REPORT BY THE CHAIRMAN OF SUB-GROUP B ON COMMODITY QUESTIONS

1. The sub-group decided on the basis of the statements in the Working Party that it was not necessary for it to examine the suggestion that commodity policy be dealt with by the insertion of express provisions in the General Agreement itself. The sub-group felt that the approach outlined by the United Kingdom representative in the Working Party would be likely to find the greater acceptance, and proceeded to examine these proposals.

2. The sub-group was conscious of the fact that it was not called upon to examine the substance of proposals for dealing with commodities, but felt it desirable to explore the implications of the United Kingdom approach, with a view to ascertaining what provisions in the existing General Agreement would need to be modified or amended if this approach were pursued. It appeared to the sub-group that Articles XXIX and XXI(h) would fall into this category in view of the reference in these Articles to the principles of the Havana Charter.

3. There was some discussion as to whether the existing powers of the CONTRACTING PARTIES would be adequate to enable them to undertake the sponsoring of supplementary conventions. The group felt that if the CONTRACTING PARTIES were, in fact, prepared to accept the specific suggestions which are being submitted to the Working Party, this would imply a ruling on this point.

4. The sub-group also considered whether, if its recommendation were adopted, any consequential organizational problems would arise in connexion with the provisions for the new Organization for the administration of the Agreement. The sub-group felt that no such problem would arise, on the assumption that Working Party IV in drafting the organizational provisions, would not recommend functions for the Organization which would be too narrow to allow it to continue the work in the commodity field which would be undertaken under the aegis of the General Agreement if the group's proposal were adopted by the CONTRACTING PARTIES.

5. The group did not feel it necessary to consider in detail at this stage what organizational arrangements might be necessary to associate non-contracting parties with the discussions of the CONTRACTING PARTIES in this field, but considered that this was a matter which should be examined by the Working Party itself, and the suggested terms of reference have been drafted accordingly. The Working Party would have to take into account any relevant conclusions of Working Party IV.
6. The group heard a statement of the representative of the United States that his Government did not favour the expansion of the activities of the CONTRACTING PARTIES to dealing with commodity policy and commodity agreements as such. However, in view of the wide support in Working Party IV for action in connexion with commodities, they came to the conclusion that the approach contained in the United Kingdom proposals should be pursued. The group submits for the consideration of Working Party IV a draft of an interim report of the Working Party, designed to give effect to the United Kingdom suggestions. This draft report is annexed.

7. The group also considered what steps should be taken to bring to the attention of the ECOSOC Commission on International Commodity Trade the interest of the CONTRACTING PARTIES in commodity questions. The group feels that it would be desirable for the Executive Secretary to send to the Secretary-General of the United Nations, for transmission to the Commission and consideration at its January meeting, a letter drawing attention to the provisions of Article XX:1(h). These provisions alone would make it desirable for the Commission to consult with the CONTRACTING PARTIES before making recommendations for action by governments which might impinge upon their obligations under the Agreement. Moreover, if the CONTRACTING PARTIES accept the group's recommendation, it would be desirable at the same time to draw attention to this action which would strengthen the need for cooperation between the Commission and the CONTRACTING PARTIES. The group feels that it would be desirable also to send a copy of this letter to the Chairman of the ICCICA. Thus, the Commission, the ICCICA, and any other United Nations organ concerned with this question would be aware of the position of the CONTRACTING PARTIES in this field. The Executive Secretary will submit a draft of such a letter after further consultation with the sub-group.
ANNEX

- Commodity Questions

The Working Party has considered the proposal made by several delegations for inserting in the General Agreement provisions along the lines of Chapter VI of the Havana Charter. Whilst there was not any general support for this proposal, a substantial majority of the Working Party were in favour of the CONTRACTING PARTIES making appropriate arrangements for the study of commodity problems under the aegis of the General Agreement and of the establishment for this purpose at the present Session of a Working Party. This Working Party would consider proposals for principles to govern international action designed to overcome problems arising in the field of international trade in primary commodities, taking into account organizational questions involved in the administration and application of such principles and report thereon to the CONTRACTING PARTIES.