

FIFTH COMMITTEE: INTER-GOVERNMENTAL COMMODITY AGREEMENTS

DRAFT REPORT TO THE CONFERENCE

PART I

1. The Fifth Committee was charged with the examination of the Geneva draft of Chapter VI - Inter-governmental Commodity Agreements, together with the amendments to this Chapter proposed by delegations.
2. Mr. George HAKIM (Lebanon) was appointed Chairman.
3. The Committee held 14 meetings and was able to resolve all issues before it. To facilitate its work the Committee established two Sub-Committees: a Drafting Sub-Committee composed of the representatives of Argentina, Australia, Colombia, France, India, Netherlands, United Kingdom, United States of America; and Sub-Committee 'A' composed of the representatives of Argentina, Australia, Colombia, Cuba, Egypt, El Salvador, France, India, Italy, Netherlands, Pakistan, Sweden, United Kingdom and the United States of America.
The report of the Drafting Sub-Committee is contained in document E/CONF.2/C.5/8 and the Report of Sub-Committee 'A' is in document E/CONF.2/C.5/9.
4. Part II of this Report sets out the complete text of Chapter VI as agreed by the Committee. A number of drafting points relating to this text have been referred to the Central Drafting Committee for consideration. The Delegations of Cuba and Chile reserved their position on Articles 54 (c) and 60 (a) of this text and the Delegations of Colombia, El Salvador and Guatemala reserved their position on the action by the Committee rejecting the Colombian proposal for a new Article.
5. Part III includes for each Article of Chapter VI the document references on amendments proposed, the action taken by the Committee and any changes in text agreed upon.

/PART II

PART II

RECOMMENDED TEXT OF CHAPTER VI*

CHAPTER VI

INTER-GOVERNMENTAL COMMODITY AGREEMENTS

SECTION A - INTRODUCTORY CONSIDERATIONS

Article 52

Difficulties Relating to Primary Commodities

The Members recognize that the conditions under which some primary commodities are produced, exchanged and consumed are such that international trade in these commodities may be affected by special difficulties such as the tendency towards persistent disequilibrium between production and consumption, the accumulation of burdensome stocks and pronounced fluctuations in prices. These special difficulties may have serious adverse effects on the interests of producers and consumers, as well as widespread repercussions jeopardizing the general policy of economic expansion. The Members recognize that such difficulties may, at times, necessitate special treatment of the international trade in such commodities through inter-governmental agreement.

Article 53

Primary and Related Commodities

1. For the purposes of this Chapter the term "primary commodity" means any product of farm, forest or fishery or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade.
2. The term shall also cover a group of commodities, of which one is a primary commodity as defined in paragraph 1 of this Article and the others are commodities (whether primary or non-primary) which are so closely related, as regards conditions of production or utilization, to the other commodities in the group, that it is appropriate to deal with them in a single agreement.
3. If, in exceptional circumstances, the Organization finds that the conditions set forth in Article 59 exist in the case of a commodity which does not fall precisely under paragraphs 1 or 2 of this Article, the Organization may decide that the provisions of this Chapter, together with

* Subject to examination by the Central Drafting Committee.

/any other

any other requirements it may establish, shall apply to inter-governmental agreements regarding that commodity.

Article 54

Objectives of Inter-Governmental Commodity

Agreements

The Members recognize that inter-governmental commodity agreements are appropriate for the achievement of the following objectives:

- (a) to prevent or alleviate the serious economic difficulties which may arise when adjustments between production and consumption cannot be effected by normal market forces alone as rapidly as the circumstances require;
- (b) to provide, during the period which may be necessary, a framework for the consideration and development of measures which have as their purpose economic adjustments designed to promote the expansion of consumption or a shift of resources and manpower out of over-expanded industries into new and productive occupations, including, as far as possible, in appropriate cases, the development of secondary industries based upon domestic production of primary commodities;
- (c) to prevent or moderate pronounced fluctuations in the price of a primary commodity with a view to achieving a reasonable degree of stability on a basis of prices fair to producers and consumers, having regard to the desirability of securing long-term equilibrium between the forces of supply and demand;
- (d) to maintain and develop the natural resources of the world and protect them from unnecessary exhaustion;
- (e) to provide for the expansion of the production of a primary commodity where this can be accomplished with advantage to consumers and producers, including in appropriate cases the distribution of basic foods at special prices;
- (f) to assure the equitable distribution of a primary commodity in short supply.

