
The Committee considered document E/PC/T/C.6/38, containing the texts of Articles 42 and 43, as tentatively agreed at the 12th and 13th meetings of the Committee. Regarding the notes on Article 40, on pages 5 and 6 of this document, the Delegate for France requested that on page 5, Article 40, paragraph 1, fourth line, the word "support" be changed to "acquiescence" because the latter reflected more correctly the French word "assistance".

The Delegate for the United Kingdom requested the following change on page 6, third line from the top: "own behalf or on behalf of any affected person ...", corresponding to Article 40, (United Kingdom suggestion) as recorded in the minutes of the 12th Meeting.

The Committee approved in second reading the texts of Articles 42 and 43, as reproduced in document E/PC/T/C.6/38 with the corrections requested by the Delegates for France and the United Kingdom.

The Australian re-arrangement of Article 40 as contained in document E/PC/T/C.6/N.45 was referred to the Legal Drafting Sub-Committee and the Delegates for France and Canada reserved their position in respect of this re-arrangement pending consideration of document E/PC/T/C.6/N.45 by the Legal Drafting Sub-Committee.

The Committee passed then to the discussion of Chapter VII of the proposed ITO Charter.
2. Consideration of Article 46

The CHAIRMAN stated that the Secretariat had issued a draft of Article 46 and asked the Executive Secretary to present it. The Executive Secretary, Mr. LACARTE, explained that the aim of the Secretariat was to focus attention on substance and to do away with the redundancies in the London text. The new draft contained only changes in form and presentation, not altering the substance to any great degree.

The Delegate from the Netherlands stated that the text as it stood was the result of exhaustive discussions in London and that he was in favour of maintaining it in its present form.

The Delegate from Cuba agreed with the Delegate from the Netherlands, and stated that the word "relationship" had a specific technical meaning in the context. He agreed nevertheless, that certain unnecessary words should be taken out.

The Delegates from Canada and Australia supported the Delegates from the Netherlands and from Cuba.

The Delegate for Belgium stated that it had been agreed by the Legal Drafting Sub-Committee to keep the words "Members recognize that" in other chapters of the Charter. He, therefore, suggested that these words remain in Article 46.

The Delegate from the United Kingdom also preferred the London text and pointed out that in one place the Secretariat draft reversed cause and effect.

The CHAIRMAN stated that the text of Article 46 should remain the same in substance, but as to drafting points the suggestions of the United States Delegate and the Secretariat would be incorporated.

3. Consideration of Article 47

The CHAIRMAN stated that three suggestions had been made concerning this Article: by the United States, by Cuba and by the Secretariat.

/(a) United States
(a) United States proposal on deletion of paragraphs 5 and 6

As to paragraph 5, the United States Delegate stated that as all conservation arrangements involve regulation, the principles pertaining to regulatory agreements should apply, and, in his opinion, they were not formulated in Chapter VII to include conservation arrangements.

The Delegate from the Netherlands stated that paragraphs 5 and 6 should be considered together; a shortage in a particular commodity often leads to a surplus in the future, because of over-investment, and the United States agreed that regulatory agreements might be concluded for commodities in short supply, when it consented to include in Article 52, paragraph 1, the words: "is expected to develop". Furthermore, the Preparatory Commission of FAO endorsed the objectives laid down in Article 47 and in view of their importance and precisely on the suggestion of the United States Delegate, incorporated the texts of Articles 46 and 47 in its Report. It is one of the functions of FAO to make recommendations in the field of agricultural policy, including questions relating to the conservation of resources. Should paragraphs 5 and 6 be deleted, the FAO would have to revise its Charter.

The FAO Observer supported the views expressed by the Delegate from the Netherlands and stated that the Preparatory Commission of FAO had endorsed all six objectives of Article 47. The FAO report emphasizes the fact that the present danger is the holding back of the necessary expansion of consumption because of the fear of a future surplus. The present tendency is to play for safety and not expand production fast enough. The FAO report clearly recognizes that arrangements for calling regulatory action (establishment of price floors and ceilings, stocks) could be made for commodities which are presently in short supply. It is for this reason that FAO has recommended the creation of a Study Group to deal with grain, a commodity in which there is presently a shortage.

/ The Delegate
The Delegate from the Netherlands stated that a Rice Study Group and a Conference are being planned with the intention of expanding the consumption and trade in this commodity. It is only arrangements dealing solely with allocation problems which are excluded from the scope of Chapter VII.

The Delegate for Canada pointed out that to exclude paragraph 5 or 6 might limit the scope of possible agreements and therefore, these paragraphs should remain.

The Delegates for Australia, Belgium and Czechoslovakia agreed with the Canadian viewpoint.

The Delegate for India stated that the two clauses were discordant with the rest of the Article, but are essential, and should therefore be kept.

The Delegates for Cuba and the United Kingdom agreed with the United States in the deletion of paragraphs 5 and 6.

The CHAIRMAN concluded that the two paragraphs should be maintained, even though the wording of paragraph 6 be clarified.

(b) Discussion of the Secretariat paper (E/PC/T/C.6/W.51)

The Executive Secretary stated that his idea was to include paragraph 1 in the preamble, and that in order to clarify the text, paragraphs 5 and 6 could become each a sub-paragraph of a second paragraph in Article 47 introduced by the words: "Commodity arrangements may also be employed to". He also proposed the deletion of the second part of paragraph 4.

The Delegate of the United Kingdom was of the opinion that the words "long-term equilibrium" in paragraph 4 should not be deleted.

