

DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

TEXT OF ARTICLES REDRAFTED AT THE FIFTEENTH MEETING

CHAPTER VII

INTER-GOVERNMENTAL COMMODITY ARRANGEMENTS

Section A. General Considerations.

Article 46

General Statement on Difficulties Relating to Primary Commodities

Members recognize that the relationship between production and consumption of some primary commodities may present special difficulties. These special difficulties are different in character from those which manufactured goods present generally. They arise out of such conditions as the disequilibrium between production and consumption, the accumulation of burdensome stocks and pronounced fluctuations in prices. They may have serious adverse effects on the interests of producers and consumers, as well as widespread repercussions jeopardizing general policies of economic expansion.

Article 47

Objectives of Inter-governmental Commodity Arrangements

Inter-governmental commodity arrangements may be employed to enable countries to overcome the special difficulties referred to in Article 46 without resorting to action inconsistent with the purposes of the Charter, by achieving the following objectives:

(a) To prevent or alleviate the serious economic problems which may arise when production adjustments cannot be effected by the free play of market forces as rapidly as the circumstances require.

/(b) To provide,

- (b) To provide, during the period which may be necessary, for 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.
- (c) To moderate pronounced fluctuations in the price of a primary commodity above and below the level which expresses the long term equilibrium between the forces of supply and demand [in order to achieve a reasonable degree of stability on the basis of remunerative prices to efficient producers without unfairness to consumers.]
- (d) To maintain and develop the natural resources of the world and protect them from unnecessary exhaustion.
- (e) To provide for expansion in the production of a primary commodity which is in such short supply as seriously to prejudice the interests of consumers.

Article 4C

Special Commodity Studies

1. A Member or Members substantially interested in the production, consumption or trade of a particular primary commodity shall be entitled, if they consider that special difficulties exist or are expected to arise regarding the commodity, to ask that a study of that commodity be made.
2. Unless it resolves that a prima facie case has not been established, the Organization shall promptly invite the Members substantially interested in the production, consumption or trade of the commodity to appoint representatives to a Study Group to make a study of the commodity. Non-Members having a similar interest may also be invited.
3. The Study Group shall, in the light of an investigation of the root causes of the problem, promptly report its findings regarding the production, consumption and trade situation for the commodity. If the Study Group finds that special difficulties exist or are expected to arise, it shall make recommendations to the Organization as to how best to deal

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with such difficulties. The Organization shall transmit promptly to Members any such findings and recommendations.

Article 49

Commodity Conferences

1. On the basis of the recommendations of the Study Group or on the basis of information about the root causes of the problem agreed to be adequate by the Members substantially interested in the production, consumption or trade of a particular primary commodity, the Organization shall promptly at the request of a Member having a substantial interest, or may, on its own initiative, convene an inter-governmental conference for the purpose of discussing measures designed to meet the special difficulties which have been found to exist or are expected to arise.
2. Any Member having a substantial interest in the production, consumption or trade of the commodity shall be entitled to participate in the Conference, and non-Members having a similar interest may be invited by the Organization to participate.

Article 50

Relations with Specialized Agencies

1. Competent specialized agencies, such as the Food and Agriculture Organization, shall be entitled
 - (a) to submit to the Organization any relevant study of a primary commodity;
 - (b) to ask that a study of a primary commodity be made.
2. The Organization may request any specialized agency, which it deems to be competent, to attend or take part in the work of a Study Group or of a Commodity Conference.

Article 51

General Principles of Inter-governmental Commodity Arrangements

Members undertake to adhere to the following principles governing the operation of all types of inter-governmental commodity arrangements:

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1. Such arrangements shall be open initially to participation by any Member on terms no less favourable than those accorded to any other country and thereafter upon such terms as may be approved by the Organization.
2. Non-Members may be invited by the Organization to participate in such arrangements and the provisions of paragraph 1. applying to Members shall apply to any non-Member so invited.
3. Under such arrangements participating countries shall arrange for equitable treatment as between non-participating Members and participating countries affording advantages commensurate with obligations excepted by non-participating Members.
4. Participating countries shall, in matters the subject of such arrangements, afford non-participating Member countries treatment no less favourable than that accorded to any non-Member country which does not participate in the arrangement.
5. Such arrangements 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.
6. Such arrangements shall provide, where practicable, for measures designed to expand world consumption of the commodity.
7. Due publicity shall be given to any inter-governmental commodity arrangement proposed or concluded, to the statements of considerations and objectives advanced by the proposing Members, to the operation of the arrangements, and to the nature and development of measures adopted to correct the underlying situation which gave rise to the arrangement.

NOTES

1. It was agreed that the re-arrangement of Article 40 suggested by the Delegate for Australia and the drafting amendments to that Article which were proposed by him in document E/PC/T/C.5/W.45 should be referred to the Legal Drafting Sub-Committee. This re-arrangement and these amendments

/did not

did not appear to involve any changes of substance, but should the Sub-Committee find that any changes of substance were proposed it should report them to the Drafting Committee.

2. It was agreed that it should be stated in the Report that some delegates doubted the necessity of including sub-paragraphs (d) and (e) in Article 47. These delegates preferred that these sub-paragraphs should be deleted.

3. It was agreed that the Delegate for the United States' suggestion to omit the word "primary" before "commodity" in Articles 48 and 49 should be considered further when Article 60 was examined.

4. With regard to the statement in the Report of the First Session that care should be taken to see that the provisions of Article 36 should be consistent with the provisions regarding inter-governmental commodity arrangements, it was agreed to state in the Report of the Drafting Committee that the Second Session should take this matter into account when it is drafting Article 36.