SECTION B - INTER-GOVERNMENTAL COMMODITY AGREEMENTS IN GENERAL

Article 55

Commodity Studies

1. Any Member which considers itself substantially interested in the production or consumption of, or trade in, a particular primary commodity, and which considers that international trade in that commodity is, or is likely to be, affected by special difficulties, shall be entitled to ask that a study of the commodity be made.

/2. Unless

2. Unless it decides that a prima facie case has not been established, the Organization shall promptly invite each Member to appoint representatives to a study group to make a study of the commodity if the Member considers itself substantially interested in the production or consumption of, or trade in, the commodity. Non-Members may also be invited.

3. The study group shall promptly investigate the production, consumption and trade situation in regard to the commodity, and shall report to the participating Governments and to the Organization its findings and its recommendations as to how best to deal with any special difficulties which exist or may be expected to arise. The Organization shall promptly transmit to the Members these findings and recommendations.

Article 56

Commodity Conferences

1. The Organization shall promptly convene an inter-governmental conference to discuss measures designed to meet the special difficulties which exist or are expected to arise concerning a particular primary commodity:

(a) on the basis of the recommendations of a study group,

(b) at the request of Members whose interests represent a significant part of world production or consumption of, or trade in, that commodity,

(c) at the request of Members which consider that their economies are dependent to an important extent on that commodity, unless the Organization finds that no useful purpose could be achieved by convening the conference, or

(d) on its own initiative, on the basis of information agreed to be adequate by the Members substantially interested in the production or consumption of, or trade in, that commodity.

2. Each Member which considers itself substantially interested in the production or consumption of, or trade in, the commodity concerned, shall be invited to participate in such a conference. Non-Members may also be invited to participate.

Article 57

General Principles Governing Inter-Governmental

Commodity Agreements

1. The Members shall observe the following principles governing the conclusion and operation of all types of inter-governmental commodity agreements:

(a) such agreements shall be open to participation initially by any Member on terms no less favourable than those accorded to any other country and thereafter in accordance with such procedure

/and upon..

and upon such terms as may be established in the agreement subject to approval by the Organization;

(b) non-Members may be invited by the Organization to participate in such agreements and the provisions of sub-paragraph (a) applying to Members shall apply to any non-Member so invited;

(c) under such agreements there shall be equitable treatment as between participating countries and non-participating Members, and the treatment accorded by participating countries to non-participating Members shall be no less favourable than that accorded to any non-participating non-Member, due consideration being given in each case to policies adopted by non-participants in relation to obligations assumed and advantages conferred under the agreement;

(d) such agreements shall include provision for adequate participation of countries substantially interested in the importation or consumption of the commodity as well as those substantially interested in its exportation or production;

(e) full publicity shall be given to any inter-governmental commodity agreement proposed or concluded, to the statements of considerations and objectives advanced by the proposing Members, to the nature and development of measures adopted to correct the underlying situation which gave rise to the agreement and, periodically, to the operation of the agreement.

2. The Members, including Members not parties to a particular commodity agreement, shall give favourable consideration to any recommendation made under such agreement for expanding consumption of the commodity in question.

Article 58

Types of Agreements

1. For the purposes of this Chapter, there shall be recognized two classes of inter-governmental commodity agreements:

- (a) commodity control agreements as defined in this Article; and
- (b) other inter-governmental commodity agreements.

2. Subject to the provisions of paragraph 5 of this Article, a commodity control agreement is an inter-governmental agreement which involves:

- (a) the regulation of production or the quantitative control of exports or imports of a primary commodity and which has the purpose or might have the effect of reducing, or preventing an increase in, the production of, or trade in, that commodity; or
- (b) the regulation of prices.

