ACTIVITIES OF THE INTERIM COORDINATING COMMITTEE
FOR INTERNATIONAL COMMODITY ARRANGEMENTS, 1955-56

Report by Sir Claude Corea, Chairman of ICCICA, presented
to the CONTRACTING PARTIES on 13 November 1956

1. Since the CONTRACTING PARTIES nominated me as Chairman of ICCICA in November of last year, the Committee has held two sessions - one in Geneva in December 1955 and one in New York in April 1956.

2. The period since last November has been marked by considerable activity in the field of international commodity problems. The last report of ICCICA entitled 1956 Review of Commodity Problems, prepared last April, gives a full account of developments up to that time. Copies of that report (United Nations document E/2893) have been circulated to the contracting parties and I will content myself now with some description of events since April and a brief summary of some of the more important developments since I became Chairman.

3. In the cases of two commodities - sugar and cocoa - the Secretary-General of the United Nations, acting under resolutions of the Economic and Social Council, asked the advice of ICCICA regarding proposals for meetings.

4. The terms of the International Sugar Agreement, which was concluded at the United Nations Sugar Conference in 1953 and entered into force on 1 January 1954, provided that the working of the Agreement was to be reviewed during the third year of its operation by the International Sugar Council. In the light of its experience of the operation of the current Agreement, the Sugar Council was of the view that any revised instrument, in order to be fully effective, should be negotiated on a wider basis than the existing agreement and requested the Secretary-General to convene an inter-governmental conference for this purpose.
Accordingly, the Secretary-General requested the advice of ICCICA, which recommended that he convene a conference at which interested importing and exporting countries would have an opportunity to discuss the terms of an international sugar agreement in which they would be willing to participate. It recommended that invitations be sent to all States Members of the United Nations, of the Interim Commission for the International Trade Organization, of the Food and Agriculture Organization of the United Nations and of the International Sugar Council. Accordingly the Secretary-General convened the United Nations Sugar Conference, the first session of which was held in New York from 21 May to 20 June 1956. The second session was convened in Geneva on 4 October and closed on Friday, 2 November 1956.

5. The Committee also took action in respect to cocoa. During 1955 and the first quarter of 1956 cocoa prices, which reached a peak about July 1954, declined rapidly. In September 1955 the Secretary-General of the United Nations was requested in the light of these fluctuations in the market price of cocoa to convene a meeting of representatives of producing and consuming governments to consider the establishment of a study group on cocoa. This Committee examined the request and in view of the "pronounced fluctuations" to which international trade in cocoa had been subjected, advised the Secretary-General that a meeting be convened to explore the advisability and practicability of establishing such a study group. Representatives of governments interested in cocoa production, consumption and trade attended a meeting convened by the Secretary-General, in consultation with the Director-General of FAO, in New York early in May of this year. These inter-governmental exploratory talks provided an opportunity for the representatives of all the important producing and consuming regions to discuss certain procedural matters related to current problems in international trade in cocoa. In view of the sharp fluctuation in cocoa prices in recent years, it was agreed that further inter-governmental consideration of the problems of cocoa trade was urgently required and that FAO should be requested to give consideration to the early establishment on a broad basis of an inter-governmental group on cocoa. In the light of this recommendation the Committee on Commodity Problems of FAO at its meeting in June established a cocoa study group which is to meet this month.

6. ICCICA also examined the problems of other particular commodities during the period under review and its conclusions are set out in the report which I have mentioned. I will only mention in this context the case of coffee.

ICCICA took note of the consideration which had been given to the problems of coffee by many different international organizations, including the Inter-American Economic and Social Council.
The Committee felt that sufficient progress has been made for a full intergovernmental meeting to which all Members of the United Nations and the appropriate specialized agencies should be invited with a view to giving adequate attention to the interests of both producers and consumers. In the light of this Committee's responsibility to the Economic and Social Council it therefore proposed some exploration of the possibilities of study in accordance with the procedures set out in Chapter VI of the Havana Charter. The FAO Committee on Commodity Problems acting on the basis of these recommendations asked the Director-General of FAO to request member governments to express their views on the desirability of calling such a meeting and to call an exploratory meeting of the replies from governments indicated that a useful meeting could be held. The Director-General of FAO has communicated with Governments members of FAO in this sense.

