hand, having due regard to their contributions to the Surplus Utilization Fund, and of less developed countries, on the other hand, taking into account the need for equitable geographical distribution among the latter members.
14. The Council of the FAO and the Economic and Social Council would review the operations of the Surplus Utilization Fund on the basis of the annual reports submitted by the Committee for Surplus Utilization.
15. The Washington Consultative Sub-Committee on Surplus Disposal (CSD) would receive periodic reports on the progress and results of the programme.
16. The financial operations of the Fund will be reviewed by the FAO Finance Committee which will report to the Council thereon.

IV. PROCEDURES TO BE FOLLOWED IN REGARD TO THE FUND

A. By contributing countries

1. The time and place for contributing countries to pledge or announce their contributions will be established by the Secretary-General of the United Nations and the Director-General of FAO in consultation.

2. Countries will pay their contributions in cash, or deliver their goods or services in kind, normally in three equal annual instalments, except as the country concerned and the Director-General may agree otherwise.
3. Countries providing economic aid or assistance will help the development of the operations by making available to the Director-General, upon request, any relevant information concerning their current and proposed bilateral aid programme for given countries where the FAO is contemplating a food utilization programme, to assist FAO in co-ordinating its proposed multilateral activities with those bilateral activities.

B. By recipient countries and SUD in developing and operating projects

Initiation of projects

1. Countries desiring to establish surplus food aid programmes or projects will inform the Director-General through the United Nations Resident Representative, keeping the FAO Country Representative fully informed.
2. If, after examination of the application of the draft project in SUD, it appears feasible within the resources available, SUD will proceed to collect additional information necessary for its consideration. It may then, if necessary, despatch a survey team to examine the project on the ground in consultation with the country concerned. Such a team should normally include a United Nations general economist and also a representative of each of the other United Nations agencies which may be directly concerned and may wish to be represented. After study and consultation on the spot, supported by consultation with the secretariat of the regional economic commission, the survey team will prepare a draft report and submit it to SUD.

Completion of project agreement

3. Upon approval of a proposed project, an agreement will be prepared by SUD in consultation with the country concerned. It will cover the terms and conditions of the proposed surplus activities; will indicate any supplementary aid for the programme being provided by other agencies or institutions; the obligations of the country with respect to ways the food aid is to be utilized,

including the use of any local currencies arising therefrom; domestic mechanisms to be created, if any, for storage, price support, internal transport and distribution; conditions concerning data to be collected on the manner, repercussions, and effects of food distribution, including the possible impact on the improvement of the nutrition status of the country on a longer term basis and other conditions mutually agreed upon as necessary.

Execution of project

4. As the agreement is carried into effect, the recipient country will give full co-operation to SUD and other co-operating organizations, where appropriate, in observing the operations from time to time, in checking their effects, and ultimately in completing their appraisal of the results of each operation. These analysis reports will, in each case, be submitted to the recipient country concerned for its comments before the final revised report is submitted to the Surplus Utilization Committee.
5. For cases involving emergency and disaster relief, a briefer procedure would be utilized, based on previous FAO studies and procedures.

Terms for surplus utilization

6. Where surplus utilization activities involve the direct distribution of the products concerned, without payment in cash (as for infant, pre-school or school feeding, food fellowships, improving nutrition, or most emergency relief operations), the commodities will be donated to the country as grants. Where the products received as grants are sold to the consumers in the recipient countries for local currencies, the net proceeds from the sale of the food in local currencies will be retained by the Government to help finance, in a manner to be agreed, additional domestic expenditures involved in economic and social development programmes.

Maintenance of International Emergency Reserve

7. The Director-General of FAO is authorized to earmark 25 per cent of the Fund for emergency use, including national and international food reserves, and if those earmarked quantities are exhausted during the initial period, to appeal to

member countries for additional food contributions to build up the emergency reserve at his disposition. Operations from this Emergency Reserve could be initiated at any time by the Director-General of FAO after consulting with the Secretary-General of the United Nations.

Continuation of activities

8. The Secretary-General and the Director-General will maintain a review of the allocation and use of the Fund's resources and may jointly recommend to the appropriate FAO and United Nations organs that arrangements be made for the necessary discussions as to whether, and in what manner, the multilateral surplus utilization programme should be continued.

The accounts of the Fund's operations will be subject to the internal and external audit of FAO and will be presented through the Finance Committee and the Council to the FAO Conference for approval.

3. Activities concerning the Fund will be carried out in a new joint FAO/United Nations Surplus Utilization Division (SUD). It will operate under the supervision of the Director-General of FAO and the Secretary-General of the United Nations.

Functions of the Surplus Utilization Division

4. The functions of the Surplus Utilization Division will include:
- (a) Preparing and executing agreements with countries concerning the supply and utilization of surplus commodities from the Fund for emergency relief, national and international food reserves, for relief of chronic malnutrition, and social economic development through the promotion of labour-intensive and other appropriate projects.
 - (b) Estimating the capacity of a given country to absorb additional food surpluses in connexion with programmes and plans for social and economic development, with due regard to existing conditions of nutrition and food supply, the need for developing domestic agricultural production, and patterns of international trade.
 - (c) Advising countries on measures needed to ensure that the development of indigenous production will not suffer as a result of the utilization of surpluses (introduction of minimum price systems, setting up of national food reserve and national institutions to handle food policy matters, storage and marketing facilities, etc.).
 - (d) Ensuring that surplus utilization operations are planned and operated in accordance with the FAO Principles of Surplus Disposal and Guiding Lines.
 - (e) Aiding, as appropriate and on request, in the multilateral co-ordination of bilateral arrangements and activities.

