GENERAL AGREEMENT ON TARIFFS AND TRADE
Twelfth Session of the Contracting Parties
Disposal of Surplus Agricultural Products:
Discussion in Plenary Session

This item stems from the Resolution on the Disposal of Surpluses, of 4 March 1955, in which the Contracting Parties noted that it was the intention of individual contracting parties to liquidate agricultural surpluses in such a way as to avoid unduly provoking disturbances on the world market, and considered that any contracting party making arrangements for disposal of surplus agricultural products should consult with the principal suppliers of those products so as to achieve an orderly liquidation.

The experiences of the contracting parties under this Resolution were discussed at the Tenth and again at the Eleventh Session when it was shown that there was continuing concern regarding the existence of large surpluses and the policies for their disposal. It was emphasized that the consultation procedures could be more effective in safeguarding the interests of other contracting parties.

Opening the discussion of this Session, Mr. C.W. Adair, United States, said that his Government wished to submit a report on activities relating to agricultural surpluses in the year ending 30 June 1957.

Mr. Adair said that in 1956-57 the United States took several domestic actions aimed at reducing surpluses. One such action was through the production adjustment programme, supplemented by the Soil Bank, under which the United States sought to adjust production so as to reduce the accumulation of new surpluses. The reduction of government-owned stocks proceeded at the same time. Official estimates for the 1957 crop year, published on 1 October 1957, show these reductions from the 1956 crop year in the major export crops; wheat acreage 13 per cent; wheat production 7 per cent; cotton acreage 12 per cent; cotton production 7 per cent; rice acreage 14 per cent; rice production 12 per cent; tobacco acreage 17 per cent; tobacco production 25 per cent.

Another domestic action was that the United States continued to donate large amounts of surplus commodities to needy persons in the United States. Under Section 416, Title III, Public Law 480 and under Section 32 of the Act of...
24 August 1935, surplus commodities valued at approximately $230 million at Commodity Credit Corporation cost were donated in 1956-57. These commodities included 115,000 metric tons of wheat and wheat flour, 31,000 tons of butter, 54,000 tons of cheese, 53,000 tons of corn meal, 36,000 tons of dried beans, 55,000 tons of non-fat dried milk, 36,000 tons of rice, 67,000 tons of various meats and poultry and smaller quantities of other commodities.

The United States delegate then referred to United States disposal operations under special export programmes in 1956-57. The largest and most important of the special United States programmes which involve disposal of surplus agricultural commodities abroad was carried forward under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). Title I disposals take place pursuant to agreements between the United States and the government of the receiving country. Commodities are sold through private channels and the importer pays for them in local currency which the United States Government accepts. The local currency sales proceeds are then deposited in a United States Government account in the purchasing country to be used for purposes previously agreed upon with that country. Usually the largest portion of the sales proceeds is loaned to the purchasing country for economic development. About 60 per cent of the sales proceeds deposited in the United States Government account has been earmarked for economic development purposes from the inception of the programme in 1954 through fiscal year 1957.

The United States, he said, takes precautions in its Title I sales programme not to disrupt normal commercial channels. Before entering into a sales agreement, the United States makes a careful analysis of the possible effects of the proposed programme on other suppliers. Title I of Public Law 480 required the President to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this action will not unduly disrupt world prices of agricultural commodities. To implement this requirement, the United States may specify an amount to be purchased commercially from the United States or, if the historical pattern of trade so indicates, from the United States and other sources.

During fiscal year 1957, forty sales agreements (and supplements to agreements) were concluded with twenty-five countries under Title I. These agreements had a combined value of $1 billion (including some ocean transportation costs) at world
market prices or a combined value of $1.5 billion calculated on the basis of the cost to the Commodity Credit Corporation. A three-year agreement with India, at an estimated cost to the Commodity Credit Corporation of $553 million, accounted for one-third of these totals. A large proportion of the commodities sold under these forty Title I agreements will be consumed in so-called underdeveloped countries, he said.