3. The Organization shall, on the request of a Member, a study group or a commodity conference, decide whether an existing or proposed inter-governmental agreement is a commodity control agreement within the meaning of paragraph 2 of this Article.
4. (a) Commodity control agreements shall be subject to all the provisions of this Chapter.
(b) Other inter-governmental commodity agreements shall be subject to the provisions of this Chapter other than those of Section C. If, however, the Organization decides that an agreement which involves the regulation of production or the quantitative control of exports or imports is not a commodity control agreement within the meaning of paragraph 2 of this Article, it shall prescribe the provisions of Section C, if any, to which that agreement shall conform.
5. An existing or proposed inter-governmental agreement which has the purpose of securing the co-ordinated expansion of aggregate world production and consumption of a primary commodity may be treated by the Organization as not being a commodity control agreement even though the agreement provides for the future application of price provisions; Provided that
 - (a) at the time the agreement is entered into, a commodity conference finds that the conditions contemplated are in accordance with Article 59, and
 - (b) from the date on which the price provisions become operative, the agreement shall conform to all the provisions of Section C except that no further action will be required under Article 59.
6. The Members shall enter into any new commodity control agreement only through a conference called in accordance with Article 56 and after an appropriate finding has been made in accordance with Article 59. If, in an exceptional case, there has been unreasonable delay in the convening or in the proceedings of the study group or of the commodity conference, Members which consider themselves substantially interested in the production or consumption of, or trade in, a particular primary commodity, may proceed, by direct negotiation, to the conclusion of an agreement, provided that the situation falls within the cases contemplated in Article 59 (a) or (b) and that it conforms to the other provisions of this Chapter.

SECTION C - INTER-GOVERNMENTAL COMMODITY CONTROL AGREEMENTS

Article 59

Circumstances Governing the Use of Commodity Control Agreements

The Members agree that commodity control agreements may be entered into only when a finding has been made through a commodity conference
/or through the

or through the Organization by consultation and general agreement among Members substantially interested in the commodity, that:

- (a) a burdensome surplus of a primary commodity has developed or is expected to develop, which, in the absence of specific governmental action, would cause serious hardship to producers among whom are small producers who account for a substantial portion of the total output, and that these conditions could not be corrected by normal market forces in time to prevent such hardship, because, characteristically in the case of the primary commodity concerned, a substantial reduction in price does not readily lead to a significant increase in consumption or to a significant decrease in production; or
- (b) widespread unemployment or under-employment in connection with a primary commodity, arising out of difficulties of the kind referred to in Article 52, has developed or is expected to develop, which, in the absence of specific governmental action, would not be corrected by normal market forces in time to prevent widespread and undue hardship to workers because, characteristically in the case of the industry concerned, a substantial reduction in price does not readily lead to a significant increase in consumption but to a reduction of employment, and because areas in which the commodity is produced in substantial quantity do not afford alternative employment opportunities for the workers involved.

Article 60

Additional Principles Governing Commodity Control Agreements

The Members shall observe the following principles governing the conclusion and operation of commodity control agreements in addition to those stated in Article 57:

- (a) Such agreements shall be designed to assure the availability of supplies adequate at all times for world demand at prices in the light of Article 54 (c), and, when practicable, shall provide for measures designed to expand world consumption of the commodity;
- (b) under such agreements, participating countries which are largely interested in imports of the commodity concerned shall, in decisions on substantive matters, have together a number of votes equal to that of those largely interested in obtaining export markets for the commodity. Any participating country, which is largely interested in the commodity but which does not fall precisely under either of the above classes, shall have an appropriate voice within such classes;

/(c) such

(c) such agreements shall make appropriate provision to afford increasing opportunities for satisfying national consumption and world market requirements from sources from which such requirements can be supplied in the most effective and economic manner, due regard being had to the need for preventing serious economic and social dislocation and to the position of producing areas suffering from abnormal disabilities;

(d) participating countries shall formulate and adopt programmes of internal economic adjustment believed to be adequate to ensure as much progress as practicable within the duration of the agreement towards solution of the commodity problem involved.