The Delegates from the Netherlands and the United States agreed with the United Kingdom Delegate.

The Executive Secretary suggested that the text then might read as follows: "to stabilize the price of a primary commodity at or about the level ..."
The Delegate for the United States stated that the aim was not to stabilize, but only to moderate fluctuations.

The Delegate for Cuba agreed to the merging of paragraph 1 with the preamble and to the setting apart of paragraphs 5 and 6 from the rest of the Article.

(c) Cuban draft of paragraph 4.

The Delegate for Cuba stated that the purpose of the Cuban draft was to make explicit the idea contained implicitly in paragraph 4 and recognized by FAO as one of the purposes of a commodity agreement, namely, price stabilization.

In the opinion of the United Kingdom Delegate, the Cuban formulation under-emphasized the consumers' approach.

The Canadian Delegate proposed to add to the Cuban draft the following words: "without unfairness to consumers". To the question of the Chairman as to whether this was acceptable to the Committee, the United States Delegate answered that it was not. The whole Chapter, in his opinion, was aimed at the protection of the producers and the section relating to the protection of consumers was only small.

The Belgian Delegate stated that long-term equilibrium prices are, by definition, remunerative prices for the producers.

The Cuban and Netherlands Delegates emphasized the fact that due to the lack of alternative employment, a country might have to go on producing a commodity without profit.

The Delegates for Brazil, Canada and Czechoslovakia supported the Cuban formulation, whereas the Delegate from the United Kingdom expressed a preference for the London text.
The CHAIRMAN ended the discussion by saying that the Cuban amendment will be included in the text of Article 4, between square brackets. It was also decided to leave paragraphs 5 and 6 as they stood and the Legal Drafting Sub-Committee was instructed to improve the Article only from the drafting point of view.

4. Consideration of Article 48

(a) The CHAIRMAN referred to the draft of the United States Delegation proposing to strike out the word "primary".

The Cuban Delegate felt that this was an important substantive change and would allow the inclusion of the manufactured products within the scope of commodity arrangements.

The United States Delegate explained that the aim of this deletion was only to allow the Study Group to consider semi-fabricated or substitute products in order to determine whether special circumstances existed. After some discussion it was decided to leave the word "primary" in.

(b) Consideration of the Australian suggestions (E/PC/T/C.6/49)

The Delegate of China considered that the inclusion of specialized agencies on the same terms as Member countries constituted a substantive change.

The Cuban Delegate stated that there had been a great deal of discussion on this subject in London and that the article as it now stands expresses the opinion of the London Committee. The jurisdictional relationships of Members and specialized agencies respectively had been defined in London. He opposed any change.

The FAO Observer supported the Australian formulation of Article 48 but wanted at the same time to retain Article 50. He stated that The World Food Proposals assigned to FAO the task of co-ordinating world agricultural policies, and this would necessitate a greater degree of co-operation between FAO and ITO than provided in the London Charter.
After some discussion the Australian Delegate withdrew his suggestion, and it was decided to maintain the London text of Article 48, while the small drafting changes would be dealt with by the Legal Drafting Sub-Committee.

5. Consideration of Article 49.

The committee as a whole was of the opinion that paragraph 3 of the Article should either be amended as proposed by the United States or deleted altogether. It was finally agreed to delete it. Otherwise the London text was maintained.

6. Consideration of Article 50.

The FAO Observer proposed an alteration in the text which would entitle FAO to attend or take part in the work of a Study Group or a Commodity conference.

The Cuban Delegate was of the opinion that the text should remain unchanged.

On the suggestion of the Canadian Delegate it was decided that the relationship between FAO and ITO should be dealt with by special negotiation between the two Organizations, after ITO is established.

7. Consideration of Article 51, as Redrafted by the United States Delegate.

Paragraph 1: The Delegate from Cuba objected to the change of the word "initially" to "for an initial period".

The CHAIRMAN agreed with the Cuban Delegate and it was decided to keep the word "initially" and delete the words "party thereto".

Paragraph 2: Was agreed.

Paragraph 3: (Article 53, paragraph 2 of the London Charter). The Cuban Delegate expressed his agreement with the change in place, but preferred to maintain the text as in the London draft.

The Delegate of the United States stated that the reason for interchanging the paragraphs (i.e., including paragraphs 2 and 3 of Article 53 of the London draft into Article 51 and transferring paragraphs 3 and 4 of the London text to Article 53) was that the protection of consumers was required only in regulatory agreements and not in other arrangements.
arrangements. In non-regulatory commodity arrangements the representation of producers is of importance, but in regulatory agreements the important considerations are the protection of consumers and their equal representation.

It was agreed, with Canada reserving its position, to keep paragraph 2 of Article 53 of the London Charter as it stood and to transfer it to Article 51.

Paragraph 4: (Paragraph 3 of Article 53 of the London text) was agreed.
Paragraph 5: (Paragraph 3 of Article 51 of the London text) was agreed.
Paragraph 6: (Paragraph 5 of Article 51 of the London text) was agreed.
Paragraph 7: On the suggestion of the Executive Secretary it was decided to replace the words "full publicity" by "due publicity".

The Executive Secretary called the attention of the Committee to the position of non-Members of ITO in commodity arrangements and to the text of the London Report in this connection, stating that "the Drafting Committee should specify arrangements under Chapter VII as an exception to the operation of Article 36." It was agreed to postpone this question until the second session of the Preparatory Committee, when the text of Article 36 will be drafted, and it was further agreed to insert a note to this effect in the report of the Drafting Committee.

The Committee adjourned until 7 February at 10:30 a.m.