The commodities included in Title I agreements in fiscal year 1957 consisted of about 292 million bushels of wheat, 21 million bushels of feed grains, 11 million hundredweight of rice, 1 million bales of cotton, 39 million pounds of tobacco, 54 million pounds of dairy products, 814 million pounds of fats and oils, 85 million pounds of meat, 43 million pounds of fruit and vegetables, and 7,000 hundredweight of dry beans. The proceeds to be generated from the sales of these commodities have been earmarked for the following purposes: 66.8 per cent for loans and grants for multilateral trade and economic development, 22.4 per cent for payment of United States obligations, 7.1 per cent for military procurement and 3.7 per cent for other agreed uses.

The United States Congress has authorized $1 billion, at CCC cost, for the fiscal year 1958 Title I programme. At export market value this will amount to about $600 to $700 million.

Mr. Adair said that the United States Government had developed a system of consultation with other governments interested in Title I sales. Under this system the United States had consulted with principal exporting countries of the major commodities covered in each agreement. In the majority of cases the governments' concerned appeared to have been satisfied. If any lapses in consultation had occurred where friendly countries believed they had a substantial interest, they were entirely unintentional and the United States would be glad to discuss them with the governments affected.

The United States believed that the present procedures for consultation are adequate to safeguard the interests of other exporting countries. The Consultative Sub-Committee on Surplus Disposal of the Food and Agriculture Organization had proved to be a particularly valuable forum for the discussion.
of consultation procedures as well as substantive claims of injury or anticipated injury. The United States intended to continue to utilize the Sub-Committee, as well as established practices of bilateral consultation, and to continue to improve consultation techniques whenever practicable in accordance with the spirit of the GATT resolution on surplus disposal. These procedures, he said, should take care of the need for discussion of most disposal problems, apart, of course, from any possible complaints related to the specific provisions of GATT.

The United States Government welcomed any comments regarding special trade interest which it is thought might be endangered by surplus disposal programmes. Consultation he said improves mutual understanding and elicits helpful information on trade problems and on particular areas of sensitivity.

Mr. Adair said that another special United States programme involving the disposal of surplus commodities is Title II of P.L. 480, the authority under which surplus commodities held or under loan by the Commodity Credit Corporation are made available on a grant basis to relieve emergency, famine conditions or other extraordinary conditions as they occur abroad. The recipient country generally distributes these commodities to needy people free of cost or in direct payment for work done on relief projects.

During the fiscal year 1957, Title II programmes involved nineteen countries. These programmes had a combined value of about $150 million at Commodity Credit Corporation cost. The programme consisted of 498,000 metric tons of bread grains, 73,000 metric tons of coarse grains, 47,000 metric tons of dairy products, 21,000 metric tons of rice, 8,000 metric tons of cotton, 4,000 metric tons of dried beans, and 1,000 metric tons of fats and oils. The limit of the Title II programme had been increased by $300 million for use through 30 June 1958, but it is not expected that the programme will reach the total fund limitation.

Disposals under Title II do not involve a danger of displacement of the marketings of other countries, he said. The commodities are distributed freely to people afflicted by famine, flood, or other extraordinary conditions, who could not obtain sufficient food on other than a grant basis. For this reason, and because of the need to act quickly and decisively when disaster strikes, the United States does not have a special consultation procedure on Title II grants.
Mr. Adair said that a substantial quantity of surplus commodities was donated in 1956/57 under Section 302 of Title III of Public Law 480. Under this section, government-owned surplus food commodities are donated through private voluntary relief agencies, and intergovernmental organizations (UNICEF) for free distribution to needy people abroad (as well as in the United States) who do not have resources to assure themselves an adequate diet. The foreign donation programme in the fiscal year 1957 involved eighty-five countries and totalled $254 million at CCC cost. The commodities included 265,000 metric tons of wheat and wheat flour, 138,000 metric tons of corn and corn meal, 91,000 metric tons of rice, 215,000 metric tons of non-fat dried milk, 60,000 metric tons of cheese, and 32,000 metric tons of dried beans. For generally the same reasons which apply to Title II programmes, the United States does not have special consultation procedures on Section 302 transactions.