Article 61

Administration of Commodity Control Agreements

1. Each commodity control agreement shall provide for the establishment of a governing body, herein referred to as a Commodity Council, which shall operate in conformity with the provisions of this Article.
2. Each participating country shall be entitled to have one representative on the Commodity Council. The voting power of the representatives shall be determined in such a way as to conform with the provisions of Article 60 (b).
3. The Organization shall be entitled to appoint a non-voting representative to each Commodity Council and may invite any competent inter-governmental organization to nominate a non-voting representative for appointment to a Commodity Council.
4. Each Commodity Council shall appoint a non-voting chairman who, if the Council so requests, may be nominated by the Organization.
5. The Secretariat of each Commodity Council shall be appointed by the Council after consultation with the Organization.
6. Each Commodity Council shall adopt appropriate rules of procedure and regulations regarding its activities. The Organization may at any time require their amendment if it finds that they are inconsistent with the provisions of this Chapter.
7. Each Commodity Council shall make periodic reports to the Organization on the operation of the agreement which it administers. In addition it shall make such special reports as the Organization may require or as the Council itself considers to be of value to the Organization.
8. The expenses of a Commodity Council shall be borne by the participating countries.

/9. When an

9. . When an agreement is terminated, the Organization shall take charge of the archives and statistical material of the Commodity Council.

Article 62

Initial Term, Review and Renewal of Commodity Control Agreements

1. Commodity control agreements shall be concluded for a period of not more than five years. Any renewal of a commodity control agreement, including agreements referred to in paragraph 1 of Article 65, shall be for a period not exceeding five years. The provisions of such renewed agreements shall conform to the provisions of this Chapter.
2. Periodically, at intervals not greater than three years, the Organization shall prepare and publish a review of the operation of each agreement in the light of the principles set forth in this Chapter. Moreover, a commodity control agreement shall provide that, if the Organization decides that its operation has failed substantially to conform to the principles laid down in this Chapter, participating countries shall either revise the agreement to conform to the principles or terminate it.
3. Commodity control agreements shall include provisions relating to withdrawal of any party.

Article 63

Settlement of Disputes

Each commodity control agreement shall provide that:

- (a) any question or difference concerning the interpretation of the provisions of the agreement or arising out of its operation shall be discussed originally by the Commodity Council;
- (b) if the question or difference cannot be resolved by the Council in the terms of the agreement, it shall be referred by the Council to the Organization, which shall apply the procedure set forth in Chapter VIII with appropriate adjustments to cover the case of non-Members.

SECTION D - MISCELLANEOUS PROVISIONS

Article 64

Relations with Inter-Governmental Organizations

With the object of ensuring appropriate co-operation in matters relating to inter-governmental commodity agreements, any inter-governmental organization which is deemed to be competent by the Organization, such as the Food and Agriculture Organization, shall be entitled:

- (a) to attend any study group or commodity conference;
- (b) to ask that a study of a primary commodity be made;

/(c) to submit

(c) to submit to the Organization any relevant study of a primary commodity, and, to recommend to the Organization that further study of the commodity be made or that a commodity conference be convened.

Article 65

Obligations of Members Regarding Existing and Proposed Commodity Agreements

1. Members shall transmit to the Organization the full text of each inter-governmental commodity agreement in which they are participating at the time they become Members of the Organization. Members shall also transmit to the Organization appropriate information regarding the formulation, provisions and operation of such agreements. If, after review, the Organization finds that any such agreement is inconsistent with the provisions of this Chapter, it shall communicate such finding to the Members concerned in order to secure promptly the adjustment of the agreement to bring it into conformity with the provisions of this Chapter.
2. Members shall transmit to the Organization appropriate information regarding any negotiations in which they are participating at the time they become Members of the Organization, for the conclusion of an inter-governmental commodity agreement. If, after review, the Organization finds that any such negotiations are inconsistent with the provisions of this Chapter, it shall communicate such finding to the Members concerned in order to secure prompt action with regard to their continued participation in such negotiations. The Organization may dispense with the requirements of a study group or a commodity conference, if it finds them unnecessary in the light of the negotiations.