In carrying out the above functions, SUD would consult or work with other units of the FAO and the United Nations, including the United Nations regional

ANNEX 1

TEXT OF ECONOMIC AND SOCIAL COUNCIL RESOLUTION 832 (XXXII)

Provision of food surpluses to food-deficient peoples
through the United Nations system

The Economic and Social Council,

Recognizing that the effective utilization of available surplus foodstuffs, in ways compatible with the principles of surplus disposal of the Food and Agriculture Organization of the United Nations, provides an important transitional means for relieving the hunger and malnutrition of food-deficient peoples, particularly in the less developed countries, and for assisting these countries in their economic development,

Believing that the progress being made toward these objectives through bilateral arrangements could be further advanced by the use of supplementary multilateral arrangements which would provide for the mobilization and distribution of available surplus foodstuffs through the United Nations system,

Recalling General Assembly resolution 1496 (XV) of 27 October 1960 on the provision of food surpluses to food-deficient peoples through the United Nations system, and paragraph 4 (d) of General Assembly resolution 1515 (XV) of 15 December 1960 which, inter alia, reaffirms the need for additional development capital,

Having considered the two reports prepared in accordance with General Assembly resolution 1496 (XV) - namely, the report of the Director-General of the Food and Agriculture Organization of the United Nations entitled Development through Food, A Strategy for Surplus Utilization^{a/} and the report by the Secretary-General on the role of the United Nations and its related agencies in the use of food surpluses for economic development,^{b/}

a/ Food and Agriculture Organization of the United Nations, Rome 1961.

b/ Official Records of the Economic and Social Council, Thirty-second session, Annexes, agenda item 8, document A/3509.

Noting the helpful views presented in these reports as to how and under what conditions surplus food can be effectively used to promote economic and social development of the less developed countries,

Noting further that only preliminary consideration has been given in these reports to the formulation of procedures through which the United Nations and the Food and Agriculture Organization of the United Nations, in consultation with other appropriate specialized agencies, could most effectively carry out a programme for the multilateral utilization of food surpluses in conformity with General Assembly resolution 1496 (XV),

Recognizing that the effective use of food aid depends upon the readiness of recipient countries to use such aid as an appropriate element in their plans for social and economic development, and also upon the readiness of the more developed countries so to programme their contributions to the economic development of the less developed countries as to recognize an appropriate over-all relationship between food and other aid,

Affirming that assistance in the form of food to promote economic and social development should not adversely affect international trade and, in particular, trade of less developed countries who export foodstuffs, nor adversely affect their plans for economic development,

1. Appreciates the proposal for an initial programme aiming at a fund of \$100,000,000 in commodities and cash contributions, as made to the Council of the Food and Agriculture Organization of the United Nations and recommends to Governments that they be prepared to take positions respecting it and the principal measures for its implementation at the forthcoming sessions of the General Assembly and the Conference of the Food and Agriculture Organization of the United Nations;

2. Requests the Secretary-General of the United Nations and the Director-General of the Food and Agriculture Organization of the United Nations to consult further with each other and with other agencies concerned, taking into account the discussions at the thirty-second session of the Economic and Social Council, with a view to formulating more fully proposals regarding procedures and arrangements through which a multilateral programme for the mobilization and distribution of

surplus food for the relief of hunger and malnutrition, including the proposals for national and international emergency food reserves, and for the use of surplus food in connexion with economic and social development programmes, could be most effectively carried out in conformity with General Assembly resolution 1496 (XV), particularly paragraph 9, and to submit such proposals to the General Assembly and the Conference of the Food and Agriculture Organization of the United Nations respectively, and to report thereon to the thirty-fourth session of the Council;

3. Recommends that the General Assembly take into account the discussions and any decisions taken at the eleventh session of the Conference of the Food and Agriculture Organization of the United Nations when considering these proposals.

1179th plenary meeting,
2 August 1961.

ANNEX 2

SUGGESTIONS CONCERNING DECISIONS CONTEMPLATED IN THE
IMPLEMENTATION OF INITIAL MULTILATERAL PROGRAMME
PROPOSED BY THE UNITED STATES OF AMERICA

(Appendix to the report of the thirty-fifth session
of the Council of FAO)

A. Administering organization

1. A separate organizational unit should be established within FAO with an administrator and a small staff subject to FAO/United Nations staff regulations.
2. This unit under the immediate direction of its administrator and the Director-General, should have an "advisory body" composed of representatives of a small number of Governments most interested in its operations. The Council of FAO, including CCP, and in turn the Conference would keep the operations of the unit under general policy review.
3. The headquarters of the organization might be located in Rome.

B. Forum and timing of decisions

1. The decision of the establishment of such an organizational unit should be sought in the next (Eleventh) FAO Conference Session, taking into consideration decisions of the thirty-fifth Council session, the thirty-second session of the Economic and Social Council and the sixteenth session of the General Assembly.
2. The organization and procedures for implementing the programme should be approved by the FAO Conference.

C. Basis for making contributions (commodities and cash)

1. Contributions of commodities (food) should be optional and made on a grant basis.

2. Should commodity valuation be required, it should be made as of delivery time at world market prices, i.e., at prices ordinarily charged and paid in regular commercial transaction.
3. It is contemplated that the monetary value of the over-all commodity package would be about two-thirds of the programme of \$100,000,000 total arranged as follows:
 - (a) Delivery at ports of exporting countries;
 - (b) Storage and storage cost between pledging and shipping at the expense of the contributing Government;
 - (c) Any feasible arrangement may be made for storage and internal distribution after the food reaches the recipient country;
 - (d) Title to remain with donor until delivery to port of destination;
 - (e) Pledges by donor countries to expire after a year unless food is in transit or offer is voluntarily renewed.
4. Total cash contributions from all members should reach 50 per cent of the value of food contributions. The goal should be a reasonable balance between contributions in food and in cash. The minimum cash contribution should match the proportion of each country's quota in FAO, the total fund to be agreed upon by the FAO Council and Conference.
5. Ordinarily there should be no contributions of services toward "the fund", since such matters will be covered by cash contributions or voluntary arrangements.
6. It is not contemplated that contributions in commodities or cash would be solicited from other than members of FAO. However, outside voluntary contributions may be accepted if they can be used to good advantage and without political implications.
7. Cash contributions should only be in terms of convertible currencies.

D. Basis for receiving aid

1. FAO member countries should be eligible for such food aid. (The Director-General should obtain the approval of the "advisory body" in special emergency cases involving non-members.)

2. Advisory technical services may be requested and proffered, but should not be insisted upon "to enable countries to make best use of food aid". FAO officials should however have the right to inspect the use of food aid at any time.

