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C O U N C I L

PAPER BY THE CHAIRMAN OF THE COUNCIL ON
THE WORK OF OEEC ON FOOD AND AGRICULTURE

The work of the Organisation on food and agriculture has for some time been affected by the activities of the European Conference on the Organisation of Agricultural Markets (Green Pool) and it seems necessary to take stock of the situation now. The object of this paper is to comment briefly on this issue from the point of view of the OEEC; to suggest possible lines of action which might be pursued by the Organisation in regard to food and agriculture; and finally to indicate the changes in the structure of the Organisation which would be necessary to accommodate this work.

1. The Green Pool Conference which met from March 16 to March 20, 1953 set up an Interim Committee to prepare proposals on three points:-

- "(a) methods of organising European agricultural markets and methods of unifying these markets;
- (b) structure of, and powers to be vested in, institutions required to fulfil the functions of the proposed organisation and unification;
- (c) relations to be established between countries participating in the Green Pool and other countries which, without desiring to participate fully in the Green Pool would agree to be associated with it, and the relations to be established between the Green Pool and other countries not associated with it."

2. The Interim Committee has now completed its report AG.CI/35 and it remains for the Green Pool Conference to consider it. The main issue which arises in this document, on which there is a difference of opinion, is whether or not the future work should be undertaken by the OEEC; it has been suggested that the Organisation would not be able to deal with this work effectively, and that an independent organisation should be set up.

3. The purpose of the OEEC is to achieve and maintain a satisfactory level of economic activity in Member countries. To this end a series of objectives are laid down in the Convention; the expansion of production; a high level of trade; internal financial stability;

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and a high level of employment. Agricultural producers in Europe have benefited no less than others from the successful results achieved to date in these fields by the Organisation.

5. On the other hand it may well be that in the past insufficient attention has been paid in the Organisation to the particular and pressing problems of food and agriculture. There are more people engaged in farming and fishing than in any other single sector of the economy in Europe. Conditions of agricultural production differ more widely than in any other branch of activity. Agriculture is faced with particular hazards and uncertainties. Important social, political and strategic factors underlie agricultural policies and all countries consider that the maintenance of a minimum standard of living for farmers is a pre-requisite for the stability and welfare of the community. It is only fair to say that the Interim Committee in drawing attention to the particular problems of food and agriculture and developing ideas for their solutions has rendered valuable service and careful consideration should be given to its report.

6. But the setting up of a new and independent organisation would hardly contribute to the solution of these problems. In view of the close interdependence between food and agriculture and the general economy, these problems can only be dealt with effectively in the framework of an organisation covering the whole field. But, apart from these considerations, it should be pointed out that in view of its responsibilities the O.E.E.C. will have to continue to deal with food and agricultural matters in the context of its general work on the co-ordination of economic policies, liberalisation, productivity etc. no matter what may happen elsewhere.

The danger of the present differences of opinion is that they will frustrate any real progress in the work on food and agriculture. The aim here therefore is to sketch out the lines of a possible programme of work which might be carried out in the Organisation in the hope that this will help to lay the basis for agreement.

Possible Programme of Work

7. Such a programme might be considered under the following four headings:-

- (i) Action to expand trade.
- (ii) Action relating to prices, production, distribution and consumption.
- (iii) Productivity.
- (iv) Periodical reviews of food and agricultural policies.

(i) Action to expand trade

8. Trade in food and agricultural products is in general more restricted than other trade, and the objective should be to secure some easing of these restrictions more particularly by the progressive elimination of quantitative restrictions through multilateral action. The present examination of the negative lists of Member countries is of particular importance in this connection. After this exercise it will be possible to take stock of the possibilities of further progress in this direction and the problems which at present prevent liberalisation. Full weight will have to be given to these problems in the studies to be undertaken under (ii), (iii) and (iv). Where liberalisation cannot be immediately achieved, other methods for expanding trade should be sought for the intermediate period; e.g. multilateral agreements, minimum price systems (these have been studied at some lengths by the Interim Committee). Consideration might also be given to restricted agreements provided they do not run counter to other O.E.E.C. and international commitments. Other measures taken by Governments affecting trade should be examined, such as state trading, compensatory taxes, discriminatory technical and administrative regulations, artificial aids to exporters. In addition consideration should be given to measures to facilitate trade, such as market surveys along the lines now carried out for fruit and vegetables.

(ii) Action relating to prices, production, marketing, distribution and consumption

9. There is a wide range of factors responsible for the differences, which are often substantial, in the prices of agricultural products in the Member countries. These include such elements as cost of farm requisites, availability of capital, credit, farm rents, the structure of farms, etc. High costs of transformation and distribution are responsible for glaring discrepancies in some countries between ex-farm and retail prices. A wide variety of policies are adopted by Member countries for dealing with these problems. A good deal of work has already been done on some of these problems but it seems necessary to single out those which require special attention. The examination of many of them will require the assistance of other committees of the Organisation. Under this heading it is also necessary to consider the problem of stimulating consumption. As a result of these studies recommendations should be addressed to Member countries with a view where appropriate to greater harmonisation of national policies: it is also possible for the Organisation to take decisions on these matters which would bind Member governments.

(iii) Productivity

10. This is probably the most promising field for co-operative action to reduce and eliminate price discrepancies in the various countries. The European Productivity Agency already has a sizeable programme in this field and efforts should be continued and expanded. It is important that the closest links should be maintained between the Agency and the Food and Agriculture Committee in order that the drive for increased productivity should be directed towards the most pressing problems and that the necessary co-ordination of action on economic and technical problems should be achieved. It seems desirable that particular attention should be given to the technical problems experienced by the less developed countries such as Turkey, Greece and parts of Italy. These activities might be supplemented by the study of recommendations to national governments on their own policies regarding technological improvement.