Article 66

Territorial Application

For the purposes of this Chapter, the terms "Member" and "non-Member" shall mean respectively a Member and non-Member of the Organization with its dependent territories. If a Member or non-Member and its dependent territories form a group, of which one or more units are mainly interested in the export of a commodity and one or more in the import of the commodity, there may be either joint representation for all the territories within the group or, where it is so desired, separate representation for the territories mainly interested in exportation and separate representation for the territories mainly interested in importation.

Article 67

Exceptions to Provisions Relating to Inter-Governmental Commodity Agreements

1. The provisions of this Chapter shall not apply:

/(a) to any

- (a) to any bilateral inter-governmental agreement relating to the purchase and sale of a commodity falling under Section D of Chapter IV;
- (b) to any inter-governmental commodity agreement involving no more than one exporting country and no more than one importing country, and not covered by sub-paragraph (a) above; Provided that if, upon complaint of a non-participating Member, the Organization finds that the interests of that Member are seriously prejudiced by the agreement, the agreement shall become subject to such provisions of this Chapter as the Organization may prescribe;
- (c) to those provisions of any inter-governmental commodity agreement which are necessary for the protection of public morals or of human, animal or plant life or health; Provided that such agreements are not used to accomplish results inconsistent with the objectives of Chapter V or Chapter VI;
- (d) to any inter-governmental agreement relating solely to the conservation of fisheries resources, migratory birds and wild animals; Provided that such agreements are not used to accomplish results inconsistent with the objectives of this Charter and are given full publicity in accordance with the provisions of Article 57, paragraph 1 (e), and that if the Organization finds, upon complaint of a non-participating Member, that the interests of that Member are seriously prejudiced by the agreement, the agreement shall become subject to such provisions of this Chapter as the Organization may prescribe.
2. The provisions of Articles 55 and 56 and of Section C of this Chapter shall not apply to inter-governmental commodity agreements found by the Organization to relate solely to the equitable distribution of commodities in short supply.
3. The provisions of Section C of this Chapter shall not apply to commodity control agreements found by the Organization to relate solely to the conservation of exhaustible natural resources.

PART III

Statement showing for each Article:

1. Amendments proposed
2. Action taken by the Committee
3. Resulting change in Geneva text

CHAPTER VI - INTER-GOVERNMENTAL COMMODITY AGREEMENTS

SECTION A - INTRODUCTORY CONSIDERATIONS

Article 52

Difficulties Relating to Primary Commodities

1. There were no amendments proposed to this Article.
2. The footnote to the Geneva text was withdrawn.
3. The Committee accepted the Geneva text.

Article 53

Primary and Related Commodities

1. Amendments were proposed by the delegations of:
Chile (E/CONF.2/11/Add.30)
Italy (E/CONF.2/C.5/Add.2)
Uruguay (E/CONF.2/C.5/Add.12)
2. The Committee accepted the principle of the proposal by the delegation of Chile that the definition should be uniform throughout the Charter, and referred the matter to the Central Drafting Committee. The proposal of the delegation of Italy was withdrawn. The Committee did not accept the proposal by the delegation of Uruguay.
3. The Committee accepted the Geneva text.

Article 54

Objectives of Inter-Governmental Commodity Agreements

1. Amendments were proposed by the delegations of:
Ceylon (E/CONF.2/C.5/3/Add.6)
Chile (E/CONF.2/11/Add.30)
Cuba (E/CONF.2/C.5/3/Add.3)
El Salvador (E/CONF.2/C.5/3/Add.8)
Mexico (E/CONF.2/C.5/3/Add.9)
Philippine Republic (E/CONF.2/C.5/3/Add.7)
Uruguay (E/CONF.2/C.5/3/Add.12)
Venezuela (E/CONF.2/C.5/3/Add.11)

/2. (a) In consideration

2. (a) In consideration of the proposal by the delegation of Chile the Committee revised the Preamble of this Article.

The delegation of El Salvador withdrew its proposed amendment to the Preamble.

