
SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

CHAPTER VII

Inter-governmental Commodity Arrangements

CZECHOSLOVAK DELEGATION

Proposals and Comments.

1. Amendment to Article 47e.

Article 47 (e) should read as follows: "To provide for an expansion of the production and equitable distribution at fair prices of a primary commodity which is in such short supply as seriously to prejudice the interests of consumers.

Comments:

At the first session of the Preparatory Committee the principle that commodity arrangements should also be applied in the case of a shortage of a primary commodity was recognized and a new subparagraph added to Article 47. Such shortages have persisted even during periods when world market forces have operated comparatively normally. Tin or mercury have been some of the commodities which were persistently in such short supply. The present Czechoslovak Amendment is only an elaboration of the idea accepted at the London Session. It is logical that for countries suffering from these shortages it would not be sufficient to provide only for an expansion of production of a commodity in short supply. The factor of distribution and price must be also taken care of.

2. Amendment to paragraph 2 of Article 50.

Paragraph 2 of Article 50 should read as follows: "The Organization may request competent intergovernmental organizations to attend or take part in the work of a Study Group or of a Commodity Conference."

Comments:

The Czechoslovak Delegation suggests the deletion of the phrase "which it deems to be competent." The reason for this is that ITO can be no judge as far as the terms of reference and competence of other intergovernmental organizations are concerned and declare them either competent or incompetent. The terms of reference and their competence are fixed in their statutes. If the terms of reference and competence of other intergovernmental organizations are not clearly defined in their statutes, the ultimate decision should be made by the Economic and Social

Council of the United Nations which acts as a supreme body in economic and social affairs.

3. Amendment to Article 52 (c)

The second sentence of Article 52 (c) should read as follows : "Agreements under this subparagraph shall be governed not only by the principles set forth in this Charter but also by any other requirements which the Organization may recommend."

Comments:

The purpose of this amendment is to bring Article 52 (c) into line with Article 61 (d) and paragraph 6 of Article 66. In both these cases the Organization works through recommendations to Members.

4. Suggested subparagraph (d) to Article 52.

"(d) A shortage of a primary commodity, whether of a short term or a long term character, which seriously prejudices the interests of consumers and cannot be remedied by normal market forces alone, has developed and it is, therefore, necessary to raise production and secure an equitable distribution and stable prices of that commodity."

Comments:

As already mentioned in the amendment to Article 47 (e) the Charter provides for commodity arrangements also in the case of a shortage of primary commodities which seriously prejudices the interests of consumers. The Charter thus endeavours to strike a just balance between the case of a "burdensome surplus" and the case of a "short supply" of a primary commodity. It is obvious that shortages and ensuing maldistributions and wide price fluctuations of a primary commodity cannot be remedied in any other way but by an international regulation of production, distribution and prices. Thus, regulatory agreements must cover also cases of shortages seriously prejudicing consumer countries. For this reason the addition of the above subparagraph is suggested.

5. Amendment to Article 53 (b)

Add after the words remuneration to efficient producers the words "without unfairness to consumers."

Comments:

The Czechoslovak Delegation at the Session of the Drafting Committee supported the Cuban amendment to Article 47 (c) and Article 53 (b) which appears in the text of the D.C. report in square brackets. The suggested amendment intends merely to bring the text of Article 53 (b) into line with Article 47 (c).

6. Amendment to Article 59 (a)

Delete the words from the word "to" up to the word "or" in the first sentence. The first sentence of subparagraph (a) of Article 59 will thus read:

"(a) To those provisions of intergovernmental commodity arrangements which appropriately relate to the protection of public morals or the protection of human, animal or plant life or health."

Comments:

In view of the suggested addition of a new subparagraph (a) to Article 52 the first sentence of subparagraph (a) of Article 59 seems superfluous.