Verbatim Report

of the

EIGHTH MEETING

of

COMMITTEE IV

held in

The Hoare Memorial Hall, Church House,

Westminster, S.W. 1.

on

Tuesday, 19th November, 1946

at 10.30 a.m.

CHAIRMAN: MR. J.R.C. HELMORE (U.K.)
THE CHAIRMAN: It is some time since this Committee had the pleasure of meeting in full, and during the time that it has not met the Drafting Committee worked, at any rate so far as its members were concerned, extremely hard; its Chairman was not always so regular in attendance. I think I ought to explain that in an endeavour to keep to the time-table for the meeting of the Preparatory Committee as a whole one or two pieces of anticipatory action were taken by the Drafting Committee, or by myself. The first was by the Drafting Committee. After they had completed their draft text a message was sent to Committee V explaining how that text could be implemented in the Article relating to the Commodity Commission and other relevant passages in the chapter relating to organization. In the second place we nominated two or three members to listen, on behalf of the Committee, to the representatives of the International Chamber of Commerce.

The other thing I ought to report to the Committee is that in order to have a preliminary draft of a report by this full Committee before us I ventured to ask the representative of Canada to act as our Rapporteur; and I am sure the Committee will approve of my action in that respect.

I suggest the best way for us to conduct our business this morning is to take the report of the Drafting Committee in its two parts; that is to say, the text and the explanatory notes. Unless there are any general questions which any Delegation would like to raise at this point I think it would be the most expeditious and businesslike way for us to make the most rapid progress we can if we were to go through that text, taking with each Article the notes that refer to it. If that is agreed I will take the text Article by Article, and it is open to any member of the Committee to catch my eye.

At this point I might say that we are again working with simultaneous interpretation, and it is important for the convenience of the whole Committee that Delegates should not speak until they have caught my eye, because that gives the master of ceremonies, as it were, a chance to switch on the appropriate microphone. At this point I might also repeat my appeal for pauses between sentences. It is reported to me - not greatly to my surprise, due to the appalling screams we heard from somewhere in
the region of the interpreters' glass box — that the simultaneous interpretation has not been working while I have been speaking. If any Delegate wishes for a translation of what I have said I shall be glad if he would say so. Are there any remarks before I turn to the draft text?

I will now take the text, and I will refer to Article 1, in which, as you will see, there is a square bracket which refers to a note; that note refers members of the Committee to the note on the very last paragraph of the last Article. I think it would be convenient if we kept the discussion on that point until we come to the last Article, when we can have a general discussion on the point. Are there any other observations on Article 1? Then I take it that we pass Article 1, subject to the point about prices being reserved, and I now call Article 2.

MR. WILCOX (United States): Do you wish to take this up paragraph by paragraph?

THE CHAIRMAN: Yes, I think it would be convenient if there are points to be raised. Are there any points on paragraph 1 of Article 2?

Then I pass to paragraph 2. There is a note on paragraph 2.

MR. BEYLSEVELD (South Africa): Instead of specifying "owing to the difficulties" would it not be better to make it more general and say that inter alia those difficulties would be referred to? Something to the effect that "economic problems which may arise inter alia through the difficulties of finding alternative occupation", then you do not restrict it to that one condition.

MR. WILCOX (United States): I believe the phrase in brackets was in the original United States draft. I do not think that it is necessary, and we would be prepared to drop it if there is objection to it.

THE CHAIRMAN: The proposal is — and I think this would meet the South African Delegation too — that the words in square brackets should be dropped so that the paragraph would read:

"To prevent or alleviate the serious economic problems which may arise when production adjustments cannot be effected by the free play of market forces as rapidly as the circumstances require."

Would the Committee agree?

MR. HALL (United Kingdom): We would agree to dropping that if that is the wish of the Committee.
THE CHAIRMAN: I think the Committee is generally agreed that it would be preferable to have the paragraph without the words in square brackets. Is there anything else on paragraph 2? Then we pass to paragraph 3.

Paragraph 4 is in square brackets, and the note again refers to the question of prices, which we said we would keep until the end, so I will hold that paragraph back and call paragraph 5.