(b) Arising out of the proposal of the delegation of Mexico, the Committee revised Sub-Paragraph (b) of this Article.

(c) The Committee recommended against acceptance of the proposals by the delegations of Ceylon, Cuba, El Salvador, Mexico, Uruguay and Venezuela to amend Sub-Paragraph (c). The Committee, however, agreed to an amended version of the proposal originally made by the Philippine delegation and substituted the phrase "fair to producers and consumers" for "fair to consumers and remunerative to efficient producers" in the Geneva text. The delegations of Chile and Cuba recorded reservations against the Committee's action. The Committee agreed, in view of the purpose of the Venezuelan proposal to amend Article 59, to insert the words "prevent or" between "to" and "moderate" in the Geneva text.

(d) The proposal by the Cuban delegation to amend Sub-Paragraph (e) was withdrawn. The Committee accepted an addition to the text incorporating the sense of the footnote to the Geneva text.

(e) The proposals by the delegation of El Salvador to add two new Sub-Paragraphs to this Article were withdrawn. The Committee decided against acceptance of the now Sub-Paragraph proposed by the Uruguayan delegation.

3. Changes from the Geneva text adopted by the Committee.

Preamble - revised:

"The Members recognize that Inter-governmental Commodity Agreements are appropriate for the achievement of the following objectives:....."

Sub-Paragraph (a) - no change.

Sub-Paragraph (b) - The addition of -

".....including, as far as possible, in appropriate cases, the development of secondary industries based upon domestic production of primary commodities;"

Sub-Paragraph (c) -

(i) Insertion of "prevent or" between "to" and "moderate" in the first line of the Geneva text.

(ii) Substitution of the words "producers and consumers" for "consumers and remunerative to efficient producers"

Sub-Paragraph (d) - no change.

/Sub-Paragraph (e)

Sub-Paragraph (e) - The addition of -

".....including in appropriate cases the distribution of basic foods at special prices;"

Sub-Paragraph (f) - no change.

SECTION B - INTER-GOVERNMENTAL COMMODITY AGREEMENTS IN GENERAL

Article 55

Commodity Studies

1. Amendments were proposed by the delegations of:

Ceylon (E/CONF.2/C.5/3/Add.6)

El Salvador (E/CONF.2/C.5/5/Add.3)

Uruguay (E/CONF.2/C.5/3/Add.12)

2. To meet the proposals of the delegations of El Salvador and Uruguay the Committee accepted the changes shown below for paragraphs 1 and 2. The Committee agreed that the intentions of the Ceylon proposals were in fact covered by the existing text.

3. Changes from the Geneva text adopted by the Committee:

(a) Paragraph 1

Substitution of "considers itself" for the word "is" in the first line.

(b) Paragraph 2

Substitution of "itself" for the words "that it is".

(c) Paragraph 3

Deletion of the word "may" from the phrase "which may exist".

Article 56

Commodity Conferences

1. Amendments were proposed by the delegations of:

Ceylon (E/CONF.2/C.5/3/Add.6)

Egypt (E/CONF.2/C.5/3/Add.13)

El Salvador (E/CONF.2/C.5/5/Add.3)

Peru (E/CONF.2/C.5/3/Add.4)

2. The proposals of the delegations of Peru and El Salvador to add a new paragraph to this Article were withdrawn. The revised paragraph 1 and the change in paragraph 2 shown below were adopted by the Committee to meet the proposals of Ceylon, Egypt and the balance of the El Salvador amendment. The possible need for insertion of "or" at the end of Sub-Paragraphs (a) and (b) of paragraph 1 was referred to the Central Drafting Committee.

3. Changes from the Geneva text adopted by the Committee:

(a) Paragraph 1 (revised text)

"1. The Organization shall promptly convene an inter-governmental conference to discuss measures designed to meet the special

/difficulties

difficulties which exist or are expected to arise concerning a particular commodity:

- (a) on the basis of the recommendations of a study group,
- (b) at the request of Members whose interests represent a significant part of world production or consumption of, or trade in, that commodity,
- (c) at the request of Members which consider that their economies are dependent to an important extent on that commodity unless the Organization finds that no useful purpose could be achieved by convening the conference, or
- (d) on its own initiative, on the basis of information agreed to be adequate by the Members substantially interested in the production or consumption of, or trade in, that commodity."

