1. Includes all amendments submitted to the Secretariat up to 6.00 p.m. on Saturday, 6 December 1947.

2. For convenience of delegates, the numbers of the documents setting out the amendments proposed by the various delegations are as follows:

- Argentina: II/Add.3
- Ceylon: C.5/3/Add.6
- Chile: II/Add.30
- Colombia: C.5/3/Add.1
- Costa Rica: II/Add.16
- Cuba: C.5/3/Add.3
- Egypt: C.5/3/Add.13
- El Salvador: C.5/3/Add.8
- India: II/Add.27
- Italy: C.5/3/Add.2
- Mexico: C.5/3/Add.9
- Norway: C.5/3/Add.10
- Peru: C.5/3/Add.4
- Philippine Republic: C.5/3/Add.7
- United States: C.5/3/Add.5
- Uruguay: C.5/3/Add.12
- Venezuela: C.5/3/Add.11

3. In the amendments set forth herein, square brackets indicate proposed deletions and underlining indicates proposed additions.

CHAPTER VI

INTER-GOVERNMENTAL COMMODITY AGREEMENTS

SECTION A - INTRODUCTORY CONSIDERATIONS

(Articles 52-54)

Article 52 - Difficulties Relating to Primary Commodities

The Committee has agreed to the removal of the footnote to this Article contained in the Geneva text.
Article 53 - Primary and Related Commodities

Paragraph 1

1. The delegation of Uruguay proposes (document C.5/3/Add.12) to substitute the following for the present text of paragraph 1:

"1. For the purposes of this Chapter applying this Article, the term 'primary commodity' includes:

(a) Any product of farm, forest or fishery or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade.

(b) The industrial equipment required for processing the products referred to in sub-paragraph (a)."

2. The delegation of Chile proposes the deletion of "For the purposes of this Chapter" and the insertion of "For the purposes of this Chapter." (See document 11/Add.30).

(The Committee has agreed with the substance of this amendment, namely that one definition of "primary commodity" should, if possible, apply throughout the Charter, and has decided to refer the matter to an appropriate committee dealing with the Charter as a whole).

Paragraph 3

After discussion in Committee, the delegation of Italy has withdrawn its amendment to this paragraph. (See document C.5/3/Add.2).

Article 54 - Objectives of Inter-governmental Commodity Agreements

Preamble

1. The delegation of Chile proposes the deletion of the word "may" and the insertion of the word "shall". (See document 11/Add.30).

(The Committee was not able to accept the use of the word "shall" but agreed to ask the Sub-Committee to draft a suitable wording of the preamble for consideration of the Committee).

2. The delegation of El Salvador proposes (document C.5/3/Add.8) to replace the word "may" by the words "may only".

Sub-paragraph (b)

The delegation of Mexico proposes (document C.5/3/Add.9) to add the following at the end of the sub-paragraph:

" ....... and to promote as far as possible the processing of such resources in the countries in which they are produced."

Sub-paragraph (c)

1. The delegation of Mexico proposes (document C.5/3/Add.9) to replace the present text by the following:

"(c) To moderate pronounced fluctuations in the price of a primary commodity with a view to achieving a reasonable degree of stability on a basis
on a basis of prices fair to consumers and remunerative to efficient producers having regard to the desirability of securing long-term equilibrium between the forces of supply and demand. To this end the Organization shall co-operate with any country producing such resources which may request it to do so, in order to achieve the maximum degree of efficiency in the production of such commodities. In the case of a commodity which is to undergo processing, due regard shall be taken in calculating a price regarded as fair to consumers, to the price of the finished article in whose manufacture the commodity in question is employed."

2. The delegation of the Philippines proposes (document C.5/3/Add.7) to replace the words "to consumers and remunerative to efficient producers" by the words "producers and consumers alike."

Explanation by the Delegation of the Philippines
The proposed amendment is intended to avoid the use of the term "efficient producers".

3. The delegation of Ceylon proposes (document C.5/3/Add.6) the deletion of the word "efficient" in line 5.

4. The delegation of Uruguay proposes (document C.5/3/Add.12) to delete the word "efficient".

5. The delegation of Venezuela proposes (document C.5/3/Add.11) to delete the word "efficient."

6. The delegation of El Salvador proposes (document C.5/3/Add.8) to delete the word "efficient" and to add at the end of the sub-paragraph the following:

"The term remunerative prices shall be understood to mean prices which maintain a fair relationship with the prices which the producers of primary commodities are obliged to pay for manufactured production goods and general consumption goods."