Mr. Adair said that another United States programme involving the disposal of surplus commodities is the barter programme under Section 303, Title III of Public Law 480, which authorizes the Commodity Credit Corporation to exchange surplus commodities for other commodities, usually strategic materials. In such transactions, American traders take the initiative in locating foreign merchants willing to barter their goods for United States agricultural products held by the Commodity Credit Corporation. The transactions are effected by private traders and involve participation by the Government only to the extent that it is willing on the one hand to sell particular commodities at world market prices and on the other hand to buy strategic materials at world prices.

Mr. Adair said that major programme revisions in the barter programme were announced in May 1957. The two most significant changes are: (1) a barter proposal generally must satisfy the Commodity Credit Corporation that the transaction will result in a net increase in exports of the agricultural commodities involved; and (2) interest must be paid to CCC for any time lag between delivery of the agricultural commodities and delivery of the materials obtained in exchange.

Barter contracts signed in the fiscal year 1957 were valued at $272.5 million. Of this total, $203.3 million worth of the following commodities have been shipped: 769,000 metric tons of wheat, 953,000 metric tons of corn, 139,000 metric tons of
cotton, 65,000 metric tons of rye, 87,000 metric tons of barley, 110,500 metric tons of oats, 118,000 metric tons of grain sorghums and smaller quantities of other commodities. There also were additional shipments on contracts entered into prior to 1957.

Mr. Adair said that advance notification to other exporting countries had not been used in barter transactions. The CCC barter transactions are arranged by private traders - the Commodity Credit Corporation enters into them by supplying agricultural products and taking the materials in return. As in the case of all P.L. 480 programmes, the United States, he said, is ready to consult with any other contracting party which feels that a particular barter transaction has damaged its trade.

Mr. Adair said that Section 402 of the Mutual Security Act also involves the disposal of surplus agricultural commodities. Under Section 402, the surplus commodities are furnished to foreign countries as a part of their total aid programme. These commodities are generally sold in the aid-receiving country and the local currency proceeds may be used for a variety of purposes, including economic development. Under the United States law, a minimum portion of the total aid given must be supplied in the form of agricultural commodities. The size of the Section 402 programme is tied to the size of the total aid programme.

During the fiscal year 1957, the export market value of Section 402 programmes to eighteen countries totalled about $285 million, which included $51 million in triangular transactions. This programme consisted of 1,423,000 metric tons of wheat, wheat flour and other bread grains, 124,000 metric tons of cotton, 57,000 metric tons of fats and oils, 534,000 metric tons of coarse grains, 5,000,000 dozen eggs and smaller quantities of other agricultural commodities.

Section 402, he said, is an integral part of the United States aid programme and, as such, does not require the recipient countries to maintain their usual marketings of dollar imports from the United States of those commodities which are imported under Section 402. The United States Government, he said, feels that the Section 402 shipments do not impinge on the usual commercial exports of other exporting countries. As stated on previous occasions the United States has not been able to undertake prior consultations on Section 402 transactions.
because such transactions are inextricably a part of its MSA programmes. However, the United States does attempt to avoid displacement through Section 402 transactions and is ready to consult on a review basis with any country that feels that this programme has had a damaging effect on its export markets.

Mr. Adair said that before leaving Section 402, mention should be made of the triangular transactions under this programme. In the fiscal year 1957, $51 million of commodities were sent to third countries, which in turn exported industrial items to the aid-receiving country. The special circumstances which had led to use of such arrangements in connexion with the mutual security programme were explained to the CONTRACTING PARTIES in the United States Report to the Eleventh Session. The United States, he said, recognizes that both countries exporting agricultural commodities and those exporting manufactured goods may feel concern over these triangular sales, being apprehensive that their commercial market may be disturbed. The United States accordingly considers every potential triangular transaction most carefully in the light of both the objectives of the aid programme and the possibilities of trade disruption.