(b) Paragraph 2

Substitution of "itself" for the words "that it is".

Article 57

General Principles Governing Inter-Governmental Commodity Agreements

1. An amendment was proposed by the delegation of the Philippines (E/CONF.2/C.5/3/Add.7).
2. This proposal was withdrawn.
3. The Committee accepted the Geneva text.

Article 58

Types of Agreements

1. Amendments were proposed by the delegations of:
 - Mexico (E/CONF.2/C.5/3/Add.9)
 - India (E/CONF.2/11/Add.27)
2. To provide for a smooth transition at the time when an "expansion" agreement becomes a control agreement, paragraph 5 was re-drafted. The Committee re-drafted paragraph 6 to cover the first part of the Mexican proposal, and the remaining two parts of this amendment were withdrawn. As the amendment proposed by the Indian delegation was consequential to their proposal to Article 64, it was dealt with during the consideration of that Article.
3. Changes from the Geneva text adopted by the Committee:

Paragraph 5 - Revised.

"5. An existing or proposed inter-governmental agreement which has the purpose of securing the co-ordinated expansion of aggregate world production and consumption of a primary commodity may be treated by the Organization as not being a commodity control agreement even though the agreement provides for the future application of price provisions;

/Provided

Provided that

- (a) at the time the agreement is entered into, a commodity conference finds that the conditions contemplated are in accordance with Article 59, and
- (b) from the date on which the price provisions become operative, the agreement shall conform to all the provisions of Section C except that no further action will be required under Article 59."

Paragraph 6 - Revised.

"6. The Members shall enter into any new commodity control agreement only through a conference called in accordance with Article 56 and after an appropriate finding has been made in accordance with Article 59. If, in an exceptional case, there has been unreasonable delay in the convening or in the proceedings of the study group or of the commodity conference, Members which consider themselves substantially interested in the production or consumption of, or trade in, a particular primary commodity, may proceed, by direct negotiation, to the conclusion of an agreement, provided that the situation falls within the cases contemplated in Article 59 (a) or (b) and that it conforms to the other provisions of this Chapter."

SECTION C - INTER-GOVERNMENTAL COMMODITY CONTROL AGREEMENTS

Article 59

Circumstances Governing the Use of Commodity Control Agreements

1. Amendments were proposed by the delegations of:
 - Ceylon (E/CONF.2/C.5/3/Add.6)
 - Venezuela (E/CONF.2/11/Add.11)
2. Although the Committee did not accept the Ceylon proposal to delete this Article, it endeavoured to meet the points made in the discussion of this proposal by deleting paragraph 2 and inserting a revised preamble to this Article. The Venezuelan proposal was dealt with by amending Article 54 (c).
3. Changes from the Geneva text adopted by the Committee:
 - (a) Delete paragraph 2.
 - (b) Preamble revised to read:

"The Members agree that commodity control agreements may be entered into only when a finding has been made through a commodity conference or through the Organization by consultation and general agreement among Members substantially interested in the commodity, that:....."

/Article 60

Article 60

Additional Principles Governing Commodity Control Agreements

1. There were no amendments proposed to this Article.
2. In order to incorporate the sense of the explanatory footnote to Sub-Paragraph (a) the Committee agreed that the words "reasonable prices" in the Geneva text should be replaced by the words "prices in the light of Article 54 (c)." Consequential to their reservation to the Committee action on Article 54 (c) the delegations of Chile and Cuba reserved their position on this change. The Committee agreed to drop the explanatory footnote to sub-paragraph (b) of this Article.
3. Changes from the Geneva text adopted by the Committee:
 - (a) Elimination of footnotes to Sub-Paragraphs (a) and (b).
 - (b) In Sub-Paragraph (a) substitution of the phrase "prices in the light of Article 54 (c)" for the phrase "reasonable prices" in the Geneva text.