MR. WILCOX (United States): Paragraph 5 creates one difficulty which I think was in the minds of the Drafting Committee. That has to do with conservation agreements relating to fisheries on the high seas or in international waters, such as, for instance, whaling agreement. I doubt that some of the provisions that are set forth in the rest of the chapter would appropriately apply in that case. I think, however, that that is something which has to be thought over at some length. I would believe it to be unwise for us to try to do that here and now. I suggest that the attention of the Interim Drafting Committee be called to that problem.
MR DE VRIES (Netherlands): Mr Chairman, I believe that the objection of Mr Wilcox is covered to a great extent in so far as it goes to the protection of fish, and for instance in the case of herrings in the North Sea, that is covered by protection of plant and animal life in the exceptions. That is, as far as there is an economic question, it should come under this; but I quite agree to put it before the Committee in New York.

THE CHAIRMAN: Shall we then ask the Rapporteur to make a note of this point and have a suitable passage thought out saying that this question requires further examination? (Agreed)

Paragraph 6: the note by the Drafting Committee refers us forward to Article 7, and I suggest we might follow that arrangement of business and withhold paragraph 6 for the moment. Would the Committee then pass to Article 2, subject to the reservations we have made? (Agreed)

I will now pass on to Article 3, paragraph 1. Paragraph 2. Paragraph 3. If there is nothing else on Article 3, we will pass on to Article 4.

MR WILCOX (USA): Mr Chairman, in paragraph 1 of Article 4, the third line from the bottom the text reads: "convene an intergovernmental Conference of interested members for the purpose of discussing measures," and so on. The words "of interested Members," as we have read them over, seem to be confusing, and unnecessary, and I would suggest that they be dropped.

THE CHAIRMAN: The suggestion is that we cross out the words "of interested members" in the last line but two of Article 4, paragraph 1.

MR MCCARTHY (Australia): I would agree to that.

MR GUERRA (Cuba): Will that then mean that the Conference will include other Members, even though they may not be interested in the commodities in question?

MR WILCOX (USA): I think the answer to that question is found in the following paragraph.

MR GUERRA (Cuba): Yes, that is covered.

THE CHAIRMAN: With that explanation would the Committee agree? We will cross those words out, then. (Agreed) Paragraph 2. Paragraph 3. If there is nothing else on Article 4.
MR BEYLEVELD (South Africa): Mr Chairman, I would like to raise a point here in regard to the three groups interested in starting discussions on the establishment of an agreement. There are the producers, the consumers and the trade. Now, apparently in terms of paragraphs 3 and 4 there would be more or less equal representation for those groups first to study the matter and then to hold a conference. If there is not some prior right for the producers to establish this organization, would not you have the danger that there will be so much argument over establishing it, or bringing it beyond the conference stage, that in the end you might have more organizations established in terms of Article 8 on a sort of unilateral basis instead of being established in terms of paragraphs 3 and 4 on what one might call a multilateral basis.

THE CHAIRMAN: I may say I have no intention of trying to answer that conundrum myself.

MR HALL (UK): I am not quite clear I am afraid on this particular point. It is of course Governments who are going to attend these conferences, but I have not quite followed the difficulty, I am afraid.

MR BEYLEVELD (South Africa): Assuming two producing governments and two consuming governments and two trading governments, and they start arguing in the study group and ultimately they start arguing in the Conference, will not they between the three of them, being of a sort of equal status, argue without end and never come to finality, whereas in the last resort most of these schemes would be in the interests of producers; and it seems to me that producers should have a little bigger say in establishing an organization, after which in the administration of the organization every interested party would have more or less an equal say.

MR HALL (UK): I wonder if that does not arise on later Articles. It seems to be clear on this Article that any member can ask for a conference, and if, as is quite natural, the producers are most interested, it is perfectly open to them to have one. On the question of whether they reach agreement or not, that does not seem to me to arise on this Article; it is considered mainly in Article 8.
MR BEYLEVELD (South Africa): That is sort of unilateral — one is going ahead when the others do not want to work together. I do not want to press the point, Mr Chairman. I thought I would merely mention it.

MR MELANDER (Norway): I think the answer to the point raised by the delegate of South Africa could be found in Article 4, paragraph 1, where it says that the Organization shall convene a conference at the request of a Member.