Mr. Adair, said that, in conclusion, it should be noted that, while the United States agricultural exports increased in 1956-57 due in part to these surplus disposal programmes, world agricultural exports likewise increased, reaching a record high in the past year. As long as large quantities of any commodity overhang the world market there is considerable price uncertainty, he said. World trade does not thrive in such an environment. Consequently, the orderly reduction in United States surpluses through domestic production controls and through the careful procedures and safeguards of P.L. 480 and other special disposal programmes (domestic and export) is in the interest of all agricultural exporting countries. Prices of major internationally-traded farm products have been very stable during the past two years, he said. This is particularly true for wheat, cotton, rice, tobacco and feed grains, which are the commodities moved in greatest volume under United States surplus disposal programmes.

Mr. Jens Christensen, Denmark, agreed with the United States delegation that such consultations are very important and he urged that countries disposing of surpluses on the world market should consult with countries whose interests may be involved. Such consultations, he said, to be of any value, will have to
be held a reasonable time before deliveries are effected. In the past it had been possible, in certain instances, to avoid acute disturbances of normal markets through prior consultations; but it would have to be recorded that in some important instances the consultations procedure had proved completely ineffective. In those instances consultations had only been held quite some time after the disposals had taken place, or they had been carried through just before the disposals, leaving no time for consideration of the views of the interested countries. Mr. Christensen recalled the sales of American surplus butter in the European market in the spring of 1956. In his view the fact that in many instances consultations are only taken up just before or even after disposals have taken place is not entirely accidental or unintentional.

Mr. Christensen said that a country holding surplus stocks of agricultural products which they wish to dispose of in foreign markets will often wish, at short notice, to avail themselves of opportunities that may exist in those markets at a given moment, thus leaving no time for prior consultations. In subsequent negotiations reference is only made to the incidental character of the sales in question. Then the story often repeats itself for other commodities. This, he said, brings out clearly that consultations of a narrow character are not likely to remedy the situation in many instances. A more effective approach would be to try to establish more general principles to be adhered to in disposing of surplus commodities. First and foremost surplus production should, as far as possible, be disposed of through an increase in internal consumption — and in this connexion he expressed appreciation of the measures taken in various countries, especially in the United States. Unfortunately, he said, such measures have not hitherto been sufficient to avoid disposal on foreign markets.

Mr. Christensen said that where sales of surpluses take place in already established markets — a practice which he hoped would only take place in a very limited number of cases — it should be at world market prices. But, even if this principle was closely adhered to, disruption of world trade and upsetting of world markets cannot be avoided. The only real solution to the problem, he said, is to be found in an agricultural policy whereby a better balance between production and consumption is brought about by a reasonable price policy. As long as a policy of subsidization combined with protection is pursued in many countries, a surplus production — for which outlets can hardly be found without
damaging effects on the normal interests of other countries - seems inevitable. Surplus problems, he said, are also found to have repercussions on the agricultural policies of other countries. As long as countries risk the upsetting of their markets through surplus sales at subsidized prices it becomes even more difficult for them to make real progress towards a freeing of trade in agricultural products.

Mr. J. Richardson, Australia, said that Australia regarded the disposal of surpluses as one of the important items on the annual agenda of the Contracting Parties. Although in the past attention had been concentrated on the policies and activities of the United States, the points he would make should be regarded as of general application. Australia, he said, was equally concerned in regard to surplus disposal of exports, made possible by heavy domestic or export subsidies that had been made or might in future be made by other countries. He said that Australia viewed with considerable concern the prospect that some countries, which were traditional importers of certain Australian exports, had reached, or seemed likely to reach the position of becoming net exporters. This was because their policies for the encouragement of unlimited agricultural production by subsidies and other forms of price support could also create surpluses which spilt over or were dumped into export markets, at least during certain times of the year.

