At four previous sessions, the United States Delegation has presented summary statements of United States actions relating to agricultural surpluses. I should like to bring these reports up to date.

Concurrent with measures to limit the accumulation of agricultural surpluses, including the soil bank and acreage and marketing controls on major export crops, the United States has continued to dispose of agricultural surpluses under the provisions of P.L. 480.

In the fiscal ending 30 June 1959, under Title I sales agreements with seventeen countries, $770 million of surpluses, at world market prices, were sold for local currencies. The recipients were mostly less-developed countries, where definite possibilities for increased consumption exist.

Under Title II, some $91 million worth of commodities (at CCC cost and including ocean freight) were donated to other countries to meet famine or other emergency relief requirements.

Under Title III, surplus food valued at $199 million (at CCC cost) was donated through voluntary relief agencies and inter-governmental organizations for free distribution to needy persons at home and abroad. Total donations in the year, under Titles II and III of P.L. 480 and other authorities, came to approximately $370 million.

In addition, under the barter provisions of Title III of P.L. 480, agricultural commodities valued at about $156 million were exchanged for strategic materials.

It has been five years since the CONTRACTING PARTIES, in the course of the Review Session, first discussed surplus disposals and adopted their Resolution of 4 March 1955 to encourage consultations on surplus disposals and other safeguards for normal commercial trade. It may be appropriate and useful at this time to take stock of the surplus problem and to outline briefly the techniques of surplus disposal which have evolved since that time.
The agricultural surplus problem in the United States and elsewhere has proved to be a more persistent one than we hoped it might be. We do not agree with those who say it should now be recognized as a permanent problem, or who believe that special surplus disposal programmes are likely to become a permanent feature of international trade. We are continuing our efforts to bring agricultural production into better balance with demand. We are making progress, although more slowly than we would like. We hope that other governments will exert similar efforts to adjust their agricultural policies and techniques along sounder and more sensible lines. We believe that the work of Committee II can prove helpful in this connexion by exposing to governments the magnitude of the problem of agricultural protectionism throughout the world, its high costs, and the barriers it creates to normal growth of international trade.

If, five years ago, we over-estimated what might be done to curb the accumulation of surpluses, we also under-estimated the possibilities of moving surpluses into consumption without undue disruption of normal commercial trade.
In the discussions of surplus disposal at the Review Session, the emphasis was upon consultation as the technique for protecting normal trade from injury from surplus disposals. Our system of prior consultation on Title I agreements has evolved over the past five years along lines which protect the United States' need for freedom of action, yet meet the desire of other exporters for advance information on all aspects of proposed Title I sales and for an opportunity to comment upon them. It is supplemented in the case of particularly important or sensitive products by arrangements for regular consultations with other exporters, on a bilateral or multilateral basis. Further, the FAO's Consultative Sub-Committee on Surplus Disposal, which meets in Washington at regular intervals, is a clearing house for information and discussion of all aspects of our disposal activities and those of other governments. In recent months, this Sub-Committee has reviewed our barter programme, the provisions of the amended P.L. 480 authority, and our export policies on dairy products and cotton.

Other important safeguards against disruption of normal commercial trade have been developed. The chief of these is the "usual marketing commitment." P.L. 480 has always required that reasonable precautions be taken to safeguard the usual marketings of the United States. In the beginning, we sought to carry out this requirement by including a United States "usual marketing commitment" in Title I agreements, that is, by requiring that recipient countries purchase their normal quantities of the commodities in question from the United States for dollars. Later it became our policy to look at each case of a Title I sale to see if a global marketing commitment would not suffice to protect the usual marketings of the United States. We are presently using only global commitments in our Title I sales of wheat. Increasingly, global commitments, with or without a United States component, are also being used in Title I sales of other commodities. In consultations with other governments on proposed Title I arrangements, it is customary to consult on the nature and size of the proposed "normal marketing commitment."

The "normal marketing commitment" is a technique which tends to ensure that disposals will lead to increased consumption. In addition, as I have already noted, our Title I sales are directed largely to the less-developed countries, where there is considerable latitude for increased consumption of agricultural products. The procedures for barter operations have also been developed along lines designed to assure "additionality" of consumption.

As many of you know, at a "Food-for-Peace" Conference convened by the United States last Spring and attended at the Ministerial level by the major wheat exporting countries, we invited others to join us in studying the possibilities for improving existing surplus disposal programmes. We emphasized that the United States initiative in proposing such a cooperative effort did not in any way imply a change in our policy of striving to reduce the incentives which result in overproduction and the accumulation of surpluses. It was decided at that Conference to concentrate on wheat in view of the magnitude of the surplus problem in that commodity.
The conference established a Wheat Utilization Committee to act as a consultative body on surplus disposals. This Committee has developed guidelines regarding concessional sales of wheat, which stress the development of commercial wheat markets and the protection of the interests of traditional wheat suppliers as a primary consideration in arranging concessional sales.

It has drawn up plans for a joint survey of ways to use wheat surpluses to promote higher levels of nutrition and economic development, which are now before governments for consideration. It has undertaken studies of the foreign market development activities of the United States and the possibility of participation by other countries; also of the problems involved in establishing national food reserves.

In summary, I do not mean to suggest that there are no longer problems between us and other exporting countries. One of the two purposes of P.L. 480 is to move our surpluses into consumption. Given this purpose, there are limits to how far we can go to accommodate the concerns or views of other governments in respect of particular transactions or the programme as a whole. But the problems are far fewer and less serious in nature than many people thought they might prove to be. Broadly speaking, we are disposing of our surplus stocks in accordance with policies and techniques which give extensive protection to commercial trade, our own and that of other countries as well — and which result in additional consumption, develop new market outlets, and assist the economic development of the less-developed countries in several important ways. We have been greatly assisted in developing these policies and techniques by the frequent exchange of views with other governments which has occurred in the GATT and elsewhere.