SIR GERARD CLAUSON (UK): I do not think this is a real difficulty in the light of experience in the past. It is perfectly true that if a member asks for a conference to be convened, the Organization has got to convene it, and if it does convene it it seems to me only reasonable that it should also be under obligation to ask everybody who is concerned; but of course the interests in production, consumption and trade are not equal. Production and consumption must balance. But as a representative of what was at any rate once a great trading nation, I am bound to say that in the case of primary commodities countries interested in trade are very much fewer than they were, that is to say, trading in commodities which they neither produce nor consume, and they cannot hope to bulk very large in a conference of this kind. Nor, I imagine, would the people who are really interested in the production and consumption put up with very much nonsense from countries who are purely interested in trade, and I feel sure that they would force the Conference to a conclusion. One cannot, in a document of this kind, lay down rules for voting in a Conference of that kind because it is a matter which has got to be settled by the good sense of the Conference. What happens in such a Conference is a vast amount of argument between the producers and the consumers who start by thinking that their interests are equal but opposite and after an intolerable deal of talk come to the conclusion that they also have a great many common interests and that those common interests require them to reach agreement. I do not myself despair of those conferences coming to an agreement reasonably quickly because it soon becomes obvious in such conferences that it is to everybody's interest that there should be a conclusion of some kind. So that I do feel that this wording is quite
innocent as it stands and it will not run the people who have to manage these things into serious difficulties.

MR McCARTHY (Australia): Mr Chairman, my idea of it is that this Article 8 paragraph 1 was designed just to meet the case where one or two countries who are perhaps important to the Conference hold it up, and I think that it could be said that if, after a certain period, those who thought they could reach an agreement, would say to those one or two countries, "Well, we will go ahead and make an agreement without you," they would then, having decided to do that, make an agreement in accordance with the Charter. In practice, it would probably be found that the recalcitrants who perhaps designedly held it up would be the ones that would be left out and that without them an agreement might be possible, or it might be found that when they saw that the others were determined to go on with it they would come in. I think that that is what would happen in practice. But it is quite conceivable that a particular country of sufficient strength might set out to hold up the proceedings, and that Article 8 (1) was put in to stop that; but I think the next step would be to make an agreement without them.

THE CHAIRMAN: I wonder whether with those two explanations the Delegate of South Africa would be content?
MR. BEYLEVELD (South Africa): Yes.

THE CHAIRMAN: I think that finishes Article 4. Article 5, paragraph 1? Paragraph 2? If there is nothing else on Article 5 we go on to Article 6. Paragraph 1? Paragraph 2? Paragraph 3?

MR. QURESHI (India): On Paragraph 3, Mr. Chairman, I just wanted to know about the point that we raised about the representation of those countries which were both important producers and importers. It is not clear to me from the wording here. Have they got any vote for their dual capacity?

THE CHAIRMAN: If I may venture to answer that point, I think it is dealt with, as well as the Drafting Committee felt that it could be dealt with, in the next paragraph.

MR. QURESHI (India): It is not clear to me, Mr. Chairman, whether they will get votes in proportion to their imports or exports.

THE CHAIRMAN: No. It was not clear to the Drafting Committee either. I think I am within the recollection of the members of the Committee in saying that, and most members of the Drafting Committee felt that circumstances would vary so much as between the circumstances in each particular commodity that the right way to deal with this point, without a formula that might be as long as the rest of the Chapter, was to say that those who were interested, but could not be classified precisely as one or the other, were to have an appropriate voice.

MR. QURESHI (India): Do you think it is possible for instructions to be given to the Interim Drafting Committee that they should have this in view when drafting the Report, and then this position may be further explored, because we do feel that when a country is an important producer and at the same time an important consumer it should get due weight in regard to representation in its dual capacity.

THE CHAIRMAN: I think members of the Committee might like to express an opinion on that suggestion by the Indian delegate.
SIR GERARD CLAUSON (UK): Mr. Chairman, the Drafting Committee did, as you said, try to deal with the matter in the next paragraph, and it is possible that they did not deal with it as skilfully as they could. Would it meet the point of our Indian colleague if in the last line but one of Para. 4 we said, instead of the words "which do not fall precisely under either of the above classes", "but which are not large importers or exporters"? Then it would read "Provided that those countries which are largely interested in the commodity, but which are not large importers or exporters, shall have an appropriate voice". I think that was really that we meant to say.

MR. QURESHI (India): I think if we added the word "both" - "which are both importers and exporters" - that would satisfy us.