7. The delegation of Cuba proposes (document C.5/3/Add.3) to add the following at the end of this sub-paragraph:

"......; and in a manner whereby the selling price of commodities is such as to afford countries capable of efficient production a reasonable return adequate to maintain the purchasing power of their inhabitants, as importers and consumers, at a level sufficient to meet the requirements of a proper standard of living, the latter being based primarily on conditions of labour enabling workers to be free of constraint and providing farmers with sufficient income to meet their needs and to maintain the increasing rate of production achieved; the prices shall however be such as to enable the consuming countries to obtain the commodities they require to import at a reasonable price and on a stable and regular basis."
Explanatory note by the delegation of Cuba in connection with its amendments to sub-paragraphs (c) and (e).

The delegation of Cuba wishes to point out that it is intended by the amendments now proposed to embody in the Charter sub-paragraphs (b) and (a) respectively of the Second Agreement of the Resolution on "Directions for the Promotion and Development of Stock-raising Industries in America" passed at the Third Inter-American Conference on Agriculture.

Sub-paragraph (e)

The delegation of Cuba proposes (document C.5/3/Add.3) to add the following at the end of this sub-paragraph:

"...and promoting the cultivation and production in respect of each commodity in the countries or regions with the most favourable ecological, geographical and economic conditions."

(See explanatory note above on paragraph (c)).

Attention is drawn to the following explanatory footnote to this sub-paragraph in the Geneva text:

"Inter-governmental commodity agreements approved by the Food and Agriculture Organization for the distribution of basic foods at special prices are permitted under this Draft Charter and are considered to be covered by paragraph (e)"

The Sub-Committee has considered this footnote and recommends the following wording for sub-paragraph (e) in order to incorporate the sense of this footnote in the text:

"(e) to provide for the expansion of the production of a primary commodity where this can be accomplished with advantage to consumers and producers, including in appropriate cases the distribution of basic foods at special prices."

Additional sub-paragraphs

1. The delegation of El Salvador proposes (document C.5/3/Add.8) to add two new paragraphs, (g) and (h), as follows:

"(g) to protect countries producing primary commodities from action taken or about to be taken by foreign companies, well known to dominate the production and distribution of such commodities and the application of which implies or may imply a direct or indirect contradiction of the objectives set forth in the previous sub-paragraphs, since such measures would have harmful effects on the level of employment in such countries or tend to impair their sovereignty."

"(h) any other objective not specified in this Article but consistent with the principles and purposes of this Charter."

/Commentary
Commentary by the Delegation of El Salvador on the proposed new sub-paragraph (g)

At first sight, the purpose of this sub-paragraph may seem to be already covered in Article 44, Chapter V. Nevertheless, we may call attention to the fact that in Article 44 and in the Articles governing the relative procedure, no mention is made of inter-governmental arrangements and it is quite certain that this last procedure would prove the most effective or, at all events, the least ineffective means of giving countries which in many cases are less powerful than a number of private companies, an opportunity to defend themselves. This is said without prejudice to the fact that at this level we exist not so much under a system of free competition as under a system controlled by the decisions of the big trusts, and that it is therefore desirable to devise measures adequate to offset the activities of such organizations, which are generally incompatible in character with the objectives set forth in Article 54.

It may, of course, be considered that the addition is to some extent redundant. This is logical and understandable in the context of the Charter, if the latter is analyzed mechanically, as it deals with aspects of a single problem, trade and employment.

2. The delegation of Uruguay proposes (C.5/3/Add.12) to add a new sub-paragraph as follows:

"(g) to facilitate the access of countries producing the products referred to in paragraph 1, sub-paragraph (a) of Article 53 to fair prices and to the equipment and other facilities required for their industrialization."

SECTION B - INTER-GOVERNMENTAL COMMODITY AGREEMENTS IN GENERAL

(Articles 55 - 58)

Article 55 - Commodity Studies

All paragraphs

The delegation of Uruguay proposes (document C.5/3/Add.12) to delete the word "substantial" wherever it is used.

Paragraph 1

The delegation of Ceylon proposes (document C.5/3/Add.6) at the end of this paragraph, after the word "made", to add the following words:

"with a view to the adoption of suitable measures to deal with the special difficulties affecting, or likely to affect, the trade in that commodity."

Paragraph 3

The delegation of Ceylon proposes (document C.5/3/Add.6) to delete all the words of this paragraph after the word "situation" in line 3, and substitute:

"in relation to the special difficulties affecting or likely to affect the trade in the particular commodity, and shall discuss measures designed to meet these difficulties."
Proposed new paragraph
The delegation of Ceylon proposes (document C.5/3/Add.6) the addition of a new paragraph reading as follows:

"4. A study group, when once convened, shall, after the discussions referred to in paragraph 3 of this Article, continue to exist for the purpose of carrying on a study of the commodity, until it is dissolved by a resolution of the Organization."