Turning to the United States surplus disposals, Mr. Richardson said that his Government did recognize the endeavours the United States Government had been making to bring about a readjustment in its agricultural production. It had welcomed the Soil Bank programme but was disappointed that the results of the programme do not appear to have completely fulfilled earlier expectations.

He said that the criticisms of features of the United States surplus disposal operations made by the Australian delegation at earlier sessions had lost none of their force. He emphasized that their importance had grown in proportion to the increasing magnitude of such operations. In wheat, for example, non-commercial transactions by the United States were substantially greater in 1955-56 than in 1954-55 and substantially greater again in 1956-57 than in 1955-56. These non-commercial transactions, he said, represented something like 40 per cent of total world trade in wheat in 1956-57 - nearly
400 million bushels out of approximately 1,000 million bushels that had moved into world trade. Australia appreciated the desire of the United States to help countries less fortunate than herself and, as it had said on many occasions, it had no quarrel with surplus disposal transactions which resulted in an addition to consumption which could not have been met through normal commercial sales. It also acknowledged that the United States administration had exercised a great deal of restraint in arranging surplus disposal transactions and that it was endeavouring to take the interests of third countries into account. He was pleased to report that Australian experience with the United States administration in the past year had removed some of the previous dissatisfaction with the results of the arrangements for consultations on surplus disposals; but he felt there was room for improvement on both multilateral and bilateral consultations. Mr. Richardson stressed, however, that if these consultations were to be valuable they must commence at a time which gave an adequate opportunity for countries likely to be affected to make representations; consultations should be begun before any firm list of commodities had been decided on. Moreover, if the United States officials concerned with surplus disposals evolved new techniques for disposals there should be an opportunity for interested countries to be told about them before they are put into operation, in order that they could draw attention to such features of them as they considered would adversely affect their trade interests.

In conclusion, Mr. Richardson said that the Australian delegation would wish to see a further review at the next Session of GATT of the matter of surplus disposal operations.

Mr. K.L. Press, New Zealand, said that the question of disposal of surpluses could not be considered in isolation from its causes and side effects. The only really effective place to strike at the surplus disposal problem, he said, is in the national policies which cause it. When production is stimulated by artificial inducements unrelated to market prices, supply will exceed effective demand at those prices and surpluses inevitably accumulate. These surpluses lead to import controls, increased tariffs, export dumping and subsidized export prices. Import restrictions are needed to prevent imports
at normal prices; and the closing of markets in this manner and the export of surpluses at cut rates tend to depress world prices. New Zealand, he said, stressed the need for appropriate adjustments in internal policies, in order to increase consumption or reduce production or, better still, to let the sheltered industry stand on its own feet.

Referring to consultations procedure, Mr. Press said that prior consultation with exporting countries likely to be affected should be regarded as an absolute essential. Regarding methods of surplus disposal the cardinal rule was that it should be done in ways least harmful to the trade of the normal exporter. While accepting the merit of disposal programmes designed for bona fide relief purposes, or for raising the living standards in under-developed countries, Mr. Press stressed that periodical disposals at dumped or subsidized prices in normal markets should at all costs be avoided.

New Zealand's particular concern at the present time, he said, was in the recent heavy increase in uncommitted surplus stocks of butter held by the Commodity Credit Corporation in the United States. United States disposals of surplus butter had already resulted in the loss of sales of New Zealand butter in markets where no question arose of relief or the raising of living standards of under-developed countries. He urged that the disposal of these United States stocks of butter should be managed in such a way as to cause the least possible disturbance to normal trade, and that New Zealand should be consulted before such disposals are undertaken. In conclusion, Mr. Press said that although he had referred only to United States disposals of surpluses, his Government viewed the tendencies in other countries to pursue similar policies with great concern.