7. I should like now to mention briefly two important commodity agreements which have come into force during the year.

8. In September 1955, the Secretary-General was requested by the International Wheat Council to convene an international conference to consider the renewal or replacement of the International Wheat Agreement which expired on 31 July 1956. Acting on the advice of ICCICA he convened the United Nations Wheat Conference, the first session of which was held from 26 October to 16 November 1955 and the second from 20 February to 25 April 1956. The Conference was the most representative Wheat Conference held for many years and provided an opportunity for delegates from wheat importing and exporting countries to review the operation of the existing Agreement and to consider whether some other type of agreement would be more satisfactory. An International Wheat Agreement covering a period of three years and similar in structure to the previous Agreement was concluded. The new Agreement came into force on 1 August 1956 upon ratification by the required number of governments. It is being administered by the International Wheat Council which, under the new Agreement, is also authorized to study any aspect of the world wheat situation and to sponsor exchanges of information and inter-governmental consultations relating thereto.

9. The International Tin Agreement, which was concluded at the United Nations Tin Conference in 1953, came into force on 1 July of this year and the first session of the International Tin Council was held immediately thereafter.
10. I should now like to refer to the wider activities of ICCICA. In this connexion, I would invite attention to the Report itself and particularly to Chapter I where the report deals with the harmful effects of pronounced fluctuations in the prices of primary products to the economies of both producing and consuming countries and the need therefore for inter-governmental consultation and action, - to Chapter 2 where the report describes inter-governmental action taken in 1955 and the early part of 1956 in relation to a number of particular commodities, - to Chapter 3 where the report deals with the inter-governmental machinery that has already been established to deal with commodity problems and the coordination of such machinery, and finally to Chapter 4 where the report refers to observations and recommendations made by the Committee in which reference is made to the need for positive and prompt action to deal with commodity problems. I would specially commend to your attention these observations and recommendations.

11. The Committee has continued its function of coordinating the activities of the various inter-governmental bodies concerned with different commodities and has also sponsored, in cooperation with the Commission on International Commodity Trade, a monthly memorandum entitled "Recent Commodity Developments" which has been prepared by its secretariat. Personal contacts were established by the Committee which, for example, met with the Chairmen of the United Nations Commodity Trade Commission and discussed common problems.

12. ICCICA has stressed the need for a broad international approach to commodity problems and for prompt action in dealing with international commodity problems. If excessive fluctuations in prices and volume of trade are to be avoided with all the hardship which they bring to producers and consumers alike, international action is necessary and must include all countries with important interests in the commodity. The Committee considers that the spirit of international cooperation ought to be developed to the point where no country would wish to stand aside and reap the benefits of stabilization brought about by actions of other governments without itself assuming any responsibilities that might be involved.

The Committee also drew the attention of the Economic and Social Council to the fact that sometimes inter-governmental bodies operating in this field spent so much time in discussing the need to avoid duplication that little time is given to the urgent problems involved.

13. During July of this year the Economic and Social Council reviewed the current intergovernmental arrangements for dealing with commodity problems. During the discussion references were made to the respective roles of ICCICA, the Commission on International Commodity Trade, the FAO Committee on Commodity Problems and the proposed SAGA. It is interesting to note that the Council considered that ICCICA was playing a useful part in this field and decided to request it "to continue to discharge for the time being the functions given to it under resolution 557 F (XVIII)."
14. Since I am new to the Committee it will perhaps not be out of place for me to say that representatives of the Economic and Social Council generally considered that ICCICA had been a useful body in its field, partly because of the independence of its members, their practical knowledge of commodity problems and the smallness of the Committee, which has enabled it to take decisions quickly. ICCICA has been asked to set out its view on any defects in the present organizational and procedural arrangements for dealing with international commodity problems for coordinating the functions of ICCICA, the Commodity Commission and FAO within the framework of the United Nations, and also to make such specific suggestions as it may wish on the elimination of those defects. This matter will be considered by the ECOSOC at its 24th Session in July 1957.

15. The Secretary-General of the United Nations recently emphasised in a personal statement to the Economic and Social Council the great importance of removing excessive fluctuations in commodity prices in order to bring stability in the world economy. In this connection I conclude by quoting from the ICCICA report before the same session of the Council:

"It appears that international trade in general would be benefited if all the countries with substantial interest in commodity trade were to recognize the benefits to be derived from international cooperation on a broad basis".