In order that members of the Committee may be informed of the progress of discussions in Sub-Committee 'A', the Secretariat has prepared the following note on the status of the text of Chapter VI as at the end of the Eighth Meeting of the Sub-Committee.

SECTION A - INTRODUCTORY CONSIDERATIONS

Article 52 - Difficulties relating to Primary Commodities

No change from the Geneva text.

Note: The footnote to this Article was withdrawn in main Committee.

Article 53 - Primary and Related Commodities

Paragraph 1

Geneva text unchanged except for the proposal to replace the word "Chapter" by "Charter" in the first sentence to be considered by the Central Drafting Committee.

Paragraphs 2 and 3

No change from the Geneva text.

Article 54 - Objectives of Inter-Governmental Commodity Agreements

Preamble

The Drafting Sub-Committee recommends the following new text:

"The Members recognize that Inter-Governmental Commodity Agreements are appropriate for the achievement of the following objectives:...."

Sub-paragraph (a)

No change from the Geneva text.

Sub-paragraph (b)

The Sub-Committee recommends the following new text:

"(b) to provide, during the period which may be necessary a framework for the consideration and development of measures which have as their purpose economic adjustments designed to promote the expansion of consumption or a shift of resources and man-power out of over-expanded industries into new and productive occupations, including, as far as possible, in appropriate cases, the development of secondary industries based upon domestic production of primary commodities."

/Sub-paragraph
Sub-paragraph (c)
The Sub-Committee recommends the following new text:
"(c) to prevent or to moderate pronounced fluctuations in the price of a primary commodity with a view to achieving a reasonable degree of stability 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; ......"
Sub-paragraph (d)
No change from the Geneva text.
Sub-paragraph (e)
The Drafting Sub-Committee recommends the following new 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."
Sub-paragraph (f)
No change from the Geneva text.

SECTION E - INTER-GOVERNMENTAL COMMODITY AGREEMENTS IN GENERAL

Article 55 - Commodity Studies

Paragraph 1
The Sub-Committee recommends the following new text:
"1. Any Member which considers itself substantially interested in the production or consumption of, or trade in, a particular primary commodity, and which considers that international trade in that commodity is, or is likely to be, affected by special difficulties, shall be entitled to ask that a study of the commodity be made."

Paragraph 2
The Sub-Committee recommends the following new text:
"2. Unless it decides that a prima facie case has not been established, the Organization shall promptly invite each Member to appoint representatives to a study group to make a study of the commodity if the Member considers itself substantially interested in the production or consumption of, or trade in, the commodity. Non-members may also be invited."

Paragraph 3
The Sub-Committee recommends the following new text:
"3. The study group shall promptly investigate the production, consumption and trade situation in regard to the commodity, and shall report to the participating Governments and to the Organizations its findings and its recommendations as to how best to deal with any special difficulties which exist or may be expected to arise. The Organization shall promptly

shall promptly transmit to the Members these findings and recommendations.

**Article 56 - Commodity Conferences**

**Paragraph 1**
The Sub-Committee recommends the following new text:

"1. The Organization shall promptly convene an inter-governmental conference to discuss measures designed to meet the special difficulties which exist or are expected to arise concerning a particular commodity:

(a) on the basis of the recommendations of a study group, or
(b) at the request of members whose interest represents a significant part of world production or consumption of, or trade in, that commodity, or
(c) at the request of Members whose economy is dependent to an important extent on that commodity, unless the Organization finds that no useful purpose could be achieved by convening the conference, or
(d) on its own initiative, on the basis of information agreed to be adequate by the Members substantially interested in the production or consumption of, or trade in, that commodity."

**Paragraph 2**
No change from the Geneva text.

**Article 57 - General Principles governing Inter-Governmental Commodity Agreements**
No change from the Geneva text.

**Article 58 - Types of Agreements**

**Paragraphs 1 - 4 (inclusive)**
No change from the Geneva text.

**Paragraph 5**
The Sub-Committee recommends the following new text:

"5. An existing or proposed inter-governmental agreement which has the purpose of securing the co-ordinated expansion of aggregate world production and consumption of a primary commodity may be treated by the Organization as not being a commodity control agreement even though the agreement provides for the future application of price provisions provided that

(a) when such an agreement is entered into through a commodity conference, provisions for the future application of price provisions shall be included only when the conditions contemplated are in accordance with Article 59,
(b) from the date on which the price provisions become operative, the agreement shall conform to all the provisions of Section C except that
except that no further action will be required under Article 59."

Paragraph 6
The Sub-Committee recommends the following new text:
"6. The Members shall enter into any new commodity control agreement only through a conference called in accordance with Article 56 and after an appropriate finding has been made in accordance with Article 59. If in an exceptional case there has been unreasonable delay in the convening or 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 negotiation, to the conclusion of an agreement, provided that it conform to the other provisions of this Chapter and that the situation falls within the cases contemplated in paragraphs (a) or (b) of Article 59."

SECTION C - INTER-GOVERNMENTAL COMMODITY CONTROL AGREEMENTS

Article 59 - Circumstances governing the use of Commodity Control Agreements

Paragraph 1
The Sub-Committee recommends the following new text for the preamble of this paragraph: (the balance of the paragraph remains the same as the Geneva text):
"The Members agree that commodity control agreements may be entered into only when a finding has been made, through a commodity conference or through the Organization by consultation and general agreement among Members substantially interested in the commodity, that: .......

Paragraph 2
The Sub-Committee recommends deletion of this paragraph.

Article 60 - Additional Principles Governing Commodity Control Agreements

Preamble
No change from the Geneva text.

Sub-paragraph (a)
The Sub-Committee recommends the following new text:
"(a) Such agreements shall be designed to assure the availability of supplies adequate at all times for world demand at prices agreed in the light of Article 54 (c), and, when practicable, shall provide for measures designed to expand world consumption of the commodity;......"

Sub-paragraphs (b), (c) and (d)
No change from the Geneva text.

Article 61 - Administration of Commodity Control Agreements

No change from the Geneva text.

(Note: No amendments were proposed to this Article)
Article 62 - Initial Term, Review and Renewal of Commodity Control Agreements
No change from the Geneva text.

Article 63 - Settlement of Disputes
No change from the Geneva text.
(Note: No amendments were proposed to this Article)

SECTION D - MISCELLANEOUS PROVISIONS

Article 64 - Relations with Inter-Governmental Organizations
No change from the Geneva text.

Article 65 - Obligations of Members regarding Existing and Proposed Commodity Agreements
Sub-Committee discussion is pending on proposals to amend this Article.

Article 66 - Territorial Application
No change from the Geneva text.
(Note: No amendments were proposed to this Article)

Article 67 - Exceptions to Provisions relating to Inter-Governmental Commodity Agreements
Sub-Committee discussion is pending on proposals to amend this Article.
One amendment has been considered and paragraph 1 (d) be added to read as follows:
"(d) to any inter-governmental agreement relating solely to the conservation of fisheries resources, migratory birds and wild animals: Provided that such agreements are not used to accomplish results inconsistent with the objectives of this Charter and are given full publicity in accordance with the provisions of Article 57, paragraph 1 (e), and that if the Organization finds upon complaint of a non-participating Member, that the interests of that Member are seriously prejudiced by the agreement, the agreement shall become subject to such provisions of this Chapter as the Organization may prescribe."

NOTE: Sub-Committee discussion is pending on a proposal to add a new Article.