1. As instructed, the Working Party has considered the future activities of the CONTRACTING PARTIES pursuant to the Resolution of 17 November 1956 on Particular Difficulties connected with Trade in Primary Commodities, and the invitation of the Economic and Social Council to participate in the next Session of the Commission on International Commodity Trade. These two questions have been considered in the light of the discussions on commodity problems and on the trends in international trade in the plenary meetings.

2. The Working Party noted that in the debate on the general subject of commodity problems in the plenary meetings, there had been general agreement regarding the seriousness of the commodity problem and the advisability of action upon it. There had also been concurrence of opinion that the CONTRACTING PARTIES had a valuable part to play since they could discuss these problems in the context of world trade. Moreover, the CONTRACTING PARTIES have specific responsibilities in this field by reason of the provisions of paragraph (h) of Article XX. During the debate the serious effect of commercial policy upon commodity problems had been underlined. It was also recognized that coordination between the different international agencies concerned in this matter was necessary since many contracting parties were members of other organizations where similar matters were discussed.

3. Discussions in the Working Party centred largely on the implementation of the basic Resolution of 17 November 1956. It was generally felt that the basic Resolution could be regarded as satisfactory so far as its provisions are concerned, but that its implementation should be made more effective.

4. It was generally felt that the annual review of trends and developments in international commodity trade have been too vague and in large degree have duplicated the discussions held in other organizations. However, the review at the Twelfth Session did lead to the inclusion in the terms of reference of the experts designated to prepare a report on trends in international trade of the question of "excessive short-term fluctuations in the prices of primary products". The report of the experts has been widely recognized as a valuable
contribution and the CONTRACTING PARTIES are now proposing to establish a programme of action directed to the further expansion of international trade in the light of the Experts' Report and of the general discussion at the present Session. Many of the problems of trade in primary products will be pursued in this broader programme, but there will remain special difficulties and situations which warrant special attention and separate treatment.

5. The Working Party, therefore, considers that these general discussions, under paragraph 1 of the basic Resolution, have been useful and could become more so. On the other hand, it is clearly desirable that these discussions, as well as other activities of the CONTRACTING PARTIES in this field, should be related precisely to the particular competence and responsibilities of the CONTRACTING PARTIES. It is therefore suggested that the review provided for in paragraph 1 should henceforth be entitled 'The Impact of Commodity Problems upon International Trade'. According to the Resolution, this annual review is to be based upon a report by the nominee of the CONTRACTING PARTIES as Chairman of ICCICA and other relevant documents. Hitherto, the discussion has tended to be confined to the report of the CONTRACTING PARTIES' nominee and it may be useful to indicate here that 'the relevant documents' include the annual report of ICCICA and documents and reports of the CICT, FAO and other inter-governmental agencies. While it is appropriate and desirable that reports and records of the CONTRACTING PARTIES' discussions in this field be made available to the other inter-governmental agencies, the CONTRACTING PARTIES should also take advantage of, and if need be request, the documentation produced by such other agencies. If future reviews are to be more fruitful, the Working Party considers that the CONTRACTING PARTIES should appoint a Working Party at the last session in each year to meet a week or so before the last session in the following year, at which the review is to take place, to examine the documentation. This Working Party should submit a report to the CONTRACTING PARTIES indicating the extent to which commodity problems have influenced international trade, in particular by affecting the export earnings of primary producing countries and their ability to pay for their imports. In this report it would be open to the Working Party to make suggestions directed to the alleviation or solution of problems in the field of international trade, having regard to the competence of the United Nations and other inter-governmental organizations as provided for in paragraph 4 of the basic Resolution.