E. Finances and duration of organization

1. Total subscription for present programme to be about \$100 million suggested by the United States.
2. Fund available for fixed forward period of three years.
3. Possibility of programme extension to be faced after we have had experience and opportunity to review the programme.

F. Use of cash funds

1. Cash funds could be made available among other things for:
 - (a) Ocean transportation and administering expenses;
 - (b) Purchase of food not otherwise obtainable;
 - (c) To a limited extent for processing and packaging;
2. Contributing countries if requested to do so by FAO may pay for items a, b, or c above, and deduct same from their cash contributions.
3. Cash funds available for administrative costs - direct and indirect - should be limited to a reasonable percentage of the total programme value. (Amount to be agreed upon by Council and Conference.)
4. While it is not envisioned that local currencies would accumulate through local sales under this initial programme, should they for any reason accrue, they should be utilized only for limited pilot labour-intensive projects.

G. Functions of the new organization and operating principles and policies

1. The new organization would extend assistance for:
 - (a) Relief in emergencies and in national cases of chronic under-nourishment (extension of emergency principle);
 - (b) Limited pilot projects for school feeding;

- (c) Limited pilot projects of labour-intensive development programmes, related to agricultural development.
2. The FAO unit would make survey of food deficiencies and of programme requirements.
 3. The organization would match requirements against commodity supply commitments and would suggest which supplying countries should fill each programme need. The organization would check end uses and supervise general programme execution both by supplies and by recipient.
 4. The FAO unit would make evaluations of the effectiveness of programmes undertaken.
 5. The organization's role in the determination of needs would assure the application of FAO's Principles for Surplus Disposal in order that ordinary commercial trade will not be impaired by the operation of the special programmes.

ANNEX 3

USE OF SURPLUSES FOR ECONOMIC DEVELOPMENT

Observations of the Council of FAO

(Extract from the report of the thirty-fifth session
(19-29 June 1961) of the Council of FAO)

The Council considered the report entitled Development Through Food - A Strategy for Surplus Utilization.^{a/} The report had been prepared by the Director-General, for the consideration of the Economic and Social Council, in pursuance of the United Nations General Assembly resolution 1496 (XV) on the Provision of Food Surpluses to Food-Deficient Peoples through the United Nations System and the FAO Council resolution 1/34 on the Utilization of Food Surpluses.^{b/} The Council also had before it the observations made by the Committee on Commodity Problems on the Director-General's report and other matters arising from the United Nations resolution.^{c/} In addition to its own comments, the Committee on Commodity Problems had also presented to the Council the report of a special Intergovernmental Advisory Committee on the Utilization of Food Surpluses.^{d/} That Advisory Committee had been established under FAO Council resolution 1/34, to advise the Director-General on the preparation of his report to the Economic and Social Council and to report its findings and recommendations to the Committee on Commodity Problems.

^{a/} Development Through Food - A Strategy for Surplus Utilization, FAO, Rome, 1961 (C 61/7).

^{b/} The texts of the resolutions of the United Nations General Assembly (1496 (XV)) and of the Council of FAO (1/34) are reproduced in appendix A of the report of the thirty-fourth session of the Committee on Commodity Problems (CL 35/17 - CCP 61/33), FAO, Rome, June 1961.

^{c/} Report of the thirty-fourth session of the Committee on Commodity Problems, op. cit., part one, section II, Food Aid and Surplus Utilization.

^{d/} Report of the thirty-fourth session of the Committee on Commodity Problems, op. cit., appendix B; Report of the Intergovernmental Advisory Committee on the Utilization of Food Surpluses, Observations by the Committee.

In introducing his report, the Director-General reviewed the basic principles and fundamental considerations of food aid economic assistance in general. His views are reflected in the three following paragraphs.

Aid was to be considered as a transitional means to help countries break the vicious circle of hunger, poverty and stagnation. There could be no question that the ultimate solution of this problem lay in the hands of these countries themselves. But if they were to make any real progress, they could be helped by the developed countries which had resources over and above their own essential needs. Surplus supplies could be used for food aid which, in his view, could form an important part of total aid for economic and social development.

The Director-General had considered the conditions necessary to make food aid effective. They implied:

- (a) Planning at the level of recipient countries;
- (b) Co-ordination at the level of the supplying countries;
- (c) A multilateral framework to assist in maintaining a proper balance between countries and regions of the world;
- (d) Co-ordination with other forms of aid;
- (e) Recognition by donor countries of the primacy of the development needs of recipient countries;
- (f) Recognition of the preference of some countries for aid through multilateral channels, whilst other countries should be free, if they so desired, to adhere to, and expand bilateral aid.

As to the operative aspects of the matters studied in his report, the Director-General stated that FAO should serve as a focal point for an effective food surplus utilization programme. This would entail special responsibilities for the organization. Some of these responsibilities would relate to the co-ordination of bilateral arrangements, provided that such co-ordination was requested by one of the parties to a bilateral programme. Other responsibilities would result from the initiation of a multilateral programme. Such a multilateral programme should begin on a modest scale. It should not be limited to operations of emergency relief. It was essential that scope be given under such a programme for the testing of different types of projects which could assist the economic and social development of under-developed countries. The restriction of the programme to one or two kinds

of projects would deny it the very experience it was designed to build up. In carrying out these responsibilities, it was important, in the Director-General's view, for FAO to co-operate with the United Nations and other agencies concerned.

The Council expressed its appreciation to the Director-General for the contribution he had made in his report to the understanding of the problems of economic development and of the role that surplus food could play in speeding up both economic and social development in the lesser developed countries and in relieving hardships caused by emergencies and chronic malnutrition.