SIR GERARD CLAUSON (UK): Yes, but it would not satisfy a country like Franco, which is a very large producer.

MR. QURESHI (India): But if it is not a very large importer, you see, it is a different story. That is why I suggested we need not discuss it at any length here, but it may be left to the Interim Drafting Committee to have this in view. As regards the principle I do not think there is any disagreement. It is only a matter of drafting and could be well taken in hand by the Interim Drafting Committee, because the point is important.

THE CHAIRMAN: The suggestion made by the Indian delegate is that the objective being fairly clear we should note in our Report that some of us are not entirely satisfied that these words at the end of Paragraph 4 convey all the shades of meaning which we intend them to convey, and would they have another look at it.

MR. QURESHI (India): With the addition "with a view that countries which are both large importers and exporters of a commodity should have adequate representation". Within that formula they could make out some sort of wording which would be acceptable to us.

SIR GERARD CLAUSON (UK): We must cover the case of a country which
is a very large producer and consumer, but a very small importer or exporter. There are really two cases: one, of the country which practically supplies itself with very large quantities of the commodity, and the other is the case of a country which is so large that it is importing at one end of it and exporting at the other, so it is both a large importer and a large exporter. That is the point, is it not?

MR. WORMSER (France) (Interpretation): Mr. Chairman, the sentence which has called forth the remarks of the Indian delegation originated in a French amendment, and if we are to give any instructions to the Drafting Committee I should like to insist on having those instructions drafted in the most clear way possible, without any grounds for misunderstanding, in order to indicate to the Committee clearly that we wish to ensure proper representation for countries who are producers of merchandise in large quantities and consume that merchandise nationally, without taking a large part in international trade.

MR. QURESHI (India): That is satisfactory to us.

THE CHAIRMAN: Then may I ask the Rapporteur if he thinks he has the point sufficiently to think of a form of words, which perhaps, to save time, might be cleared outside this Committee for reporting as soon as possible, with, say, the United Kingdom, India and France?

MR. GUERRA (Cuba): At this point I have an observation to make, Mr. Chairman. In paper E/PC/T/C.IV/PV.7, the Report of the Drafting Sub-Committee, it says in the second paragraph "The draft as now presented has been generally agreed as suitable for presentation to Committee IV. Passages on which all Members were not agreed are indicated by square brackets." I want to call attention to this, that while some of the amendments of our delegation that were not agreed in the Drafting Committee are in the form of additional paragraphs, I find that some of them are not included. In this case of Para. 4 our amendment was not an addition, but was a different position. It was on the question of equality.
of voice, and that part has not been put into square brackets, and we have to do one of two things: either put that in square brackets or change the wording of Para. 2 of this paper I read, so as not to give the impression that our delegation agreed on that Paragraph No. 4.

THE CHAIRMAN: In defence of the Drafting Committee I think we should also read the third paragraph of their introduction, which says "certain other matters to which the Sub-Committee wishes to draw attention", and there is on this particular point a note against Para. 4, which I had not yet called, but to which we were led forward by the question the Indian delegate raised on Article 3. We have got slightly out of order, but I am afraid it was my own fault, because I referred the Committee forward. However, I wonder if we could agree Article 3 and get ourselves back on the rails again?

Then on Article 4 there is a suggestion now that the Rapporteur should take account of the points made by India and France and include a passage on those. I think at that point I should ask whether the Cuban delegation would be satisfied by the inclusion in the Report of a passage on the lines of the note on page 2 of W.7., to which reference has just been made?

MR. GUERRA (Cuba): I notice the third paragraph, Mr. Chairman, but I think if we say "generally agreed" in para. 2 it gives the impression that every delegation agreed to that in the Drafting Committee, and I would prefer to change that to "has been agreed by a majority of the Drafting Committee". Otherwise it gives the impression that every delegation agrees on all points that are not in square brackets. I will not make a point of putting that part to which I referred into square brackets; I prefer that the wording in para. 2 of this Report of the Drafting Sub-Committee be changed in that way, to say "agreed by the majority of the Drafting Committee", or some other wording which will mean the same thing. "Generally agreed"
is not acceptable to us, because we were in the Drafting Sub-
Committee and we did not agree to that.