Article 56 - Commodity Conferences

Paragraph 1
1. The delegation of Ceylon proposes (document C.5/3/Add.6)
   (a) deletion of the words "on the basis of the recommendations of a study group, or ...." in lines 1 and 2, and insertion of the words "Notwithstanding the provisions of Article 55, the Organization shall......."
   and
   (b) deletion of the words "the Organization shall" in lines 5 and 6.
2. The delegation of Egypt proposes (see document C.5/3/Add.13) that there be inserted in paragraph 1, line 3, after the word "commodity" the following:
   "or at the request of any Member whose economy is dependent on that commodity."

Explanatory note by the delegation of Egypt.
To grant countries who national economy is dependent on a certain commodity a similar right as that accorded to Members representing a substantial part of world production.

3. In Committee, the following suggestions were made, and referred to the Sub-Committee:
   (a) In line 3, for "whose interest represents" to substitute "whose interests represent".
   (b) If possible to re-draft this paragraph as regards "substantial interest" so as to introduce the subjective element contained in paragraph 2 (i.e. "......which considers that it is substantially interested............"). One suggestion was to state that, on the basis of a request by any Member particularly affected, the Organization should consult with other interested Members regarding the need for a conference.

Proposed new paragraph
The delegation of Peru has proposed (document C.5/3/Add.4) the addition of the following paragraph to Article 56:

"3. When accepting the invitation of the Organization to participate in an inter-governmental conference in order to discuss methods designed to meet the special difficulties existing with respect to a certain commodity any Member shall commit itself not to keep in force the unilateral methods it may have previously adopted to solve the aforesaid difficulties, particularly
particularly those methods which are opposed to the principles set forth in Chapter IV of the Charter."

**Article 57 - General Principles governing Inter-Governmental Commodity Agreements**

**Paragraph 1**

In sub-paragraph (c) the delegation of the Philippines proposes (document C.5/3/Add.7) to strike out the remaining words after the comma on the eighth line beginning with the word "due" and insert in their places the following: "so long as non-participants do not adopt any measures or policies that will frustrate and nullify the attainment of the objectives of the agreement to the disadvantage of the participating countries."

**Explanation by the delegation of the Philippines**

It is believed that the proposed amendment would strengthen the protection afforded by the paragraph to participating countries against the possibility of the non-participants taking advantage of their position as non-members of the agreement to promote their interests at the expense of the member countries.

**Article 58 - Types of Agreements**

**Paragraph 5**

It was proposed in Committee that the Sub-Committee should re-draft the last sentence of this paragraph so as to provide for smooth transition at the time when an "expansion" agreement becomes a commodity control agreement through the entry into operation of its minimum price provisions.

**Paragraph 6**

1. The delegation of Mexico proposes (document C.5/3/Add.9) to replace the present text by the following:

   "The Members undertake not to enter into any new commodity control agreement, unless it has been [recommended by] concluded at a conference called in accordance with Article 56 or on the basis of recommendation made by such a conference, or in accordance with recommendations made by a study group when, in the opinion of the Organization, the recommendations of such study group may be applied without requiring the convening of a conference.

   "If, in an exceptional case, there has been unreasonable delay, in the proceedings of the study group or of the commodity conference, Members substantially interested in the production or consumption of, or trade in, a particular primary commodity, may proceed by direct negotiations to the conclusion of an agreement, provided that it conforms to the other provisions of this Chapter. The agreement shall in any case be provisional pending the completion of the work of the study group or conference and the approval by the Members concerned of the conclusions reached."

   /2. The delegation
2. The delegation of India proposes (2/11/Add.27) to amend this paragraph by the addition of "or Article 64" at the end of the first sentence. However, as this amendment is consequential on the one proposed by the delegation of India to Article 64 (see below) it is listed under the notes on that Article.

3. The Committee agreed that the use of the term "recommend" in this paragraph in a different sense from its use in regard to study groups in Articles 55 and 56 might lead to misunderstanding. Substitution of the term "decided" was suggested; an alternative suggestion was the use of the following wording:

"6. The Members shall enter into a new commodity control agreement only through a conference called..........

The point was referred to the Sub-Committee.