Observations of the Committee on Commodity Problems (CCP)

In the view of the Council, the observations of the CCP provided a concise and useful summary on a number of major aspects of the problem of food aid, which had also engaged the attention of the Council. The Council therefore requested the Director-General in forwarding this part of its report to the Economic and Social Council, also to append the text of section II: Food Aid and Surplus Utilization of the thirty-fourth session of the CCP. The Council also wishes to draw particular attention to the Committee's main observations, as reproduced below:

"33. Because the Director-General's report had been available for only a short time, it had not yet been possible for Governments to give it full study. For this reason, the consideration of points of substance by the Committee had to be necessarily of a preliminary character. Nevertheless, the statements by delegations reflected the close attention given to a number of broad objectives and major aspects underlying, or arising from, the Director-General's report, and a number of observations and questions requiring more detailed study. These general objectives and observations can be summarized as follows:

- "(1) The importance and urgency of the challenge of an expanded international aid programme for economic and social development and for humanitarian relief;
- "(2) The scope for an effective food-aid programme as an important element, on certain conditions, in such an expanded international aid programme, with special reference also to the need for further consideration of:
 - "(i) The extent to which 'food aid' should be regarded as a concept wider than that of surplus utilization; and the possible resulting need for a re-examination of the definition of 'surplus disposal';

- "(ii) The complementary character of aid in kind and other forms of aid, and the resulting implication that an expanded programme of over-all aid was an essential prerequisite of an expanded programme of food aid;
- "(iii) The relative merits of food-aid and other forms of aid within a given volume of total aid;
- "(3) The importance of planning food-aid programmes in close connexion with national development programmes and with reference to periods of sufficient duration to allow for effective planning;
- "(4) The scope for surplus utilization, along lines consistent with the FAO Principles of Surplus Disposal and Guiding Lines, as an important source of food-aid;
- "(5) The importance attaching to the safeguards for the avoidance of interference with normal patterns of international trade and to the need for ensuring that the scale and continuity of agricultural development programmes in recipient countries should not be adversely affected;
- "(6) The economic and technical implications of encouraging shifts in the commodity-composition of supplies available for food-aid, having regard to:
 - "(i) The need for an element of continuity in food-aid programmes,
 - "(ii) The safeguarding of normal patterns of international trade, and
 - "(iii) The avoidance of the creation of new surpluses or of surplus capacity;
- "(7) The importance of well-devised national food reserve programmes, particularly in developing countries, and the need for adequate provision for emergency and humanitarian relief through international channels;
- "(8) The advantages that might result from suitable arrangements being made for some degree of multilateral co-ordination of bilateral programmes, in view of the likelihood of a large, or dominant, share of food-aid continuing to move under such programmes;
- "(9) The desirability of ensuring the success of a multilateral food-aid programme by beginning on a relatively modest scale with emergency aid and selected pilot projects, and expanding the programme when experience and funds permit, and as wider co-operation is obtained;

"(10) The organizational aspects of an expanded food-aid programme, with special reference to the need for further study of:

"(i) The desirability or otherwise of multilateral co-ordination of bilateral programmes; and

"(ii) The beginnings of a multilateral programme of food-aid."

In making the above comments, the CCP had also pointed out that they had to be seen against the background of the more general aspects of international commodity trade problems, notably the need for expanding the volume of primary commodity trade and for ensuring short-term commodity price stability. It was noted that these wider problems, if they remained unresolved, could seriously impede economic development, even in the face of a greatly expanded aid programme.

The CCP, in forwarding the Advisory Committee's report to the Council, recommended that the observations of the Advisory Committee be also submitted to the Economic and Social Council. The Council endorsed this recommendation and requested the Director-General, in forwarding this part of its report to the Economic and Social Council, also to append the text of the Advisory Committee's report.

Further comments of the Council

There was unanimous agreement in the Council that more rapid economic development of the developing countries should be seen as the ultimate goal of a world-wide policy aimed at the elimination of hunger and malnutrition. It was recognized, further, that there was a need for increasing the volume of aid made available under different forms to developing countries. There was also recognition of the fact that food surpluses could play a significant role within such an expanded aid programme. It was understood that the utilization of food as aid to economic development represented by far the largest outlet for existing surpluses. Such forms of surplus utilization, provided they are being carried out in observance of the FAO Principles of Surplus Disposal, need not conflict with the normal development of international trade or with the normal development of agricultural production in all countries.

Some delegates pointed out that prospects of making better use of surplus-producing capacity would depend to some extent on the possibilities of bringing

about some shifts in patterns of production. Some of the commodities which were currently in surplus did not enter into the normal diet of people in a number of major food-deficient countries in certain areas of the world. Attention was also drawn by some delegates to the cost and difficulties of internal distribution of food surpluses in recipient countries. Although supplies might be made available at the port of entry on favourable terms, in certain cases additional assistance might be necessary to bring them to those sectors of the population particularly affected by hunger or malnutrition.

The situation of some developing countries which depend for their income on limited ranges of export commodities was also presented to the Council. Some delegations pointed out that a surplus situation existed in some of these commodities and that the countries concerned did not have adequate economic resources to finance the utilization of their surplus supplies at concessional terms. Moreover, some primary producing countries had difficulty in maintaining their export earnings at levels sufficient for financing a satisfactory rate of economic growth. It was also pointed out that it was in the interest of all countries, including those in process of development, to ensure that in the course of extending food aid the economies and trade of the developing and developed countries were not damaged.

The Council noted that questions relating to the longer-term objectives of food aid would require further detailed consideration, including an assessment of the total food deficits in food-deficient countries and of the contribution that the countries themselves could make to meet their requirements out of expanded domestic production. Aid policies should also be planned in such a way as to avoid the emergence of new surpluses or surplus capacity.

The Council agreed that opportunities for making better use of surpluses as aid to economic and social development should continue to be sought by Governments. Bilateral arrangements for this purpose were expected to continue, and indeed to expand. The Director-General's report had suggested that the effectiveness of bilateral transactions might be increased by some form of multilateral co-ordination provided at the request of either recipient or donor countries. This could be applied not only to the efforts of different surplus-exporting countries but also to the different forms under which aid was extended to under-developed countries.

Some delegations suggested that the co-ordination of bilateral aid transactions, including surplus utilization programmes, might best be obtained at country level and that it required the agreement of both donor and recipient countries.

Notwithstanding the importance of continuing study of longer-term aspects, there was wide-spread recognition in the Council of the need to tackle the shorter-term aspect of the questions before it without delay. In this respect, the Council agreed that the immediate task was to consider whether and how a multilateral action programme for the utilization of surpluses should be implemented. There was substantial agreement in the Council that such a programme, if initiated, should commence on a modest scale. There was considerable support for the view that the major emphasis in a multilateral programme at the beginning should be on emergency aid. At the same time, some delegations favoured a wider application and stressed the desirability of testing out approaches all along the line, so as to gain experience in various fields.