(iv) Periodical Reviews of Food and Agricultural Policies

11. It is suggested that these reviews should take place periodically, perhaps once a year. These exercises might comprise two parts. In the first place, there would be a general review of the market situation which would take account of the probable evolution of markets, the level of world prices, and other relevant factors which affect food and agriculture; the object here should be to assemble the necessary information in order to form a judgment on the general production policies which should be pursued in the participating countries. The second part would consist of a detailed examination of the food and agricultural policies of individual countries on the lines of the Organisation's Annual Reviews. The object would be to encourage the best use of resources: and appropriate recommendations would be addressed to Member countries. Periodic reviews of this kind would in a sense constitute the framework of the general work of the Food and Agriculture Committee and in addition would provide important material for the formulation of the general economic policies of the Member countries. They might therefore be timed to precede the Annual Review of the Organisation. These reviews would bear primarily upon European food and agricultural policies but it would be useful if the United States and Canada as associate members of the Organisation could take an active part in them.

12. As has been indicated, the above headings are merely designed to sketch out the lines of a programme of work and the ideas put forward are in no way inflexible. In developing these ideas consideration might be given to the various proposals put forward in the report of the Interim Committee. It does not seem necessary at this stage to discuss the various

methods of approach to food and agricultural problems or to attempt to lay down a rigid plan for attaining a common market. The important thing is to put in hand a comprehensive and practical programme of action which has some prospect of results in the near future.

Changes in Structure and Procedure

13. In order to carry out a programme of work of this kind it is necessary to consider certain changes in the present structure and procedure of the Organisation on the food and agricultural side. A number of suggestions have been put forward, the most important being:

- (i) provision for meetings of Ministers of Food and Agriculture within the Organisation;
- (ii) raising the status of the Food and Agriculture Committee and granting it the necessary flexibility;
- (iii) appointment of a Director for Food and Agriculture in the Secretariat.

(i) Meetings of Ministers of Food and Agriculture

14. If this work is to achieve the desired result, it is necessary to arrange for the close association of Ministers of Food and Agriculture. Decisions concerning national policy in this field are of considerable importance and discussion of many of these matters at official level cannot be conclusive. In addition, if the work of the Green Pool, which was initiated by the Ministers of Food and Agriculture is to be taken over by the Organisation, it is only natural that these Ministers should be invited to take a full part in the activities of the Organisation in the future. In the first place, Ministers of Food and Agriculture might, in company with the normal representatives of Member Governments, participate in discussions of the Council at Ministerial level when questions of particular interest to food and agriculture are under consideration. In addition, the Council which must obviously remain the supreme body of the Organisation, might appoint a Ministerial Committee to advise on food and agricultural matters. Such a body might debate important reports of the Food and Agriculture Committee and particularly those on the review of food and agricultural policies and give guidance in regard to the future work of the Committee.

(ii) Raising the status of the Food and Agriculture Committee

15. In view of the importance of the proposed work and the

need for close links with Ministers of Food and Agriculture it seems appropriate that the Food and Agriculture Committee should be granted greater freedom of action, subject to the need for overall coordination of the work of the Organisation by the Executive Committee and for close co-operation with the Horizontal Committees such as the Steering Board for Trade and the Economic Committee. In addition, representation on this Committee should be at an appropriately high level. It would appear that the provisions of C(54)62 on the activities of the Vertical Committees go a long way to provide for greater flexibility. Thus, the Food and Agriculture Committee can now initiate new work and set up temporary working parties without the prior authority of the Executive Committee. The use of majority voting is also to be permitted for these purposes. The Food and Agriculture Committee is free to meet as often as it wishes and consult other Vertical Committees as it deems necessary. But it will probably be necessary to provide for more flexible arrangements in regard to the examination of the programme of work of the Committee by the Executive Committee under C(54)62 a programme of work should be submitted to the Executive Committee once a year. In practice, the work of the Committee will be largely guided by the Ministers of Food and Agriculture, particularly where purely food and agricultural questions are concerned; but the need for coordination by the Executive Committee will clearly remain especially where studies involve other Committees of the Organisation.

(iii) Appointment of a Director for Food and Agriculture

16. It is proposed that a Director should be appointed to take charge of food and agricultural matters. The appointment of such an official would help to give the necessary impetus to the work proposed. An important part of his functions should be to maintain contact with the non-governmental organisations concerned with food and agriculture.

17. Apart from the above changes, attention should be drawn to the question of restricted agreements for commodities which have been studied in the Interim Committee. A reference to this has been made in paragraph (i) of the first part of this paper but a few words should be added here on the procedural aspect. Article 14 of the Convention provides for exceptions from the rule of unanimity "for special cases" but it would not seem necessary to depart from this principle for under the terms of the same Article, it is possible for a Group of Countries to conclude and operate an agreement among themselves, the other countries not interested being able to abstain.

18. There is also the question of Spain. This country is a member of the Conference of European Agricultural Markets but not the O.E.E.C. If the work of this Conference is taken over by the Organisation, the problem arises as to how to associate a non-Member country with the latter's activities on food and agriculture. A similar problem has already arisen in another field as a result of a request from the Spanish representative to the European Conference of Ministers of Transport that O.E.E.C. should consider how Spain can follow the work of the Organisation when it is consulted by the Conference and it should be possible to devise the necessary procedures to meet the two cases.

19. Lastly, there is the question of consultation with non-governmental Organisations, the importance of which has been stressed by the Interim Committee. The principles governing relations between the O.E.E.C. and non-governmental organisations are set out in C(49)69 and they provide for consultations between the representatives of these bodies and the national representatives on Technical Committees. The machinery therefore exists and it remains for the Food and Agriculture Committee to make full use of it.