Article 54

Administration of Regulatory Agreements.

1. Each regulatory agreement shall provide for a governing body, hereinafter referred to as a Commodity Council.

2. Each of the countries participating in an agreement shall be entitled to be represented by a member on the Commodity Council. These members alone shall have the right to vote. Their voting power shall be determined in such a way as to conform with the provisions of paragraph 4 of Article 51.

3. The Organization shall be entitled to appoint a non-voting member to each Commodity Council and may invite any competent specialized agency to nominate a non-voting member for appointment to a Commodity Council.

4. Each Commodity Council shall have a non-voting chairman who, if the Council so requests, shall be nominated by the Organization.

5. The secretariat of each Commodity Council shall be appointed by the Council after consultation with the Organization.

6. Each Commodity Council shall adopt appropriate rules of procedures and regulations regarding its activities, provided that they are not found by the Organization to be inconsistent with the principles and provisions of this Charter.

7. Each Commodity Council shall make periodic reports to the Organization on the operation of the agreement which it administers. In addition, it shall make such special reports as the Organization may specify or as the Council itself considers to be of value to the Organization.
8. The expenses of a Commodity Council shall be borne by the participating countries.

**Article 55**

**Provision for Initial Terms, Review, Renewal, Termination and Withdrawal of Regulatory Agreements.**

Regulatory agreements shall remain in effect for not more than five years. Their renewal, termination, and withdrawal shall be subject to the principles stated elsewhere in this Chapter and to the procedures established in such agreements. Periodically, at intervals no greater than three years, the Organization shall prepare and publish a review of the operation of each agreement in the light of the principles set forth in this Chapter. Moreover, each commodity agreement shall provide that if its operations have failed substantially to conform to the principles laid down in this Chapter, participating countries shall revise the agreement to conform to the principles or shall terminate it. When an agreement is terminated, the Organization shall take charge over archives, statistical material and other possessions of the Commodity Council.

**Article 56**

**Settlement of Disputes.**

Any question or difference concerning the interpretation of the provisions of a regulatory agreement or arising out of its operation shall be discussed originally by the Commodity Council. In the absence of agreement, the question shall be referred to the Commodity Commission for examination and recommendation to the Executive Board. The Executive Board shall then issue a ruling in pursuance of the provisions of Article 86.

**Article 57**

**Obligations of Members Regarding Existing and Proposed Commodity Arrangements.**

1. Members undertake to transmit to the Organization the full text of each inter-governmental commodity arrangement in which they are participating at the time of the coming into force of their obligations under this Charter. Members also agree to transmit to the Organization appropriate information
regarding the formulation, provisions and operation of such arrangements. Members agree to conform with the decisions made by the Organization regarding their continued participation in any such inter-governmental commodity arrangement which, after review by the Organization, shall have been found to be inconsistent with the intentions of this Chapter.

2. Members undertake to transmit to the Organization appropriate information regarding any negotiations, looking to the conclusion of an inter-governmental commodity arrangements, in which they are participating at the time of the coming into force of their obligations under this Charter. Members also agree to conform with decisions made by the Organization regarding their continued participation in any such negotiations. The Organization may declare that such negotiations conform to the requirements for a Study Group or a Commodity Conference, as the case may be.

Article 58

General Undertaking by Members.

Members not parties to a particular commodity arrangement undertake to give the most favourable possible consideration to any recommendation by a Commodity Council for expanding consumption of the commodity in question.

Article 59

Exceptions to Provisions Relating to Inter-Governmental Commodity Arrangements.

1. The provisions of Chapter VII are not designed to cover inter-governmental commodity arrangements, which relate solely to the equitable distribution of commodities in short supply, or to cover those provisions of inter-governmental commodity arrangements which appropriately relate to the protection of public morals or the protection of human, animal or plant life or health; the provisions are furthermore not designed to cover international fisheries or wildlife conservation agreements with the sole objective of conserving and developing the resource; provided that such arrangements are not used to accomplish results inconsistent with the objectives of Chapter VI or Chapter VII. Members agree not to participate in such arrangements if they involve
involve the regulation of production, trade or prices, unless they are authorized or provided for by a multilateral convention subscribed to by a majority of the nations affected, or unless operated under the Organization.

2. "None of the provisions of Chapter VII are to be interpreted as applying to arrangements relating to fissionable materials, to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on for the purpose of supplying a military establishment, or, in time of war or other emergency in international relations, to the protection of the essential security interests of a member.

Article 60

Definitions.

1. For the purposes of this Chapter a primary commodity is any product of farm, forestry or fishery or any mineral which enters world trade in substantial volume in a form customarily called primary. The term "primary commodity" may include a primary commodity on which minor processing has been performed in preparation for export. It may also include a group of primary commodities which are so closely related to one another that they can conveniently be dealt with in a single arrangement. It may also include one or more commodities which are so closely related to a primary commodity that the group so formed can conveniently be dealt with in a single arrangement.

2. For the purposes of this Chapter the term "Member" or "non-Member" shall, where it is appropriate, be taken to mean a Member or non-Member with its dependent territories. If a Member or non-Member and its dependent territories form a group, of which one or more units are mainly interested in the export of a commodity and one or more in the import of the commodity, there may be either joint representation for all the associated territories or, where it is so desired, separate representation for the territories mainly interested in export and separate representation for the territories mainly interested in import.
3. An inter-governmental commodity arrangement is any accord between two or more governments relating to a commodity other than an accord relating to the purchase and sale of a commodity falling under Section E of Chapter V.

4. A regulatory agreement is an inter-governmental commodity arrangement involving regulation of the production, export or import of a commodity or regulation of prices.

NOTES

1. The Legal Drafting Sub-Committee was instructed to find an appropriate wording for:
   (a) the changes suggested by the Delegate for Cuba, which are now incorporated in the London text of Article 55;
   (b) the addition of fisheries and wildlife conservation agreements to the exceptions contained in paragraph 1 of Article 49.

2. The Delegate for Brazil stated that he reserved the position of his Government on the whole of Chapter VII, insofar as it interfered with the production of primary commodities for home consumption.