The Council took note with interest and appreciation of the proposal made by the United States of America for an initial programme on a multilateral basis. The Council noted that in its initial stage, the primary aim of the proposed programme, in which FAO was intended to have a major role in co-operation with other United Nations organizations, should be primarily to meet emergency needs. At the same time, the United States would support the use of a limited part of the programme for selected pilot activities such as school lunch projects and labour-intensive projects related to agricultural development. The United States had indicated that such a programme might aim at a fund of US\$100 million in commodities and cash contributions and that the United States would be prepared to offer as its contribution to such a programme \$40 million in commodities with the possibility of a supplementary cash contribution.

In its preliminary consideration of the possible scale and functions of such a multilateral programme, the Council was also helped by a working paper presented by the United States delegation and outlining some further suggestions with respect to the details, operative aspects, machinery for administration and methods of financing of the initial programme. The United States delegation

had put forward these suggestions to help the Director-General to formulate concrete proposals at a later stage. The text of the working paper is reproduced in appendix to this report.^{e/}

After a preliminary discussion on the proposals of the United States delegation and further points and questions arising from these proposals, the Council decided that in order to facilitate the Conference's consideration of the detailed aspects of the proposals and their organizational implications, further consideration should be given to them at the pre-Conference (thirty-sixth) session of the Council, which would be extended by two days for that purpose. It was understood that in drawing up the agenda for the thirty-sixth session of the Council, the Director-General would take account, in connexion with this item, of the points made in the Council's debate, of recommendations of the thirty-second session of the Economic and Social Council and of points relating to his subsequent consultations with the Secretary-General of the United Nations.

^{e/} Not reproduced in the present document.

ANNEX 4

TEXT OF GENERAL ASSEMBLY RESOLUTION 1496 (XV)

Provision of food surpluses to food-deficient peoples
through the United Nations system

The General Assembly,

Considering that the peoples in many of the less developed countries suffer from serious shortages of food,

Noting with approval that the Food and Agriculture Organization of the United Nations in co-operation with the United Nations, appropriate specialized agencies, Governments of member States and non-governmental organizations, has launched a Freedom from Hunger Campaign designed as a concerted attack on the problem of providing adequate food for food-deficient peoples,

Recalling General Assembly resolutions 827 (IX) of 14 December 1954 and 1025 (XI) of 20 February 1957 and Economic and Social Council resolutions 621 (XXII) of 6 August 1956 and 685 (XXVI) of 18 July 1958 concerning international co-operation in the establishment of national food reserves,

Bearing in mind the existing opportunities for consultation and exchange of information provided by the Food and Agriculture Organization through its Consultative Sub-Committee on Surplus Disposal,

Recognizing that the principles of surplus disposal^{a/} and guiding lines^{b/} of the Food and Agriculture Organization are a valuable instrument for guidance to Governments in transactions, programmes, policies, and consultations relating to the disposal and utilization of agricultural surpluses,

Recognizing further that the ultimate solution to the problem of hunger lies in an effective acceleration of economic development allowing the under-developed countries to increase their food production and enabling them to purchase more food through normal channels of international trade,

a/ Food and Agriculture Organization of the United Nations, Commodity Policy Studies, No. 10, Functions of a World Food Reserve - Scope and Limitations (Rome, 1956), Appendix III.

b/ Ibid., para. 300.

Convinced of the impelling need to solve the problem of hunger and malnutrition among many peoples and of the role which the United Nations system can play in actions designed to help solve this critical problem,

Further convinced that assistance to food-deficient peoples will help raise productivity and thus contribute to the improvement of their standard of living,

1. Endorses the Freedom from Hunger Campaign launched by the Food and Agriculture Organization of the United Nations and urges all States Members of the United Nations and members of the specialized agencies to support this campaign in every appropriate way;

2. Appeals to States Members of the United Nations and members of the specialized agencies to take suitable measures to relieve the suffering of food-deficient people in other nations and assist them in their economic development and in their efforts towards a better life;

3. Expresses the belief that international assistance in the establishment of national food reserves in food-deficient countries is one effective transitional means of assisting accelerated economic development in the less developed countries;

4. Invites the Food and Agriculture Organization, after consulting Governments of member States, the Secretary-General and appropriate specialized agencies, to establish without delay procedures - in particular for consultation and the dissemination of information - by which, with the assistance of the United Nations system, the largest practicable quantities of surplus food may be made available on mutually agreeable terms as a transitional measure against hunger, such procedures to be compatible with desirable agricultural development as a contribution to economic development in the less developed countries and without prejudice to bilateral arrangements for this purpose and compatible with the principles of the Food and Agriculture Organization;

5. Further invites the Food and Agriculture Organization, in consultation with Governments of member States, the Secretary-General, appropriate specialized agencies and other international bodies (such as the International Wheat Council, the Wheat Utilization Committee, etc.), to undertake a study of the feasibility and acceptability of additional arrangements, including multilateral arrangements

under the auspices of the Food and Agriculture Organization, having as their objective the mobilization of available surplus foodstuffs and their distribution in areas of greatest need, particularly in the economically less developed countries;

6. Requests the Director-General of the Food and Agriculture Organization to report on action taken to the Economic and Social Council at its thirty-second session;

7. Requests the Secretary-General, in consultation with the Director-General of the Food and Agriculture Organization and after such consultations as he may deem necessary, to report to the Economic and Social Council at its thirty-second session on the role which the United Nations and the appropriate specialized agencies could play in order to facilitate the best possible use of food surpluses for the economic development of the less developed countries;

8. Recommends that the Secretary-General, in preparing, in consultation with the Director-General of the Food and Agriculture Organization, the provisional programme for the joint session of the Commission on International Commodity Trade and the Committee on Commodity Problems of the Food and Agriculture Organization which will examine a report on the prospects of the production of, and demand for, primary commodities, include the question of the production of, and demand for, food in relation to the problem of hunger;

9. Stresses that any action taken or contemplated under the present resolution proceed in accordance with the principles of surplus disposal and guiding lines of the Food and Agriculture Organization, and, specifically, with adequate safeguards and appropriate measures against the dumping of agricultural surpluses on the international markets and against adverse effects upon the economic and financial position of those countries which depend for their foreign exchange earnings primarily on the export of food commodities, and in the recognition that the avoidance of damage to normal trading in foodstuffs will best be assured by multilateral trading practices.