Mr. S.S. Reisman, Canada, said that a number of delegations had referred to the fact that the United States surplus disposal programme had grown enormously in the past few years, and had indicated that this had an adverse effect on their commercial interest. He said that the stepped-up United States disposal programme had, in the period under review, a serious and increasingly damaging impact on Canada's legitimate trading interest. By far the most serious aspect was the damage done through United States disposals of wheat and wheat flour. The damage done to Canada by this programme had become a
matter of most profound concern to his country. Canada, he said, had no objection to genuine aid programmes and to the help extended by the United States to needy countries; in fact, Canada also extended such aid within the limits of her capabilities. Her main objection is, he said, that through a variety of techniques - export subsidies, sales for local currency, barter deals and tied-sales, for instance - the United States is pushing its wheat and flour into world markets with such determination and in such volume that it is causing great damage to Canada's normal commercial marketings of these products. In evidence Mr. Reisman cited the following figures. United States exports rose from 347 million bushels in the crop year 1955-56 to 547 million bushels in 1956-57. In the same period Canadian exports fell from 309 million bushels to 261 million bushels.

On the subject of the consultations procedure Mr. Reisman said that the real question was whether these consultations had in fact safeguarded the interests of other countries. He believed they had not. The consultations procedure had been helpful, but on the results of the consultations Canada was far from satisfied. He referred to the recent discussions at the Ministerial level between Canada and the United States and to the assurances given that in all surplus disposal activities the United States intended to avoid as far as possible interfering with normal commercial marketings of Canada and other friendly countries. He hoped that these undertakings would mean that next year there would be nothing for Canada to complain about, or at least less to complain about than at the present time. He recognized that, given United States price support policies, some subsidies will have to be paid if the United States is to export at all. But he would like to see the United States show more restraint and moderation in pushing its surpluses into the world market and greater moderation in the techniques employed by the United States. In this connexion his Government considered that the barter programme had been particularly damaging; they also would like to see an end to the tied-sales arrangements which he said involve discrimination in commercial markets. In short, United States surplus disposal activities should be modified so as not to interfere with the normal commercial marketings of Canada and other contracting parties.
Mr. J.H.W. Hoogwater, Netherlands, stressed the large proportion of total United States agricultural exports which were disposed of under the various government programmes. In 1956-57 out of a total value of $4.7 billion, no less than $1.5 billion worth were disposed of under government programmes, he said.

Nevertheless, he added, his delegation was grateful to the United States for their comprehensive report. He assured the United States that his delegation knew that the problems were very large. But when, he asked, would be the time when this problem would be resolved? Will the United States plans to solve the problem need ten or twenty years? If United States plans are successful, how many years will be needed, he asked?

Mr. Osman Ali, Pakistan, said that Pakistan had greatly benefited by United States programmes and for this he was deeply grateful. Nevertheless, he had to refer to disposals of United States cotton surpluses. In 1956-57 United States sales of surplus cotton at special export prices were stepped-up to 7.5 million bales as compared with one-third of that quantity the preceding year. Statistics showed that these increased sales were not matched by increased consumption; in other words, stocks were backing up in some other exporting countries. This was of great concern to Pakistan. Last year Pakistan's sales to continental Europe dwindled, apart from the effect of a bilateral agreement. He was reluctant to draw the conclusion that bilateralism was the only way to keep up trade expansion. Referring to the United States programmes he said that much was expected of the Soil Bank, but so far its achievements were limited. More should be done to attack the root causes of surpluses. In view of what had been said in this debate the subject should be included on the agenda of the Thirteenth Session.

Mr. J.K. Christie, Union of South Africa, said that his Government viewed the various United States surpluses disposal programmes with great concern. It might be true, he said, that the United States Government was trying to minimize their disruptive effects, but these programmes had an impact on the trade of countries, such as South Africa which are competing on world markets on normal commercial terms. He agreed there was no easy solution. South Africa was interested in adequate consultation so as to obtain orderly liquidation of surpluses. Referring to the Soil Bank programme he said this was only a temporary device and he wondered if the United States was thinking of alternative
schemes. As regards triangular programmes, he said they may create more problems than they solve.