SECTION C - INTER-GOVERNMENTAL COMMODITY CONTROL AGREEMENTS (ARTICLES 59 - 63)

Article 59 - Circumstances governing the Use of Commodity Control Agreements

1. The delegation of Ceylon proposes (document C.5/3/Add.6) that this Article be deleted.

2. The delegation of Venezuela proposes (document C.5/3/Add.11) to add a new sub-paragraph to paragraph 1 as follows:

"(c) this purpose is to fulfil the objectives laid down in Article 54, sub-paragraph (c)."

Article 60 - Additional Principles governing Commodity Control Agreements

The following Explanatory Footnote appears in the Geneva draft:

"The term 'reasonable' as applying to prices in sub-paragraph (a) is to be interpreted as in Article 54 (c).

Under sub-paragraph (b):

(i) there shall be no more than two groups of countries within an agreement, and the principle of 'equal voice' in substantive matters shall apply as between them;

(ii) countries which are large producers and consumers of the commodity concerned, but which are not large exporters or importers, shall have an appropriate voice.

It is recommended that any difference on voting arrangements which cannot be settled in a commodity conference should be dealt with in the same manner as laid down in Article 63 for the settlement of differences concerning commodity control agreements."

Article 62 - Initial Term, Review and Renewal of Commodity Control Agreements

Paragraph 1

The delegation of Costa Rica proposes (document 11/Add.16) in the first sentence to replace the words "a period of not more than five years" with the words "fixed periods" and in the second sentence to replace the phrase "a
period not exceeding five years" with "a term equal to the initial period."

SECTION D - MISCELLANEOUS PROVISIONS

(Articles 64-67)

Article 64 - Relations with Inter-governmental Organizations

The delegation of India proposes (document 11/Add.27) the addition of:

"(d) to convene a commodity conference and submit the recommendations and conclusions of such a conference to the Organization."

Explanation by the delegation of India.

"The delegation of India considers that competent inter-governmental organizations like the F.A.O. should have concurrent jurisdiction with the I.T.O. in the matter of convening commodity conferences and promoting inter-governmental commodity agreements."

Notes

Consequential amendment to Article 58, paragraph 6

The delegation of India proposes (8/11/Add.27) to amend this paragraph by the addition of "or Article 64" at the end of the first sentence.

Explanation by the delegation of India.

This amendment is consequential on the one proposed by the delegation of India to Article 64 and is intended to enable Members to enter into commodity control agreements recommended by conferences called by other competent Inter-governmental Organizations.

Article 65 - Obligations of Members regarding Existing and Proposed Commodity Agreements

Paragraph 1

The delegation of Argentina proposes (see document 11/Add.3) to replace the words "Members shall conform with the decisions...." in the third sentence by:

"The Organization shall make the recommendations warranted by the case regarding the continued participation of Members in any such inter-governmental agreement which, after review by the Organization, shall have been found to be inconsistent with the provisions of this Chapter."

Paragraph 2

The delegation of Argentina proposes (document 11/Add.3) to replace the words "Members shall conform with decisions" in paragraph 2 by:

"Members shall consider the recommendations...."

Article 67 - Exceptions to Provisions Relating to Inter-governmental Commodity Agreements

Paragraph 1

1. The delegation of Norway proposes (document C.5/3/Add.10) the following wording for sub-paragraph (c):

"(c) to those
"(c) to those provisions of any inter-governmental commodity agreement which are necessary for the protection of public morals or of human, animal or plant life or health, or for the conservation of fisheries and wildlife resources; Provided that such agreements are not used to accomplish results inconsistent with the objectives of Chapter V or Chapter VI/ this Chapter and are given full publicity in accordance with the provisions of Article 57 (c)."

2. The delegation of the United States proposes (document C.5/3/Add.5) the addition of the following sub-paragraph:

"(d) to any inter-governmental commodity agreement, or any provision in such an agreement, made to meet the essential requirements of national security."

Note by the delegation of the United States.

The provisions of this Chapter do not appropriately apply to agreements relating to military security. It is therefore considered that such agreements should be excepted.

New Article

The delegation of Colombia proposes (document C.5/3/Add.1) to add the following new Article after Article 67:

"Notwithstanding the provisions contained in this Chapter, any country exporting a primary commodity may enter into agreements not contemplated in these provisions, with a view to countering any movements of speculation which may prevent or endanger the possibility of stable and remunerative prices, but, any Member country considering that its interests are being affected by any such agreement, may submit the question to the Organization, which, after taking into account all relevant facts, shall decide whether or not such agreement is of the nature envisaged in this Article and shall consequently decide whether or not the agreement shall be maintained."