THE CHAIRMAN: I suggest to this main Committee that it is not
worth while wasting time on that is the Report of the Drafting
Committee, which has been passed, and all that that sentence
says is "The draft as now presented has been generally agreed
as suitable for presentation to Committee IV". It does not in
any way say that everybody agreed to every word in it. It
simply says that we all on the Drafting Committee thought this
was a suitable draft to bring up, and everyone has his chance
here of making objections to the draft or asking for points
to be noted.

MR. GUERRA (Cuba): Mr. Chairman, the difficulty is that if the
sentence says "Passages on which all Members were not agreed
are indicated by square brackets", that will again imply
that the paragraphs round which there are not square brackets
were agreed by everyone.

THE CHAIRMAN: Then may I ask this Committee to make a manuscript
amendment to the text which is in IV.6 and put square brackets
round Article 4? Is that satisfactory?
Mr. GUERRA (Cuba): Well, it may be satisfactory, but I think other delegates will probably prefer to read the paragraph that way and amend the Report in the sense that it was agreed by the majority.

He Chairman: I think there is a genuine confusion here. What we have before us in W.17 or 7 is a Report from the Drafting Committee which is a document presented to this Committee. No one here is committed to that. What we are trying to do this morning is to consider the lines of the Report of this Committee. We are now at Article 6, Paragraph 4, which, as the Cuban delegate has quite rightly reminded us, was not agreed by all Members on the Drafting Committee, and it is for this Committee to decide what it wishes to do with Article 4 and how it intends to handle the matter in the Report of this main Committee IV which is going forward.

Mr. DEUTSCH (Canada): I may say, Mr Chairman, that in the preliminary Report of the main Committee there is a reference to the question raised by the Cuban delegation, and it was pointed out there that the majority view is represented here in this Article, but that there was one delegation which did not agree with this.

Mr. WILCOX (USA): Mr Chairman, my understanding would be that the only documents which would be made public here would be the draft and the Report to which Mr Deutsch referred, and that document 17 is purely an internal communication and that the point is adequately covered in what would be the Report of the Committee.

He Chairman: I think perhaps at this point I ought to ask for an expression of view quickly on the point which has been reserved by Cuba from the Drafting Committee. If there is a substantial expression of view in favour of the passage we have now put in square brackets, then I think that is the passage that should appear in the main text and we do justice to the Cuban point of view in a passage in the Report.

Mr. GUERRA (Cuba): Mr Chairman, I agree that our position is being dealt with justly in the reference to Article 6, paragraph 4, as Mr Deutsch suggests. But I do not quite understand why, though in some of those parts we have this reservation properly taken care of, as in this part to which Mr Deutsch referred, at the same time in the beginning...
in the introductory part it is said they are generally agreed and that the square brackets are only on the points where the delegations agreed. Therefore I think the whole thing will be solved by changing it to make it clear in the introductory paragraph.

THE CHAIRMAN: May I ask, to which document you are referring when you speak of the introductory part?

Mr GUERRA (Cuba): W.17.

THE CHAIRMAN: Well, we have already met that. When you referred in W.1 to passages on which all members were not agreed and are indicated by square brackets, we hastily put square brackets round this particular paragraph in W.6.

Mr GUERRA (Cuba): In paragraph 4?

THE CHAIRMAN: 4. That is now standing in square brackets. What I am now seeking to do is to see how we should deal with this paragraph in the Report of the main Committee IV. I might, perhaps say that it would be helpful to general progress on this subject if we could print our final text without square brackets, but see that justice is done to any reservations and in the Report which Mr Deutsch has prepared. So that if there is a substantial but not unanimous agreement on Article 6, paragraph 4, as it now stands, I would propose that the point should be dealt with not by square brackets but by a definite note drawing proper attention to the point of view which the Cuban delegate has indicated in the appropriate paragraph of the Report of this Committee, which, as at present drafted, does refer to it. This is in document 10, paragraph 8. But perhaps we might return to that when we come to consider document 10. I would just like to know now whether the views of the Committee generally are in favour of Article 6, paragraph 4, as it appears.

Sir GERALD CLAUSON (UK): Mr Chairman, the United Kingdom delegation are in favour Article 6, paragraph 4, as it now appears. We do feel that square brackets are a very useful device when a document is submitted by the Drafting Committee to a main Committee; but we very much support your view that they are a disfigurement to a published text, and that the better course would be to publish the whole of the drafting of Chapter 6 without any square brackets, but to cover all the reservations in the covering Report.
Mr GUERRA (Cuba): I have only one question to ask. The Report is document 17?

