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21 October 1946

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE  
ON TRADE AND EMPLOYMENT

SUMMARY RECORD

COMMITTEE IV

INTER-GOVERNMENTAL COMMODITY ARRANGEMENTS

SECOND MEETING

Held on Saturday, 19 October 1946 at 10.30 a.m

Chairman: Mr. J.R.C. HELMORE

1. Consideration of Provisional Agenda

Consideration was given to the Agenda suggested by Mr. CLAIR WILCOX (United States) and several delegates expressed their desire for a general discussion of the problems of commodity arrangements. It was decided to adopt the suggested agenda and then to proceed with a general discussion of the problems facing the Committee. After this the Chairman, with the assistance of the Secretary, would suggest any points requiring further discussion and not covered by the provisional agenda.

2. Participation in technical discussions

It was agreed that during discussions of technical points alternate delegates could be requested to participate.

3. General discussion of commodity arrangement policy

MR. CLAIR WILCOX (United States) referred to the fact that primary commodities are produced by large numbers of small producers in many parts of the world. Both the supply of and the demand for these staple commodities were largely inelastic. When primary producers are in distress they naturally seek aid from their Governments which may take

action prejudicial to the interests of producers in other countries. It is desirable, therefore, to agree to international action to meet commodity situations which might otherwise prevent the maintenance and development of international trade.

MR. B.N. MARRER (India) thought that commodity machinery should be designed to promote stability of agricultural prices as well as to deal with chronic disequilibrium between supply and demand. Instability of prices caused insecurity in primary producing countries, and consequently affected their demand for industrial products. Greater stability of prices could be promoted by combining a measure of quantitative regulation with some international scheme of buffer stocks.

MR. J.T. DEUTSCH (Canada) suggested that consideration should be given now to arrangements for important international commodities which have been subject to very wide fluctuations in the past. Any scheme adopted should be flexible and provide for the stabilization of raw material prices. Countries relying on the export of a few commodities would have difficulty in accepting the obligations of an international trade charter unless export prices were stable.

MR. B. MCCARTHY (Australia) stated that effective commodity agreements could go a long way towards removing the impediments of international trade. Although it would be necessary to provide certain general conditions governing commodity agreements, the details of each agreement would need to differ according to the peculiar conditions of the commodity concerned. It was desirable to distinguish between products on which detailed data are already available so that further study was unnecessary and those in which information would have to be collected. He thought that buffer stocks would be important in some cases but pointed out that such an arrangement was not suited to perishable commodities. It was desirable to proceed with negotiations for agreements in certain primary products as early as possible. In all agreements consumers should have representation equal to that of producers.

MR. H. BROADLEY (United Kingdom) thought that buffer stocks arrangements warranted careful study. The problems of particular commodities should be considered as part of general stabilization measures. However, temporary arrangements may have to be adopted to deal with particularly urgent and temporary problems. Consideration of the two-price system was justified but if such a system were adopted in any particular case, there should be a gradual reduction in the top price until the economic position has been restored. The EAC were giving consideration to somewhat related problems, and although this committee is looking at commodity arrangements in relation to the wider problems of trade and employment, it is desirable that the solutions should be similar. It may be desirable to establish soon a commodity organization which could later be brought within the ITO.

MR. JOHNSON (New Zealand) said that full recognition should be given to the position of countries whose economic structure was dependent on the export of a narrow range of primary products.

MR. BEYLEVELD (South Africa) supported the suggestion that commodity arrangements should aim at stability. He thought that provision should be made for dealing with shortages as well as surpluses.

PROF. de VRIES (Netherlands) mentioned that a recent League of Nations' publication gave figures for the exports and imports of sixty-two countries. Of these countries, forty-two have in their exports more than ninety per cent of primary products and only nine countries are below fifty per cent in their exports of primary products. He suggested that the Committees might obtain useful advice by consulting with people with experience in commodity agreements.

The general discussion was adjourned until the next meeting.

#### 4. Correspondence from the International Chamber of Commerce

Consideration was given to a letter received from the International Chamber of Commerce regarding attendance at Committee meetings and it was agreed to suggest to the Secretariat that a reply to be sent drawing

attention to the fact that the rules of procedure do not provide for the presence of such non-governmental bodies at Committee meetings and asking the International Chamber of Commerce to specify the particular points on which they wish to present their views. The Committee could later decide whether it wished to hear these views and, if so, the method of procedure for consultation.

5. Election of Vice-Chairman

The CHAIRMAN announced that the Norwegian Delegation had made certain adjustments in their representation on various committees and that M. ROBBESEAD (Norway) would no longer be a delegate to this Committee and therefore withdrew from the position of Vice-Chairman.

MR. J. MELANDER (Norway) was then elected Vice-Chairman of the Committee on the proposal of MR. E. McCARTHY (Australia).

6. Next Meeting.

It was agreed that the next meeting of the Committee should be held on Tuesday, 22nd October at 11 a.m. in the Hoare Memorial Hall.

7. The Committee rose at 12.35 p.m.

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