

Geneva, March 20th, 1937.

LEAGUE OF NATIONS

## Committee for the Study of the Problem of Raw Materials

FIRST MEETING<sup>1</sup>INTERIM REPORT

The Committee met at Geneva on Monday, March 8th.

Its programme was laid down for it by the resolution passed by the Assembly at its meeting on October 9th, 1936,<sup>2</sup> in the following terms:

"The Assembly,

"Considering that the time has now arrived when discussion of and enquiry into the question of equal commercial access for all nations to certain raw materials might usefully be undertaken with the collaboration of the principal States, whether Members or non-members of the League, having a special interest in the matter:

"Decides to request the Council, when it thinks fit, to appoint a Committee composed, in suitable proportions, of members of the Economic and Financial Committees of the League of Nations together with other qualified persons, irrespective of nationality, to undertake the study of this question and report thereupon;

"Recognises that the choice of the raw materials to be considered should be at the discretion of the body thus appointed;

"Believes that the participation in the work of the Committee of nationals of the non-member as well as Member States specially interested would be desirable;

"Suggests that the Council should give attention to this consideration in reaching its decision;

"And instructs the Secretary-General to communicate the present resolution to the Governments of non-member States."

<sup>1</sup> In attendance at the first meeting which took place March 8th to 12th, 1937:

M. W. STUCKI (*Chairman*), Ministre plénipotentiaire, Délégué du Conseil fédéral pour le Commerce extérieur, Membre du Comité économique;

M. Max-Léo GÉRARD (*Vice-Chairman*), Ancien Ministre des Finances de Belgique;

Le Lieutenant-Colonel Thomaz FERNANDES, Conseiller économique au Ministère des Affaires étrangères du Portugal;

Le Professeur J. VAN GELDEREN, Chef de Division du Département des Colonies aux Pays-Bas;

Mr. Henry F. GRADY, Professor of International Trade at the University of California, former Chief of the Division of Trade Agreements, Department of State, Member of the Economic Committee;

M. Ivar HÖGBOM, Professeur de géographie économique à l'Ecole des Hautes Etudes commerciales de Stockholm;

Sir F. W. LEITH-ROSS, K.C.B., K.C.M.G., Chief Economic Adviser to H.M. Government in the United Kingdom, Member of the Economic Committee;

M. F. MAURETTE, Sous-Directeur du Bureau international du Travail;

Le Dr Joao Carlos MUNIZ, Consul général du Brésil à Genève;

Le Dr Vilem POSPIŠIL, Ministre plénipotentiaire de Tchécoslovaquie, Membre du Comité financier;

Mr. Alfred RIVE (in substitution for Mr. Norman A. ROBERTSON), Secretary at the Delegation of Canada in Geneva;

M. Gonzalo ROBLES, Expert en questions économiques au Mexique;

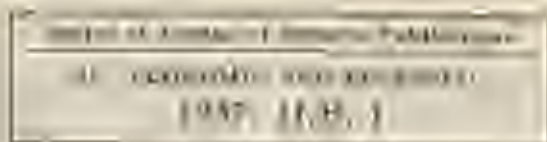
M. Adam ROSE, Sous-Secrétaire d'Etat au Ministère de l'Industrie et du Commerce, Président de la Commission interministérielle polonaise des matières premières;

M. Boris ROSENBLUM, Directeur au Commissariat du Peuple pour les Affaires étrangères, Agrégé de l'Institut d'économie et de politique mondiales, Membre du Comité économique;

M. Y. SHUDO, Attaché commercial à l'Ambassade du Japon à Berlin, Membre du Comité économique;

Sir Henry STRAKOSCH, Union Corporation Ltd., Member of the Financial Committee.

<sup>2</sup> Document A.79.1936.II.B.



Proceedings opened with a general examination of the scope of the enquiry entrusted to the Committee.

It was decided that the meetings should be private, so as to leave everyone as free as possible to speak his mind. All the speakers made it clear that they were not speaking for their Governments, nor could they be properly said to represent their countries.

It was made clear at the outset that it was not the function of the Committee to discuss distribution of the territories from which raw materials are drawn.

In the course of the general discussion, each member of the Committee stated his views. While naturally referring to aspects of the problem which particularly interested their own countries, all the members recognised that the problem was a general one and their aim was to present the Committee with data for comparison which would assist it in grasping the problem as a whole.

#### PRINCIPAL QUESTIONS.

The discussion resulted in the decisions indicated under (1) and (2) below. Further, a number of questions were raised by members and are enumerated under headings (3) to (7). These must be the object of further examination.