Mr. Christie said that South Africa had a direct interest in surplus products exported from France under State subsidies. Although South Africa was not a major exporter of wine there was no reason why she should be elbowed out of markets by French State subsidized wines. As a result she was losing ground in some of her traditional markets or not sharing in normal expansion. Of imported wines in casks released for consumption in the United Kingdom in 1950, 1,327,000 gallons came from South Africa and 1,032,000 from France. In 1956, however, the picture had completely changed and of similar releases only 1,294,000 gallons were from South Africa, while 2,831,000 were of French origin. In the Canadian market, in 1950, South Africa had supplied 163,000 gallons of wine, while France only supplied half as much. In 1955, France was supplying twice as much as South Africa, namely 300,000 gallons. As regards brandy, South African sales to Canada had fallen from 83,000 proof gallons in 1950 to 81,000 gallons in 1955. In the same period, France had increased her exports from 79,000 gallons to 142,000 gallons. South African exports were meeting the same competition from subsidized wines also in other markets, he said. In the New Zealand market the situation was even worse. His Government felt that the same need existed in the case of France to pay full regard to the interests of other exporting countries which do not resort to subsidization.

Mr. N.R. Bertram, Rhodesia and Nyasaland, said that his Government, while appreciating the attacks made by the United States on the circumstances giving rise to burdensome surpluses, nevertheless remained apprehensive of the disposal of surpluses through non-commercial channels and the consequent risk of damage. While not directly interested to any significant degree in international trade in food products, his Government could claim a significant interest in metals (copper) and tobacco. They were particularly concerned with non-commercial transactions in tobacco and had noted the transactions of the United States in this commodity under Title 1 of Public Law 480. They wished that interest to be appreciated by the United States and emphasized the need for consultation between both supplier and receiver countries and third parties. Mr. Bertram also noted with concern the use by the United States of counterpart funds to finance sales promotion programmes in Europe, thus entrenching the position of United States exports. He also pointed out that
barter contracts could result in the supply of strategic materials such as chrome and lead in which his country was interested being made to the United States from other than their normal sources.

Mr. T. Swaminathan, India, said he wished to stress one aspect of the United States Report, namely the disposal of food for local currencies. This had been of great benefit to India. India was at present very short of foreign exchange, and by being able to use local currencies for food purchases, India was able to use foreign exchange to obtain capital goods which otherwise would not have been possible. This also helped to prevent the intensification of import restrictions. As regards disposals of United States cotton, the triangular programme had caused some concern. But the essential matter to be borne in mind was that normal channels of trade should not be disrupted too much. He therefore stressed the need for consultations where shipments of commercial products such as cotton were concerned.

Mr. Frédéric Donne, France, replying to the South African intervention, said that owing to crop failures France is importing wines and may import some South African wine this year. He also said that in the trade in wines and spirits, much depended on quality. French wines were appreciated throughout the world and prices of French wines were generally higher than those of producers in other countries. As regards export subsidies Mr. Donne referred to the recent French legislation under which export subsidies would be abolished from the end of this year. He said that wine growers in South Africa should note this with satisfaction.

Miss A.M. Lough, United Kingdom, said the fundamental course of the problem of surpluses was the maintenance of high agricultural price supports in some large producing countries. But while the surpluses remained, it was important that they should be disposed of in ways which caused least harm. The United Kingdom Government hoped that all contracting parties would pay full regard to the Resolution on surplus disposals of 4 March 1955. It was important that United States surplus disposal programmes should be carried out with regard to the reasonable interests of other producers.
The Chairman, Mr. L.K. Jha, said that this was not a problem that could be solved in a short space of time. In the discussion emphasis had been laid on greater use of channels of consultation, for it was through consultation that unnecessary damage to trade could be minimized. He noted that it was agreed to put the matter on the agenda of the Thirteenth Session.