The Governments of , recognizing

(a) that there are many countries whose economic welfare depends upon the export of a limited number of primary commodities, and that the import of primary commodities plays an important part in the welfare of the populations or the continued operation of the industries of many other countries, and therefore that producers and consumers of primary commodities have a common interest in the availability of adequate supplies of these commodities at prices which are reasonably stable and are fair to producers and consumers alike;

(b) that in the conditions in which primary commodities are produced, consumed and exchanged, this common interest may be adversely affected by such difficulties as a tendency towards disequilibrium between production and consumption, pronounced short-term fluctuations in price and the emergence of burdensome surpluses or of acute shortages;

(c) that such difficulties jeopardize the efforts of both producing and consuming countries to raise standards of living, to ensure full employment, and to develop a large and steadily growing volume of real income; and

(d) that the interests of both producing and consuming countries lie in preventing these difficulties and in developing the best use of the resources of the world by reducing short-term discrepancies between production and consumption and by alleviating the economic hardships created by persistent disequilibrium between production and consumption;

AGREE

that they will co-operate with one another and with the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade for the purpose of taking such action as may be practicable in this field and

DECIDE

in consequence to conclude an Agreement on Commodity Arrangements hereinafter called the "Agreement".

Spec/50/55
ARTICLE I

Objectives

The objectives of this Agreement are, by joint action of the Signatories:

1. where the conditions under which a primary commodity is produced, consumed or distributed or any other factors create a tendency towards a world disequilibrium between production and consumption and where ordinary market forces may not be sufficient to remove the special difficulties thereby created,

   (a) to achieve a reasonable degree of stability on the basis of prices that are fair to consumers and producers, and to prevent or moderate any pronounced fluctuation in prices, bearing in mind the desirability of securing long-term equilibrium between the forces of supply and demand and the efficient utilization of the productive resources of the world as a whole;

   (b) to prevent where possible the development of a shortage in world supplies or the burdensome accumulation of stocks, and to minimize their adverse effects if they develop;

   (c) to accomplish the equitable distribution of a commodity in short supply;

   (d) where production of any commodity appears to be, or to be likely to be in excess of long-term demand, to alleviate economic hardship in producing countries during the period necessary for the orderly transfer of resources into new and productive occupations;

   (e) to expand consumption and production where this can be accomplished with advantage to consumers and producers, bearing in mind the desirability of maintaining and developing the natural resources of the world, while protecting them from unnecessary exhaustion;

2. to facilitate the formulation and conclusion of intergovernmental arrangements which are consistent with the objectives of the General Agreement on Tariffs and Trade in order to accomplish these ends in a manner that will take fully into account the interests of both producers and consumers.
ARTICLE II

1. Any Signatory or any non-Signatory Government or any intergovernmental organization may submit to the Standing Committee of the Signatories a statement of special difficulties which exist or are likely to arise in international trade in any primary commodity or commodities. Subject to the provisions of paragraph 21, the Standing Committee, unless it decides by a two-thirds majority that the case put forward in support of the submission does not warrant further action, shall forthwith make arrangements for its immediate examination. This examination shall be carried out by a Study Group convened by the Standing Committee except in the circumstances provided for in paragraphs 5. and 6. below.

2. Where a submission of the kind envisaged in the previous paragraph is made by a body or Agency of the United Nations having world-wide competence, the Standing Committee shall arrange forthwith for its immediate examination.

3. A Study Group shall promptly investigate the production, consumption and trade situation and prospects in regard to the commodity or commodities, taking into consideration any work on the same subject by other intergovernmental organizations and shall report to the Signatories its findings and any recommendations it may have as to how best to deal with any special difficulties which may exist or may be expected to arise. The Study Group shall promptly transmit its findings and recommendations to the Signatories and to any other Participating Governments. A Study Group, after presenting its initial report, may remain in existence for as long as its members wish for the exchange of information and views between Governments about the commodity or commodities, and shall present annual reports to the Signatories on its activities.

4. Any Signatory may appoint representatives to a Study Group. Intergovernmental organizations and bodies or organizations of the United Nations may send observers to any Study Group, and non-Signatory Governments may be invited by the Signatories to send observers. Observers may, at the wish of the Study Group, be invited to take part in its deliberations. Each Study Group shall nominate its own independent Chairman.

5. For the purposes of this Article, the Signatories may deem a Study Group to have been convened by them if it is established by any body or Agency of the United Nations having special knowledge of the commodity or commodities in question and provided that the Study Group is authorized by the body or Agency in question to conform to the provisions of the two preceding paragraphs.

6. Where the Standing Committee considers any subject inappropriate to a Study Group, it shall refer the subject either to a Committee or Signatories, or to any existing body or organization having special knowledge of the commodity or commodities in question, or to an expert or experts whom the Signatories shall select, provided that reference to a single expert must be approved by the submitting government or body. The terms of reference shall fix a time for a report to the Signatories and shall cover any matters required by the submitting government or body. Unless the Signatories decide otherwise, the terms of reference and subsequently the report shall be promptly published.