Article 61

Administration of Commodity Control Agreements

There were no amendments proposed to this Article and the Committee adopted the Geneva text.

Article 62

Initial Term, Review and Renewal of Commodity Control Agreements

1. An amendment was proposed by the delegation of Costa Rica (E/CONF.2/11/Add.16).
2. The Committee did not accept this proposal and adopted the Geneva text.

Article 63

Settlement of Disputes

There were no amendments proposed to this Article and the Committee adopted the Geneva text.

SECTION D - MISCELLANEOUS PROVISIONS

Article 64

Relations with Inter-Governmental Organizations

1. Amendments were proposed by the delegation of India (E/CONF.2/11/Add.27).
2. The Committee decided that this proposal together with a consequential proposal to Article 58 should not be accepted. However, it was agreed to delete the words "on the basis thereof" from Sub-Paragraph (c) of the Geneva text.
3. Changes from the Geneva text adopted by the Committee:

Delete "on the basis thereof" from Sub-Paragraph (c).

/Article 65

Article 65

Obligations of Members Regarding Existing and Proposed Commodity Agreements

1. Amendments were proposed by the delegation of Argentina (E/CONF.2/11/Add.3).
2. The Committee adopted a revised text incorporating the intention of these amendments.
3. Changes from the Geneva text adopted by the Committee:
 - (a) Paragraph 1 - Replace the third (last sentence) of the Geneva text by:

"If, after review, the Organization finds that any such agreement is inconsistent with the provisions of this Chapter, it shall communicate such finding to the Members concerned in order to secure promptly the adjustment of the agreement to bring it into conformity with the provisions of this Chapter."

- (b) Paragraph 2 - Replace the second sentence in the Geneva text by:

"If, after review, the Organization finds that any such negotiations are inconsistent with the provisions of this Chapter, it shall communicate such finding to the Members concerned in order to secure prompt action with regard to their continued participation in such negotiations."

Article 66

Territorial Application

There were no amendments proposed to this Article and the Committee adopted the Geneva text.

Article 67

Exceptions to Provisions Relating to Inter-Governmental Commodity Agreements

1. Amendments were proposed by the delegations of:

Norway	(E/CONF.2/C.5/3/Add.10)
United States	(E/CONF.2/C.5/3/Add.5)
2. The Committee adopted a new sub-paragraph 1 (d) covering the proposal by Norway and recommended to the Third Committee that a comparable exemption be inserted in Chapter IV. This exemption has been agreed by Sub-Committee D (Articles 40, 41 and 43) of the Third Committee. The Committee also referred the inconsistency in wording in paragraph 1 (c) and 1 (d) to the Central Drafting Committee. As regards the United States proposal the Committee accepted the principle involved; however, it referred the matter to a joint Sub-Committee of the Fifth and Sixth Committees which recommended that the proposal be met by amendments elsewhere in the Charter.
3. Changes from the Geneva text adopted by the Committee.

/(a) A new

(a) A new Sub-Paragraph (d) in paragraph 1 as follows:

"(d) to any inter-governmental agreement relating solely to the conservation of fisheries resources, migratory birds and wild animals; Provided that such agreements are not used to accomplish results inconsistent with the objectives of this Charter and are given full publicity in accordance with the provisions of Article 57, paragraph 1 (e), and that if the Organization finds, upon complaint of a non-participating Member, that the interests of that Member are seriously prejudiced by the agreement, the agreement shall become subject to such provisions of this Chapter as the Organization may prescribe."

New Article

1. The addition of a new Article to Chapter VI was proposed by the delegation of Colombia (E/CONF.2/C.5/3/Add.1).
2. The Committee did not accept this proposal. The delegations of Colombia, El Salvador and Guatemala reserved their position.

Note: The Committee agreed to recommend to the Third Committee that the word "terms" be substituted for the word "obligations" in Article 43 paragraph 1 (h). Sub-Committee D (Articles 40, 41 and 43) of the Third Committee has agreed to this change.
