

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

CWP/18

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Special Distribution

Working Party on
Commodity Problems

DRAFT OF ARTICLE IV:5

Prepared by the Ad Hoc Group

The Ad Hoc Group has considered the problem submitted to it by the Working Party in connexion with the applicability of this paragraph to producer or consumer arrangements.

Before deciding on their recommendations, the Group reached agreement on two fundamental points. They agreed that the Agreement, as presently drafted, includes any such arrangement within its scope. In other words the provisions of paragraph 1 of Article XII apply to such arrangements. They also agreed that it was necessary to retain the applicability of the Agreement as a whole to such arrangements.

Having settled these two questions, the Group agreed that the existing draft of paragraph 5 of Article IV does not exclude agreements among producers only or consumers only in emergency cases. They considered that the existing text need not be changed in this respect but that a note should be included in a report of the Working Party to this effect.

The Group did, however, arrive at certain changes in the existing text and, with the reservation of the representative of Chile, submit the following for the approval of the Working Party.

"5. Where conditions of acute shortage or burdensome surplus of a single commodity exist, or are clearly imminent, and threaten serious damage to the economy of a signatory or signatories, and if a negotiating conference has failed within three months to agree to the conclusion of a commodity arrangement, and where this appears necessary in order to prevent or alleviate such damage, any Signatories who consider themselves substantially interested in the production or consumption of, or trade in, that commodity, may by direct negotiation to conclude an arrangement and may bring it into effect. Any such arrangement shall conform as closely as practicable to the provisions of this Agreement and shall make provision for modification to bring it into full conformity. The Standing Committee may determine conditions to which the arrangement should be subjected including a maximum period within which such arrangement shall be brought into full conformity with the provisions of the Agreement and may alter such conditions with changing circumstances."