6. As regards paragraph 2 of the Resolution, the Working Party noted that there have been relatively few consultations under Article XII with countries dependent upon exports of primary products and hence little opportunity through this mechanism to examine the effect of external factors affecting trade in such products upon the balance of payments of individual contracting parties. However, the plans being drawn up for future consultations under Article XII:4(b) and Article XVIII:12(b) recognize that "the special problems of each consulting country relating to its balance of payments should perforce be given careful consideration; the Committee conducting the consultations should take into account all factors, both internal and external, which affect the balance-of-payments position of the consulting country".
7. Paragraph 3 of the basic Resolution has not been utilized, perhaps due to a lack of understanding of the potentialities of the General Agreement in facilitating consultations on trade problems of concern to individual contracting parties or the contracting parties generally. Therefore the Working Party has thought it useful to describe the manner in which contracting parties may have recourse to the facilities of Articles XXII and XXV for dealing with problems in their trade in primary products. Article XXII provides for consultations between contracting parties on any matter affecting the operation of the Agreement. At this Session the CONTRACTING PARTIES have adopted procedures whereby these can be broadened into multilateral consultations and it should be noted that there is nothing in the Article which would prevent the participating governments from inviting non-contracting parties to take part. However, there may be situations in which joint action by the CONTRACTING PARTIES under Article XXV would be more appropriate, for example, where a developing situation might lead to commercial policy measures being taken by one or more contracting parties which would be injurious to others unless it is dealt with through co-operative action. For a consultation to be initiated under Article XXV, there must be a prior decision by the CONTRACTING PARTIES which could, if they wished, invite non-contracting parties to participate. Thus under these two Articles there are procedures, for initiating action and a search for solutions, which are well adapted for dealing with many of the special situations arising in the trade in primary products which could be more appropriately handled by GATT techniques than otherwise.

8. Accordingly, the Working Party recommends that contracting parties, when contemplating action on problems arising in commodity trade, should consider the possibility of initiating consultations under Article XXII with a view to arriving at mutually acceptable solutions, thus avoiding the need for unilateral action. The CONTRACTING PARTIES are reminded that, when special circumstances are likely to affect the trade in a primary product and to threaten disruption of the market and to cause special difficulties either to exporters or to importers which might lead to commercial policy action being taken by one or more countries, they may, at the request of an interested party, decide to arrange for consultations among exporting and importing countries with a view to finding a solution which would avoid resort to measures which would restrict or disrupt trade. These consultations might be arranged pursuant to the provisions of Article XXV which entitles them to act jointly with a view to furthering the objectives of the General Agreement. Further, when the CONTRACTING PARTIES consider that there exists in the commodity field a situation which has or is likely to have adverse effects on international trade generally and for which collective action outside their competence is required to find a solution and to promote expansion of trade, they should bring this situation to the attention of the agency competent to take the required action.
9. Concerning participation of the CONTRACTING PARTIES in the work of the Commission on International Commodity Trade, the Working Party recommends that the CONTRACTING PARTIES should instruct the Executive Secretary to accept, on their behalf, the invitation of the Economic and Social Council to participate in the work of the next Session of the Commission to be held at the Headquarters of the United Nations in March 1959. In accepting this invitation the Executive Secretary should assure the Secretary-General of the great interest of the CONTRACTING PARTIES in the work of the Commission and of their desire to assist in every way possible. When attending the next Session of the Commission, the Executive Secretary or his representative should assert the continuing interest of the CONTRACTING PARTIES in the problems of trade in primary products in so far as they affect the operation and the attainment of the objectives of the General Agreement, and the special responsibilities of the CONTRACTING PARTIES under Article X.(h) of the Agreement. He should also describe the role of the CONTRACTING PARTIES in terms of the Resolution of 17 November 1956, as interpreted in this Report, and should take part as appropriate in the work of the Session.

10. Finally, the Working Party recommends that the Executive Secretary be authorized to pursue, in consultation with the executive officers of other interested inter-governmental agencies, the suggestion that those directly responsible for the administration of the commodity agreements now in force and of commodity study groups be associated in an appropriate manner with one or other of the international bodies concerned with commodity problems so that their practical experience of the negotiation and operation of commodity arrangements shall be available to all the agencies concerned.

Points for Decision: Paragraph 5
Paragraph 9
Paragraph 10