

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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AMENDMENTS TO THE DRAFT AGREEMENT ON COMMODITY ARRANGEMENTS

Comments and Proposals by the Indonesian Delegation

A. COMMENTS

1. The Indonesian Delegation wants to make it clear, that although it is here expressing the views of its Government, all it may agree in the course of this Working Party is in no sense binding on the Indonesian Government. Deliberations on this Draft Agreement of Commodity Arrangements were still at the level of officials, so that the Indonesian Government reserves for itself the right to change its policy in a later stadium of the discussions around the matter of an Agreement on Commodity Arrangements.

2. As the economy of Indonesia so far is mainly based on the production and export of primary commodities, the Indonesian Government is most interested in the coming into being of an agreement which aims at regulating the production, distribution and consumption of raw materials, particularly in respect to the prevention of heavy fluctuation of prices on the world market. It is therefore that it is grateful to the Working Party for the draft Agreement on Commodity Arrangements, which it has been studying very carefully.

3. The Indonesian Government feels however that, while useful as a basis for further discussion, the draft Agreement as it is now, can not fully satisfy the need for an agreement on commodity problems. It would therefore not recommend it unchanged to the CONTRACTING PARTIES as a final recommendation for an Agreement on Commodity Arrangements.

Indonesia, as many other countries still in progress of economic development, is for its balance of payment highly depending on the export of primary commodities. As such the country's economy is very vulnerable, and in view of this the Indonesian Government feels that in any agreement on commodity problems there should be provisions which would make it possible for countries like Indonesia and some others to guard their interests as primary commodity producing countries. Now in this present draft Agreement on Commodity Arrangements there are no such provisions. So the Indonesian Government would suggest that in the coming Agreement on Commodity Arrangements be included provisions:

- (a) that the Agreement does not prevent countries still in process of economic development to conclude regional or bilateral agreements, with the purpose of safeguarding their respective interests, either among producers or among consumers themselves, or among consumers and producers; and

- (b) that it does not prevent any particular country still in process of economic development to take special measures in the field of production and trade or raw materials, with a view to preventing deterioration of its balance of payments or restoring disequilibrium in its balance of payments.

4. The Indonesian Government would furthermore express its views on some other aspects of this draft Agreement:

- (a) As to the relation between the Agreement on Commodity Arrangements and GATT, it would prefer the Agreement on Commodity Arrangements to be separate from the General Agreement, mainly on the ground that integrating the Commodity Agreement into the GATT will mean an overloading of the General Agreement with subjects which are of a different nature from subjects covered by it. Furthermore, it is not taken for granted that all members to GATT will agree to the Agreement on Commodity Arrangements. This will mean that non participants in the Agreement on Commodity Arrangements may interfere in its matters. In addition, countries which so far for some reasons are still not members to GATT, will also not be able or willing to join an Agreement on Commodity Arrangements integrated in GATT.
- (b) The coming Agreement on Commodity Arrangements should be the main centralizing and co-ordinating organization for all commodity arrangements, without interference in the activities of other existing organizations like FAO etc. As all activities of ICCICA will now be covered by the coming Agreement on Commodity Arrangements, the ICCICA can cease to exist and all her activities be taken over by the coming Agreement on Commodity Arrangements.
- (c) In the matter of voting power the Indonesian Government is of the opinion that the coming Agreement on Commodity Arrangements should refrain from too rigid interference, for this might prevent the coming into being of any agreement on commodity problems. It is the Indonesian Government's experience that such matters as voting powers should rather be left to the specific agreement on a specific commodity. In the case of the Sugar Agreement, for instance, we have a fifty-fifty division of votes between producers and consumers, while in the case of the Tea Agreement unanimity of votes is required in essential matters. Also in respect to the voting in the Assembly the Indonesian Government would suggest a more flexible division of votes between producers/exporters and importers/consumers, instead of a too rigid equality between participating countries, and a simple majority for any decision in the Assembly.

B. AMMENDMENTS

5. With a view of above outline ideas on a coming Agreement on Commodity Arrangements, the Indonesian Government would propose the following amendments to the draft Agreement on Commodity Arrangements:

ARTICLE I:1(b):

Insert after "accumulation of stocks" (line 2), "ensuing in heavy fluctuations of prices on a short term".

ARTICLE IV:1(c):

Insert after "shall" (line 2), "as far as possible".

ARTICLE IV:1(d):

Delete the fifteen lines beginning with "participants mainly" in the sixth line, and substitute: "participants in the particular commodity arrangement concerned shall decide upon the division of votes among themselves. The Assembly may, however, make recommendations to the Council on this subject."

ARTICLE IV:5:

(line 6) Replace the fullstop after "conclusion of an arrangement" by a comma and add: "including arrangements either among producers or consumers themselves or among producers and consumers".

ARTICLE IV:6:

Add new paragraph to this Article: "Any new commodity arrangement to be concluded hereafter shall include a clause enabling participants belonging to the group of countries still in process of economic development to take special measures not in accordance with the provisions of the special commodity arrangement concerned, when it is considered necessary to safeguard their respective foreign exchange position, for rehabilitation, economic development or in cases of emergency."

ARTICLE XII:

Delete the whole Article XII:2.

ARTICLE XIII:6:

At the end of the sentence delete the fullstop and add "provided that such a majority shall comprise more than half of the signatory countries".

ARTICLE XIV:1

Change the second sentence to the following: "In electing the members, the Assembly shall give consideration to a reasonable balance between countries primarily interested in the export of commodities and those primarily interested in their import and a reasonable distribution of geographical representation."

ARTICLE XVI:

Add to Article XVI: "This agreement shall enter into force when accepted by not less than twenty governments together representing at least two-thirds of the total world net-imports and net-exports of all primary commodities."