The International Chamber of Commerce greatly appreciates the opportunity that has been afforded by your Committee to present the Chamber's views.

The Chamber has previously outlined suggestions quoted in Conference Document E/PC/T/9 dated 8 November 1946, which covered certain resolutions adopted by its Council in June of this year and it is of interest to observe from such detailed information as is at our disposal that several subjects upon which we then had doubts have now been clarified and more clearly defined.

The subject of International Commodity Agreements bristles with difficulties. In the past, the majority of agreements concluded were undertaken in the interest of producers and the inadequate protection afforded to consumers was a constant source of friction as well as an inherent weakness. It is gratifying to find, therefore, that your Committee is insistent that consumers shall be represented in any further Commodity Agreement in an equal manner to producers.

A further point upon which the Chamber hopes that emphasis will be laid, is the necessity of leaving to the proposed Commodity Councils, the widest possible measure of independence, flexibility
and latitude in the working out and the operation of the representative Commodity Agreements.

Commodities are extremely individual things. Methods of cultivation, trading and marketing of the same commodity in different parts of the world vary greatly, and these are considerations of which account will have to be taken by the future Commodity Councils if Agreements are to function smoothly.

Whilst the Commodity Commission would be the appropriate body to lay down broad general principles, it is highly desirable to leave as free a hand as possible to the Commodity Councils in their interpretation of those general principles.

As regards the mechanisms which the Commodity Councils will employ, your Committee obviously has given much consideration to the subject of buffer stocks and no doubt these can be usefully employed in certain cases. The International Chamber, nevertheless, is of the opinion that there is a very definite limitation to the use of buffer stocks; apart from the fact that they are inapplicable to perishable commodities, there are involved problems of finance, storage, purchase and sale, above all, the exceedingly complex problem of determining a long-term economic price. It is inevitable that producers will tend to press for the maintenance of a high, rather than a low price and, in consequence, there is the danger of an undue accumulation of stocks, the effect of which will tend to de-stabilize rather than to stabilize price levels.

A further danger is, that once stocks begin to accumulate, producers will bring pressure to bear for quantitative regulation of production with a consequent contraction rather than an expansion in trade, which results in a situation quite contrary to that anticipated.

The subject of Commodity Agreements has hitherto centred
round the problem of dealing with commodities in excessive supply and little attention has been given to the vital subject of shortages, which can be as prejudicial to consumers as are surpluses to producers.

A further matter that the Chamber thinks most important, is the consideration that your Committee will give to the drafting of private commodity Agreements. There are many commodities for which it may be desirable in the future to conclude International Agreements, (commodities of a somewhat lesser importance than the staples) which your Committee possibly may not consider will justify the establishment of a Commodity Council to control their management. The Chamber believes there is no valid reason why such arrangements should not be made, always provided that the full terms and conditions of privately concluded Commodity Agreements were made public.

In conclusion, it seems to the International Chamber that if the work which is proceeding in the other Committees (and in particular the work of Committee II on Commercial Policy) is successful, the problems that are likely to confront commodities in the future, will be appreciably diminished. The instability which characterized the commodity markets of the world during the end of war period was, more than any other factor, attributable to the restrictions and restraints, the currency instability and chaos together with tariffs and embargoes which cluttered up the wheels of commerce in the past. If these impediments can be removed so that there will be a free flow of trade between nations, the Preparatory Committee will have gone a long way towards solving the particular problem of commodities.