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GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED ✓

CWP/15

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Special Distribution

Working Party on
Commodity Problems

DRAFT OF ARTICLES IV AND V

Prepared by the Drafting Group

ARTICLE IV

General Principles governing Provisions of Commodity Arrangements

1. Any arrangement concluded under this Agreement shall take account of the objectives set out in Article I and shall conform to the following principles:
 - (a) Such arrangements shall be open to participation initially by any Signatory which has participated in the negotiating conference and which is prepared to accept the obligations of the arrangement and thereafter only in accordance with such provisions as may be established in the arrangement.
 - (b) The Assembly may invite the participation of non-Signatory governments, who shall take part on the same terms.
 - (c) In every arrangement adequate provision shall be made to allow for the participation both of countries substantially interested in the import or consumption and of those substantially interested in the export or production of the commodity with which the arrangement is concerned.
 - (d) Where a commodity arrangement involves the continuous regulation of prices in international trade of any commodity or the regulation of production or any quantitative control of exports or imports which might have the effect of reducing or preventing an increase in the production of or trade in that commodity, participants mainly interested in imports or consumption of the commodity concerned shall, in decisions on substantive matters, have together a number of votes equal to that of participants mainly interested in exports or production.

- (e) Where a commodity arrangement involves any undertaking by participants to enter into contracts for specific amounts and at specified prices or to engage in, or to authorize, the buying or selling of the commodity, participants mainly interested in imports of the commodity concerned shall, in decisions on substantive matters, have together a number of votes equal to that of participants mainly interested in exports.
- (f) The negotiating conference may, however, adopt any other distribution of votes within the Commodity Council where:
 - (i) the arrangement concerned is not of the type described in sub-paragraph (d) or (e), or
 - (ii) in the case of an arrangement of a type described in sub-paragraph (d) or (e) the total production of the commodity which enters into international trade other than between countries which are substantial producers of it, is so small as to make equal representation of consuming and producing countries unreasonable;

Provided that in either such case any such distribution of votes shall be submitted to the Assembly and approved by it.

- (g) Any arrangement which conforms to the description in sub-paragraph (d) shall provide for study by the participants of measures designed to remove the need for such regulation or control consistently with the objectives of this Agreement.
- (h) Where any arrangement of the kind described in sub-paragraph (d) is designed inter alia to afford a respite to enable an orderly transfer of resources into new and productive occupations, as far as it is practicable, the participants concerned shall adopt, and the other participants shall facilitate, programmes of internal economic adjustment designed to ensure progress within the duration of the arrangement towards solution of the commodity problem involved.
- (i) In the operation of any arrangement the participants shall take into consideration its effects on the production and consumption of other commodities.
- (j) The Signatories, including those not participating in an arrangement, shall give favourable consideration to any recommendation made under the arrangement for expanding consumption or production of the commodity in question.

2. Any negotiating conference shall give consideration to the inclusion within the terms of an arrangement of provisions consistent with this Agreement for the renewal of the arrangement, its amendment, settlement of disputes arising from its operation and for accession and withdrawal by participants during the period of its operation.
3. Commodity arrangements negotiated under the provisions of this Agreement shall be concluded or renewed for periods of not more than five years.
4. This paragraph is being considered by the Ad Hoc Group on Producer and Consumer Arrangements.

ARTICLE V

Administration of Commodity Arrangements

1. Any commodity arrangement shall include provisions for
 - (a) the establishment of a governing body, hereinafter referred to as a council, on which each participant shall have one representative;
 - (b) this sub-paragraph is being considered by the Special Group on GATT/SACA Relations;
 - (c) the appointment of a non-voting Chairman.
2. When a commodity arrangement is terminated, the council may assign its archives to the Assembly or to any other body which the council may decide. Participants shall however retain the right to decide what material should remain unpublished or treated as confidential to the participants in that arrangement.