908th plenary meeting,
27 October 1960.

ANNEX 5

OBSERVATIONS OF THE FAO COMMITTEE ON COMMODITY PROBLEMS

(Extract from the report of the thirty-fourth session, 30 May-16 June 1961, of the Committee on Commodity Problems and its appendix B, report of the Intergovernmental Advisory Committee on the Utilization of Food Surpluses)

II. FOOD AID AND SURPLUS UTILIZATION

1. Matters arising from the resolution of the General Assembly and of the FAO Council on the utilization of food surpluses

30. The Director-General introduced to the Committee the report entitled "Development through Food - A Strategy for Surplus Utilization" which had been prepared by him, in pursuance of General Assembly resolution 1496 (XV) on the Provision of Food Surpluses to Food-Deficient Peoples Through the United Nations System, for consideration at the forthcoming thirty-second session of the Economic and Social Council. The Committee expressed its appreciation of the excellence of the Director-General's report and of his opening statement.^{a/}

31. The General Assembly resolution had invited FAO to establish without delay procedures - in particular for consultation and the dissemination of information - by which the largest practicable quantities of surplus food could be made available as a transitional measure against hunger and as a contribution to economic development in the less developed countries through the United Nations system, without prejudice to bilateral arrangements. The resolution had also invited FAO to study the feasibility and acceptability of additional arrangements, including multilateral arrangements under the auspices of FAO, with the objective of mobilizing surpluses and distributing them in areas of greatest need.

32. The Council of FAO, at its thirty-first session in October 1960, had asked the Director-General to proceed with the studies and consultations envisaged in the General Assembly resolution. The Council's resolution 1/34 also established

a/ The Director-General's opening statement to the Committee has been circulated as document CCP 61/31.

an Advisory Committee of FAO member nations and of the Chairman of the CCP "to advise the Director-General on the preparation of his report to the Economic and Social Council, it being understood that this Advisory Committee was to work within the framework of the CCP, to maintain liaison with the Subcommittee on Surplus Disposal, and to report its findings and recommendations to the CCP." The Committee expressed its appreciation of the report of the Intergovernmental Advisory Committee (CCP 61/14)^{b/} and of its presentation to the CCP by the Advisory Committee's Chairman, Mr. R.E. Moore (United Kingdom). In forwarding the report of the Intergovernmental Advisory Committee to the Council, the Committee recommends that it be also submitted to the Economic and Social Council, for consideration together with the report of the Director-General.

33. Because the Director-General's report had been available for only a short time, it had not yet been possible for Governments to give it full study. For this reason, the consideration of points of substance by the Committee had to be necessarily of a preliminary character. Nevertheless, the statements by delegations reflected the close attention given to a number of broad objectives and major aspects underlying, or arising from, the Director-General's report, and a number of observations and questions requiring more detailed study. These general objectives and observations can be summarized as follows:

- (1) The importance and urgency of the challenge of an expanded international aid programme for economic and social development and for humanitarian relief;
- (2) The scope for an effective food-aid programme as an important element, on certain conditions, in such an expanded international aid programme with special reference also to the need for further consideration of:
 - (i) The extent to which "food aid" should be regarded as a concept wider than that of surplus utilization; and the possible resulting need for a re-examination of the definition of "surplus disposal";
 - (ii) The complementary character of aid in kind and other forms of aid, and the resulting implications that an expanded programme of over-all aid was an essential prerequisite of an expanded programme of food aid;

^{b/} Reproduced in the Appendix to this annex (Appendix B to the original report).

- (iii) The relative merits of food-aid and other forms of aid within a given volume of total aid.
- (3) The importance of planning food-aid programmes in close connexion with national development programmes and with reference to periods of sufficient duration to allow for effective planning;
- (4) The scope for surplus utilization, along lines consistent with the FAO Principles of Surplus Disposal and Guiding Lines, as an important source of food-aid;
- (5) The importance attaching to the safeguards for the avoidance of interference with normal patterns of international trade and to the need for ensuring that the scale and continuity of agricultural development programmes in recipient countries should not be adversely affected;
- (6) The economic and technical implications of encouraging shifts in the commodity-composition of supplies available for food-aid, having regard to -
 - (i) The need for an element of continuity in food-aid programmes,
 - (ii) The safeguarding of normal patterns of international trade, and
 - (iii) The avoidance of the creation of new surpluses or of surplus capacity.
- (7) The importance of well-devised national food reserve programmes, particularly in developing countries, and the need for adequate provision for emergency and humanitarian relief through international channels;
- (8) The advantages that might result from suitable arrangements being made for some degree of multilateral co-ordination of bilateral programmes, in view of the likelihood of a large, or dominant, share of food-aid continuing to move under such programmes;
- (9) The desirability of ensuring the success of a multilateral food-aid programme by beginning on a relatively modest scale with emergency aid and selected pilot projects, and expanding the programme when experience and funds permit, and as wider co-operation is obtained.
- (10) The organizational aspects of an expanded food-aid programme, with special reference to the need for further study of:

(i) The desirability or otherwise of multilateral co-ordination of bilateral programmes; and

(ii) The beginnings of a multilateral programme of food-aid.

