

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/592/Rev.1  
20 November 1956

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CONTRACTING PARTIES  
Eleventh Session

## REPORT OF THE WORKING PARTY ON COMMODITY PROBLEMS

As approved by the CONTRACTING PARTIES <sup>1/</sup>

1. The Working Party was instructed to study what approaches to the question of primary commodity trade should be developed by the CONTRACTING PARTIES taking into account the previous discussions relating to the draft Special Agreement on Commodity Arrangements (SACA). At an early stage of its deliberations, the Working Party reached the conclusion that, in present circumstances, it was unlikely that agreement could be reached along the lines of SACA and that therefore an alternative approach should be explored. The Working Party accordingly proceeded to examine a proposal submitted by the French delegation. This proposal takes as a point of departure the ruling made at the Tenth Session that, having regard to the objectives of the General Agreement, the CONTRACTING PARTIES, in conformity with the functions conferred upon them under paragraph 1 of Article XXV, are competent to deal, upon the request of one or more contracting parties, with special difficulties arising in connexion with international trade in primary commodities. In addition to this broad competence which would make it possible for any contracting party to submit to the CONTRACTING PARTIES any particular difficulties which it was experiencing in connexion with trade in primary commodities, and which difficulties were in its view such as to impede the attainment of the objectives of the General Agreement, there are specific provisions in the General Agreement which afford an opportunity for contracting parties to secure consideration of special problems arising in this field. For example, in consultations under the provisions of Article XII and, when the revised text of the Agreement enters into force, of Article XVIII, Section B, it would be appropriate for any contracting party which was consulting with the CONTRACTING PARTIES to bring up for discussion difficulties of this kind which were contributing to its balance-of-payments difficulties and therefore which were among the factors which made it necessary for that contracting party to impose restrictions. Furthermore, difficulties of this kind would be appropriate matters to bring forward under Article XXII which, when the revised text comes into effect, will provide not only for bilateral consultations, but also for consultations with the CONTRACTING PARTIES as a whole. Finally, the revised text of paragraph 5 of Article XVIII makes particular reference to problems arising out of exports of primary commodities and for consultations regarding these problems in accordance with the provisions of Article XXII.

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<sup>1/</sup> See SR.11/17

2. The General Agreement therefore provides ample opportunities for contracting parties to submit the problems arising out of the trade in primary commodities to the CONTRACTING PARTIES and if, as a result of considering such problems, the CONTRACTING PARTIES felt that the difficulties in question could be alleviated, and therefore the attainment of the objectives of the GATT facilitated, through joint international action, it would be appropriate for the CONTRACTING PARTIES to make arrangements for such action.
3. The Working Party also noted that the CONTRACTING PARTIES had decided to invite the Chairman of ICCICA, in his capacity as their nominee for that post, to submit a report to the CONTRACTING PARTIES. The consideration of this report would provide an opportunity for the CONTRACTING PARTIES to review the trends and developments in international primary commodity trade at their Annual Sessions. The CONTRACTING PARTIES in such discussion should take into account any other relevant documents, including any documents submitted by individual contracting parties. It was the understanding of the Working Party that pursuant to the provision of the Rules of Procedure of the CONTRACTING PARTIES relating to observers, interested non-contracting parties would be invited to these discussions.
4. The Working Party examined at the request of the Austrian delegation the desirability of inserting either in the report or in the Resolution a definition of the term "primary commodities". The Working Party considered that at least at the present stage no purpose would be served by formulating such a definition; further, the Working Party noted that under the terms of Articles XXII and XXIII it was open to any contracting party to raise any problem of particular interest to its foreign trade.
5. The Working Party considered that this was a fruitful approach to the question, and drew up a Resolution by the CONTRACTING PARTIES based upon a draft submitted by the French delegation (W.11/17 and Rev.1). The text of the Resolution is annexed to this report and submitted for approval by the CONTRACTING PARTIES.
6. The Working Party considered that some explanation of the meaning of paragraph 4 of the Resolution would be helpful. The Working Party felt that the CONTRACTING PARTIES, if they decided that joint international action was appropriate, would not themselves immediately proceed to make arrangements for an intergovernmental meeting, but would first determine whether some other international body having special competence in the field should be requested to make suitable arrangements to that end. It would only be in the event that it appeared that no other international body had special competence in the field or that an international body having such special competence was unable to make suitable arrangements that the CONTRACTING PARTIES would consider doing so themselves.
7. The Working Party gave consideration to the question whether the Resolution should include a statement of objectives to be sought and principles to be applied in intergovernmental commodity arrangements. The view was widely held in the Working Party that such objectives and principles would need to