(1) In accordance with the Assembly's decision of October 9th, 1936, it was left to the Committee's discretion to decide what raw materials should be taken into consideration. In this connection, the first question that arose was whether foodstuffs and feeding stuffs should also be included in the scope of the enquiry. The Committee decided to undertake a statistical survey covering the principal foodstuffs and feeding stuffs as well as industrial raw materials and to reserve for later examination how far particular commodities under either head should be discussed.

(2) Secondly, although a number of important raw materials are admittedly derived from colonial and mandated territories, it has been pointed out that most raw materials are produced, wholly or to a great extent, in sovereign countries and that therefore all raw materials ought to be taken into consideration whatever their origin.

(3) Various problems were raised as to restrictions in the supply of raw materials, whether by means of export prohibitions and restrictions, export duties, etc., or as the result of arrangements for the regulation of production and marketing.

(4) A question arose in connection with what is known as the open-door regime, which is in force under treaty in certain colonial and mandated territories and has been more or less completely adopted in other territories, though its application tends in fact to be restricted.

The Committee agreed that these questions should be discussed as questions of commercial policy, but that they must be discussed at the same time as the general problem whether and how payments and transfers could be facilitated by a return to wider freedom of trade.

In this connection, the Committee would have to devote attention to questions relating to prohibitions, quotas, prohibitive duties, exchange control, compensation agreements, clearings, etc.

(5) Reference was also made to the difficulty of co-ordinating supply and demand due to the occurrence of great variations in economic activity. Supply, particularly where raw materials are concerned, fluctuates continually and repeatedly between abundance and shortage, and these fluctuations are accentuated by speculative movements, with the result that wide and sudden variations of prices occur.

(6) A new element comes into the problem owing to the appearance of substitutes, sometimes produced under the stimulus of subsidies or other measures.

(7) Attention was also drawn during the discussion to the situation which arises in certain countries owing to the rapid increase in the population, and difficulties in the way of emigration.

The need to support a growing population in those countries increases their requirements of raw materials the transformation of which into manufactured products provides exchange for the purchase of food products.

It was pointed out that any measure giving new opportunities of exploitation of raw materials, particularly where this exploitation is still subject to restriction, would contribute to the solution of this problem.

#### DECISIONS TAKEN IN REGARD TO FUTURE WORK.

(a) *Statistics.* — A sub-committee was appointed to draw up, with the help of the Secretariat, a programme of statistical investigation bearing in particular upon the supply of industrial raw materials and crude foodstuffs. This investigation to be carried out by the Secretariat is to cover a comprehensive list of commodities selected for the purpose.

It is designed to throw light more especially upon the production, imports and geographical distribution of these commodities in the most recent year for which statistics are available as compared with more normal pre-depression years. Price developments as regards typical raw materials and foodstuffs are also to be considered.

Similarly, it was agreed that it would be desirable to bring together data making it possible to establish a comparison between imports of raw materials and total imports.

(b) *Work of the Sub-Committees.* — The examination of the different questions raised during the discussions was entrusted to two sub-committees, in accordance with the following division of work:

*Examination of complaints and difficulties as regards:*

<i>Supply</i> (First Sub-Committee)	<i>Purchase and payment</i> (Second Sub-Committee)
Export prohibitions and restrictions.	Difficulties encountered by importing countries, particularly in the matter of payments (lack of foreign exchange).
Export duties, including the question of discriminatory duties.	Customs tariffs (high or prohibitive duties, preferential tariffs, Customs unions, question of the "open door").
Regime of concessions.	Control of imports: quotas, foreign exchange control, clearings.
Monopolies.	Bounties and subsidies: Production and export bounties, subsidised production of substitutes.
Agreements and cartels for the regulation of production and sale.	

It was agreed that the Sub-Committees would examine these questions with a view, firstly, to arriving at an objective exposé of the facts and, secondly, to considering whether practical suggestions can be made for the solution of the difficulties raised.

The Sub-Committees will meet in June and their meeting will be followed by a plenary meeting of the Committee.

In accordance with the provision embodied in the report to the Council by the Rapporteur on economic questions, the Committee has indicated the benefit that would be gained from the collaboration of experts belonging more particularly to countries which, so far as supplies of raw materials are concerned, encounter difficulties regarding transfers and payments.

It is already clear from this preliminary survey that the problems with which the Committee will have to deal are very complex. They relate partly to specific complaints as to restrictions on the supply of raw materials and partly to more general difficulties in the acquisition of supplies that are available.

The Committee cannot, at this stage, say how far it will be possible for it within the limits of its mandate to propose appropriate solutions, but it intends to continue its studies in the hope that it may be able to frame some outline of what is required, in the interests of all the countries concerned.

