

GENERAL AGREEMENT ON TARIFFS AND TRADE

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United Kingdom Delegation Working Paper W.9/140

Draft Agreement on Commodity Arrangements

1. Preamble, bottom paragraph on page 1:

Substitute "and that they will give consideration to" for "and of taking such action where appropriate and that in taking such action, they will have regard to the desirability of".

Preamble considerations should not be mandatory.

2. Preamble, paragraph (a) top of page 2:

Delete "and taking such measures as are practicable ... in the world as a whole". The deleted concept is not capable of practical implementation by way of making provisions in most commodity agreements. The concept is also partially inconsistent with the first part of paragraph (a) and also with that in paragraph (c). It can best be dealt with in the periodic renegotiation of agreements as they come up for renewal.

3. Article I paragraph (1):

Add to the end of the second sentence "or call a negotiating conference forthwith when the Standing Committee is satisfied that the circumstances warrant and that there are reasonable prospects that an arrangement can be concluded".

This would provide a desirable flexibility in the Standing Committee's procedure. A consequential amendment would be required in paragraph (4).

4. Article I, paragraph (1):

In the third sentence, substitute "Consider" for "have regard to".

5. Article III, paragraph (d):

Substitute "consistently with" for "due regard being had".

6. Article III, paragraph (f):

Delete paragraph (f). This language, borrowed from Chapter 6, is much too complex and should be deleted in the interest of simplicity.

7. Article IV, paragraph (1):

Delete "the regulation of prices in international trade of any primary commodities" and substitute "any primary commodities involved in international trade" for "of them".

This deletion would permit a desirable distinction to be made between a commodity agreement of the multilateral contract type, e.g. the International Wheat Agreement from the type of agreement which involves the setting of export quotas or the operation of buffer stocks. The multilateral contract type should not be subject to the provisions of Article IV.

8. Article IV, paragraph 2 (3):

Delete the paragraph in the interest of flexibility. It is impossible to legislate for the future situations which may arise in this regard.

9. Article VI:

Delete paragraphs (1) to (5) and substitute:

"Each negotiating conference convened after the coming into force of this Agreement shall give consideration to the inclusion within the terms of the commodity arrangement suitable provisions for the settlement of disputes arising out of the operation of the arrangement."

It appears to be impossible to draft a blanket provision for the settlement of disputes which would operate satisfactorily for all commodity arrangements. In most cases the disputes are likely to be of a non-legal character and participating governments have to evaluate within political terms the issues involved. Compulsory arbitration of any sort irrespective of the particular arrangement concerned could invoke an undesirable termination of the arrangement. Accordingly, it is much preferable to consider the settlement of disputes issue in the light and at the time of each particular arrangement.