take into account the circumstances of the particular commodity agreement under negotiation and should, therefore, be left to each negotiating conference subject, so far as the contracting parties are concerned, to any review by the CONTRACTING PARTIES in accordance with the relevant provisions of the General Agreement.

8. The Working Party further agreed that the Resolution can in no way be interpreted as preventing the CONTRACTING PARTIES from considering in the future the determination of general objectives and principles.

ANNEX

RESOLUTION OF THE CONTRACTING PARTIES  
CONCERNING THE PARTICULAR DIFFICULTIES CONNECTED  
WITH THE TRADE IN PRIMARY COMMODITIES

The CONTRACTING PARTIES,

CONSIDERING that the contracting parties to the General Agreement have agreed to conduct their relations in the field of international trade and economic endeavour with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding production and exchange of goods, and promoting the progressive development of the economies of all the contracting parties;

NOTING that the attainment of these objectives may be jeopardized if all countries, both those which depend substantially on the export of manufactured goods, and those which depend substantially on the export of primary commodities for their earnings as sources of income for imports and of funds for economic development, do not share significantly in increases in the volume of world trade and returns therefrom;

RECOGNIZING that all countries have a common interest in adequate supplies of primary commodities being available at prices which are reasonably stable and fair to producers and consumers alike;

RECALLING that the CONTRACTING PARTIES, in conformity with the functions conferred upon them under paragraph 1 of Article XXV and as was recognized in the ruling of the Tenth Session, are competent to deal, upon the request of one or more contracting parties with special difficulties arising in connexion with international trade in primary commodities; and bearing in mind the competence of the United Nations and other intergovernmental organizations in the field of primary commodities;

RESOLVE:

1. that they shall, at every session, review the trends and developments in international commodity trade upon the basis of the report which they have decided to request the Chairman of ICCICA to submit in his capacity as nominee of the CONTRACTING PARTIES and on the basis of other relevant documents;
2. that, apart from the consideration of such special difficulties arising out of the trade in primary commodities as may be brought to their attention with reference to their general functions under Article XXV, they shall, in the course of consultations undertaken under Article XII and, after the entry into force of the revised text of the General Agreement, under Article XVIII, Section B, take account of problems relating to international commodity trade

among other difficulties which may be contributing to the disequilibrium of the balance of payments and compelling certain contracting parties to maintain import restrictions;

3. that it would be appropriate for them to enter into consultations on problems arising out of the trade in primary commodities pursuant to the provisions of paragraph 2 of Article XXIII and of paragraph 5 of Article XVIII after the entry into force of the revised text of the General Agreement;

4. that when the CONTRACTING PARTIES, as a result of such consultations or of such review as provided for in paragraph 1 above, are of the opinion that an international joint action could usefully contribute to the solution of problems in the field of commodity trade, they could make arrangements, having regard to the competence of the United Nations Organization and of the other intergovernmental organizations concerned, for an intergovernmental meeting, the composition of which should not be limited only to the countries which are contracting parties to the General Agreement but should be determined according to the nature and importance of the interests concerned both of producers and consumers;

AND ASK the Executive Secretary to send this Resolution and the records of the CONTRACTING PARTIES' discussions relating to it, to the Secretary-General of the United Nations.