34. The comments enumerated above must also be seen against the background of the more general aspects of international commodity trade problems. The statements made by delegations generally reflected their keen interest in the more general considerations presented in the Director-General's report, notably with respect to the need for expanding the volume of, and outlets for primary commodity trade, the importance of short-term price stability and generally the need to find effective solutions to the wider commodity problems involved. It was noted that these wider problems, if they remained unresolved, could seriously impede economic development even in the face of a greatly expanded aid programme (see also section III, two International Commodity Stabilization Techniques and Arrangements).^{c/}

35. The Committee learned with keen interest and appreciation of the proposal made by the United States for an initial programme on a multilateral basis which might aim at a fund of \$US100 million in commodities and cash contributions and for which the United States would be prepared to offer \$40 million in commodities with the additional possibility of a supplementary cash contribution to be explored later. The Committee noted that in its initial stage, the primary aim of this proposed programme, in which the FAO was intended to have a major role in co-operation with other United Nations organizations, should be primarily to meet emergency needs. At the same time, the United States would support use of the programme fund for pilot activities in other fields such as school lunch or labour-intensive projects, in order to develop some diversified experience. The United States proposal was generally recognized as being one of considerable significance, and some delegations reported the serious interest taken by their respective Governments in this proposal. The Committee was informed that the Government of the United States intended to present a further statement on these proposals to the forthcoming

c/ Not reproduced in the present document.

Council session. Whilst different views were expressed by delegations, a number of them emphasized the desirability of extending any multilateral programme to include, at least in some measure and on a pilot scale, projects which would assist economic and social development.

36. Pending the consideration of both substantive and organizational matters by the governing organs of the FAO and United Nations, the Committee felt that it would have been premature for it at this stage, even if there had been an opportunity for more adequate advance briefing on the report by its members, to set out any proposals concerning the possible form of assistance that could be rendered to a new, or expanded, programme through its own services and through those of its Consultative Sub-Committee on Surplus Disposal and other subsidiary bodies. The Committee stands ready to assist the Council and Conference in their deliberations on these matters. In the course of the preliminary exchange of views reported above, stress was laid on the importance of full and effective use being made of existing machinery and organizational units.

Appendix

Observations of the Intergovernmental Advisory Committee
on the Utilization of Food Surpluses

(Report of the Intergovernmental Advisory Committee, 5-12 April 1961)

I. INTRODUCTION

1. The Intergovernmental Advisory Committee on the Utilization of Food Surpluses set up by the resolution of the thirty-fourth session of the FAO Council met in Rome from 5 to 12 April 1961.

(a) Attendance

2. The representatives of the following twelve countries participated in each of its meetings: Argentina, Brazil, Canada, France, Ghana, India, Netherlands, New Zealand, Pakistan, Thailand, United Kingdom and the United States of America. The United Arab Republic had been appointed to the Committee but was not represented. The Chairman of the Committee on Commodity Problems, V. Andersen, participated ex-officio. The Chairman of the Expert Group, H.W. Singer, participated as a consultant at the invitation of the Director-General.

(b) Election of Chairman

3. R.E. Moore, United Kingdom, was unanimously elected Chairman.

(c) Terms of reference and procedure

4. The Committee noted the relevant paragraphs of resolution 1496 (XV) of the United Nations General Assembly on the Provision of Food Surpluses to Food-Deficient Peoples through the United Nations System,^{a/} and of FAO Council

a/ Among other things, the resolution invited FAO to establish without delay procedures by which the largest practicable quantities of surplus food might be made available to less developed countries; further invited FAO to study the feasibility and acceptability of additional arrangements, including multilateral arrangements, having the objective of mobilizing available surplus foodstuffs and distributing them in areas of greatest need; and requested the Director-General to report to ECOSOC at its thirty-second session in July 1961, on actions taken by FAO. The text of the resolution was reproduced as Appendix I of the draft report "Development through Food - A Strategy for Surplus Utilization", Rome, 14 March 1961.

resolution 1/34 on the Utilization of Food Surpluses.^{b/} Both resolutions had been adopted in October 1960.

5. The Committee had before it the draft report entitled "Development through Food - A Strategy for Surplus Utilization" prepared by the Director-General in accordance with the relevant paragraphs of the above-mentioned resolutions. The Committee expressed its appreciation to the Director-General for the excellence of his draft report submitted for the consideration of the Advisory Committee.

6. The Committee interpreted its terms of reference as being primarily, to advise the Director-General on the main lines and substance of his report to the Economic and Social Council. It also considered that it was to submit its observations to the CCP. The Committee considered its task completed with the submission of the present report.

7. The Committee examined each section and, where appropriate, individual paragraphs, of the draft report, but did not address itself exhaustively to all points of detail. All the many points of detail made by the Committee were noted by the Director-General; but the Committee has confined its comments in this report to the main issues.

8. It was recognized that delegates participated in the Committee in an advisory capacity and were not, by their expression of views, necessarily committing their respective Governments, many of which wished for an opportunity to give fuller consideration to the matters raised in the report by the Director-General.

^{b/} The Council decided "to establish an intergovernmental Advisory Committee of FAO member nations to advise the Director-General on the preparation of a report to the Economic and Social Council, it being understood that the Committee would work within the Committee on Commodity Problems (CCP) framework and, in particular, maintain liaison with the Sub-Committee on Surplus Disposal (CSD) and report its findings and recommendations to the CCP". - Provisional report of the Council of FAO, thirty-fourth session, Rome, 17-27 October 1960, paragraph 65.

II. MAIN ASPECTS OF THE DRAFT REPORT BY THE DIRECTOR-GENERAL

9. The Committee interpreted the broad principles^{c/} underlying the draft report as being that:

- (i) Expanded aid should be provided for the promotion of economic and social development of under-developed countries and for humanitarian relief;
- (ii) The pattern of development should be for decision by the under-developed countries themselves;
- (iii) Aid ought to be integrated in the over-all development programmes of the receiving countries and planned in such a way as to maintain a proper balance in the development of their economies;
- (iv) Food aid should be used in such a way as not to endanger the economies of recipient countries and long-term benefits should not be sacrificed for short-term gains;
- (v) Food aid does and should play an important role in aid programmes;
- (vi) The volume of food aid which could be used effectively would be largely determined not only by the available supplies of such aid, but also by the volume of aid available in other forms;
- (vii) All food aid programmes should recognize the need to avoid harmful interference with the development of international trade on a commercial basis.

