FIFTH COMMITTEE: INTER-GOVERNMENTAL COMMODITY AGREEMENTS

CHANGES IN THE GENEVA TEXT OF CHAPTER VI AS RECOMMENDED BY SUB-COMMITTEE 'A' OR THE DRAFTING SUB-COMMITTEE

SECTION A - INTRODUCTORY CONSIDERATIONS

Article 52 - Difficulties relating to Primary Commodities

No change from the Geneva text. (No amendments proposed)

Note: The footnote to this Article was withdrawn in Fifth Committee.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 recommended 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. (No amendments proposed).

Sub-paragraph (b)
The Sub-Committee recommends that the following phrase be added at the end of the Geneva text:
".............including, as far as possible, in appropriate cases, the development of secondary industries based upon domestic production of primary commodities!"

Sub-paragraph (c)
The Sub-Committee recommends the insertion of the words "prevent or" between the words "to" and "moderate" in the first line of the Geneva text. /Sub-paragraph (d)
Sub-paragraph (d)
No change from the Geneva text. (No amendments proposed)

Sub-paragraph (e)
The Drafting Sub-Committee recommends that the following be added at the end of the Geneva text to incorporate the sense of the footnote:
"....... including in appropriate cases the distribution of basic foods at special prices."

Sub-paragraph (f)
No change from the Geneva text. (No amendments proposed)

SECTION B - INTER-GOVERNMENTAL COMMODITY AGREEMENTS IN GENERAL

Article 55 - Commodity Studies

Paragraph 1
The Sub-Committee recommends that the word "is" in the first line of the Geneva text be replaced by the words "considers itself".

Paragraph 2
The Sub-Committee recommends that the words "that it is" in the Geneva text be replaced by the word "itself".

Paragraph 3
The Sub-Committee recommends the deletion of the word "may" from the phrase "which may exist" in the Geneva text.

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,
(b) at the request of Members whose interest represents a significant part of world production or consumption of, or trade in, that commodity,
(c) at the request of Members which consider that their economies are 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
The Sub-Committee recommends that the words "that it is" in the Geneva text be replaced by "itself".

Article 57 - General
Article 57 - General Principles governing Inter-governmental Commodity Agreements

No change recommended from the Geneva text.

Article 58 - Types of Agreements

Paragraphs 1 - 4 (inclusive)

No change from the Geneva text. (No amendments proposed)

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 a commodity conference finds that the conditions contemplated are in accordance with Article 59, and

(b) from the date on which the price provisions become operative, the agreement shall conform to all the provisions of Section C 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 the situation falls within the cases contemplated in Article 59 (a) or (b) and that it conforms to the other provisions of this Chapter."

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
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 the deletion of this paragraph.

Article 60 - Additional Principles Governing Commodity Control Agreements

Preamble
No change from the Geneva text. (No amendments proposed).

Sub-paragraph (a)
The Sub-Committee recommends that the words "reasonable prices" in the Geneva text be replaced by the words "prices agreed in the light of Article 54 (c)" to incorporate the sense of the footnote.

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

Note: The footnote to sub-paragraph (b) was withdrawn in Fifth Committee.

Article 61 - Administration of Commodity Control Agreements

No change from the Geneva text. (No amendments proposed).

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

No change recommended from the Geneva text.

Article 63 - Settlement of Disputes

No change from the Geneva text. (No amendments proposed)

SECTION D - MISCELLANEOUS PROVISIONS

Article 64 - Relations with Inter-governmental Organizations

No change recommended from the Geneva text.

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

Paragraph 1
The Sub-Committee recommends that the third (last sentence) of the Geneva text be replaced by:

"If after review the Organization finds that any such agreement is inconsistent with the provisions of this Chapter, it shall communicate such finding to the Members concerned in order to secure promptly the adjustment of the agreement to bring it into conformity with the provisions of this Chapter."

Paragraph 2
Paragraph 2
The Sub-Committee recommends that the second sentence of the Geneva text be replaced by:

"If, after review, the Organization finds that any such negotiations are inconsistent with the provisions of this Chapter, it shall communicate such finding to the Members concerned in order to secure prompt action with regard to their continued participating in such negotiations."

Article 66 - Territorial Application
No change from the Geneva text. (No amendments proposed)

Article 67 - Exceptions to Provisions relating to Inter-governmental Commodity Agreements
The Sub-Committee recommends the addition of the following new sub-paragraph (d) to paragraph 1 of the Geneva text:

"(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."

For Sub-Committee recommendations regarding amendments to this Article related to agreements applying to the requirements of national security see pages 9 and 10 of the Report of the Sub-Committee (document E/Conf.2/C.5/9).