10. The Committee identified the main proposals of the draft report as being that:

- (i) A multilateral system for the co-ordination of food aid, particularly for economic and social development, but including specifically emergency and other humanitarian relief, and other forms of advice

^{c/} The Director-General in his opening statement to the Committee said, "I consider the United Nations resolution to be of major importance. It recognizes that the ultimate solution to the problem of hunger and malnutrition is economic development. While the concept that food aid should be granted specifically for this purpose is not new, it now receives with the Assembly resolution the endorsement of world opinion and becomes established as the guiding philosophy".

and assistance should be introduced. Such assistance would be supported by pledges of surplus food, services or cash offered by participating countries;

- (ii) In its relation to emergency and other humanitarian relief, there should also be established multilateral arrangements based on the assumption by participating countries of various alternative forms of obligations, including the provision of food, services or cash;
- (iii) While food aid on a bilateral basis was expected to continue and to expand, an attempt should be made to co-ordinate such aid within a multilateral framework;
- (iv) The international agency for the administration of food aid on the proposed multilateral basis should be FAO. The organization should also be prepared to offer advice on problems affecting the provision of bilateral aid, if requested by the recipient or donor countries;
- (v) Food aid, both on a multilateral and on a bilateral basis, should be planned on the basis of a five-year programme, though it would also be necessary to look further ahead.

III. OBSERVATIONS OF THE ADVISORY COMMITTEE

(a) The role of food surpluses in general economic assistance to under-developed countries

11. The Committee endorsed the broad objectives of the Director-General's draft report concerning the utilization of available food surpluses as part of general economic aid. It welcomed the wider conception that food assistance programmes should be more than a mere surplus disposal operation. At the same time, certain delegations drew attention to the fact that this concept of the function of food assistance and its use went somewhat beyond the previously accepted definition of surplus disposal agreed by the Committee on Commodity Problems. There was general sympathy with the Director-General's broad approach which pointed to ways and means whereby food assistance could be most effectively utilized in alleviating malnutrition and hunger in areas of greatest need and in assisting with the development programmes of under-developed countries.

12. The Committee considered that the use of food surpluses for such purposes as the partial payment of wages in labour intensive projects, the provision of school lunch programmes, or the establishment and maintenance of national food reserves as part of a supply and price stabilization scheme could make a significant contribution to the economic advancement of under-developed countries.
13. The Director-General in his report - and this was also brought out in the course of discussion - emphasized the difficulty of satisfying the nutritional needs of the developing countries by the existing composition of food surpluses. He had suggested that producing countries might adapt their production to meet that situation. Some delegations, while recognizing that present food surpluses have an important role to play, drew attention to the occasional nature of some of these surpluses and also stressed the desirability of mobilizing the resources of efficient producing countries with additional productive capacity for the provision of assistance to food deficient peoples.
14. Certain delegations drew the attention of the Committee to the importance of assuring to under-developed countries the maintenance at a reasonable level of their export incomes while their economic development was being sustained by outside assistance. Food surpluses were also accumulating in some of these countries which did not have, at present, the economic resources for either holding or utilizing them.
15. Certain delegations from the under-developed countries indicated that food aid might preferably be given to them in the form of grants; others expressed a preference for loans. The views of the Director-General on the need to give specially favourable terms to countries in the initial stages of development and with low standards of living were noted. There was substantial support for the view, however, that this was a matter which should be settled in each case by mutual agreement between recipient and aid-giving countries.
16. It was also stated that a greater emphasis should be given to the role under-developed countries should play. According to one delegation, the countries benefiting from a programme of expanded utilization of surpluses should endeavour to repay the aid received in some form, with the produce of their soil or labour, thus contributing to the benefit of other needy countries.

entail added difficulties requiring solution. Note was taken, however, of the statements made by the Secretariat that the distribution of protein foods as aid had stimulated the demand for them in some countries, and had also led to an increase in imports through commercial channels.

(c) Bilateral and multilateral arrangements

20. The Committee gave detailed consideration to bilateral and multilateral activities within the framework of an expanded programme of surplus utilization set out in the draft report. In particular it focussed its attention on the question of the precise nature of the multilateral arrangements envisaged, the place of bilateral arrangements within the proposed multilateral framework, and the extent, if any, to which bilateral arrangements should be co-ordinated by a multilateral agency.

21. The possible organizational arrangements for implementing any international system were discussed. While some delegations stressed the desirability of utilizing the existing FAO machinery, modified if necessary, others felt that any full consideration of such matters was premature at this stage. It was agreed that this was a matter which would require careful study.

22. The Committee noted that it was important to improve the co-ordination of national and multilateral food aid programmes; but agreed with the Director-General that such co-ordination should not extend beyond procedures for consultation and the offer of advisory services to either recipient or donor countries, if and when such facilities were requested by either party.

23. The Committee also noted that the Director-General had assumed an expansion of bilateral arrangements as covering the largest part of food assistance; the importance of these bilateral arrangements was emphasized by many delegations. It was also noted that the Director-General envisaged multilateral arrangements for co-ordination or distribution of food aid only if and when recipient countries requested them, and to the extent that supplies were pledged by donor countries.

24. There was a strong body of feeling in the Committee that, from further consideration, there should emerge specific proposals or recommendations for multilateral actions which could commend themselves to the serious attention of

Governments. In this connexion, however, several delegations proposed that any start made should be on a modest scale in order that the experience required for the successful administration of such a system could be gradually acquired.

IV. CONCLUSION

25. In the course of the Committee's consideration of the draft report, one fundamental issue, for which there was in some quarters a strong measure of support, emerged as requiring the close attention of Governments. This was the early establishment of a multilateral programme.

26. Most of the Committee considered that the approach should be cautious and a beginning should be made on a modest basis by the establishment of a programme supported by contributions in commodities, services or cash under international auspices subsequently to be determined, to provide food assistance for emergencies such as famine or serious shortages arising out of disaster or distress conditions.

27. In this connexion, the United States made a specific proposal for an initial programme on a multilateral basis which might aim at a fund of \$US100 million in commodities and cash contributions, and for which the United States would be prepared to offer \$US40 million in commodities with the additional possibility of a supplementary cash contribution to be explored in Washington. The fund would be available for use over a fixed forward period, perhaps three years. This proposed programme, in which FAO would have a major role, would be designed for emergency relief, but to a limited extent, resources would be used for pilot projects such as school lunch programmes and/or labour-intensive schemes. This United States proposal was of fundamental significance.