THE CHAIRMAN: No; document 17 is not to be published; but the document which will be published will have this Committee's revision of document 10.

Mr GUERRA (Cuba): What I mean to say is, it will include the reservation: the Report will include the text with square brackets and then the reservation of the delegation on every point?

THE CHAIRMAN: Yes.

Mr GUERRA (Cuba): That is satisfactory to us.

THE CHAIRMAN: I am very grateful to the Cuban delegate for that understanding. Then I think it is the general wish of the Committee that we pass paragraph 4 as it stands and remember that when we come to draw our draft Report this point has to be properly noted.

Mr GUERRA (Cuba): That is right.

THE CHAIRMAN: Then may I return to the text and call Article 6, paragraph 5. (After a pause:-) Paragraph 6? Shall we pass on to Article 7?

Mr QURESHI (India): Mr Chairman, I would just like to request you to consider one point, though it may seem rather early at this stage, but it may help us because Articles 7, 8 and 9 have a very intimate connection with Article 15, which is the last Article; and with your permission I would like to make some observations on Article 15, which is intimately connected with 7, 8 and 9. It will help the discussion. Or you may allow me to refer to this when we discuss 15. But I personally would prefer that you should give me about 5 minutes in order that I may explain the position.

THE CHAIRMAN: I had hoped that we could discuss the general principle of 7, 8 and 9 when we came to the governing words, which, as the Indian delegate points out, are contained in the very last passage of all in the text; but I think perhaps it would be right and fair that we should ask the Indian delegate to make his statement now, and, having heard it, decide whether we should deal with it on these articles or return to the point when we come to the last Article.
Mr. QURESHI (India): I am very grateful to you, Mr Chairman, for the opportunity that you have afforded me. Let us refer to Article 15 and the words that have been put in brackets regarding prices. I think, at least from our point of view, it is a very peculiar situation. If the words "or prices" are removed from the brackets, then any arrangement with regard to price control will not come under the commodity arrangements, and if these words are retained, then it will become a sort of exceptional clause and will not be covered under Articles 7, 8 and 9. So that the difficulty from our point of view would easily be removed if the words "or prices" in Article 15 are kept, but a small addition is made somewhere in Article 7 explaining that when a commodity is subject to excessive fluctuation in prices - and so on. The meaning of this amendment is that the words "or prices", which are in brackets, from our point of view should be kept as they are, in order that it should not over-govern Articles 7, 8 and 9, which at present is the situation. There might be a clause in Article 7 as to when a commodity is subject to excessive fluctuation in prices. That would cover our position.

THE CHAIRMAN: I think it would perhaps be convenient if we discussed that point when we come to Article 15, because it seems, to the Chair, at least, that it is associated with two other points which we have reserved from Articles 1 and 2.

Mr BALA (Czechoslovakia): Mr Chairman, I would like to ask the Drafting Committee why in Article 7 "commodities in short supply" is omitted. I am fully aware that in Article 14, paragraph 1, and in the Report 4/10, page 3, it is explained that commodities in short supply is omitted from this draft; but I should like to know the reasons, because, as we are trying to create a machinery for commodity agreements, so I think we should include commodities in short supply as well. I would like to know the reasons why they are not included.

THE CHAIRMAN: If delegates would refer to paper W.17, page 3, there is a note headed: "Suggested additional paragraph on threatened shortages". I think that point is dealt with in that note, and if it is convenient, we could have a general discussion on that now.
MR. GUERRA (Cuba): I have a suggestion to make. When you refer to paper V.17 would you also refer to paper V.12, because the same paper has the two different numbers.

THE CHAIRMAN: That is perfectly true; some copies were numbered one way and some another. Have the Committee now found the note to which I referred?

I ought perhaps to remind the Committee that we left over from article 2 paragraph 6, which is relevant to this point. I hope I can incite some member of the Drafting Committee to answer the point which has been raised by the Czechoslovak Delegate.

SIR GERARD CLIJSON (United Kingdom): Perhaps I could leap into the breach. We had a very long discussion in the Drafting Committee on the question whether there should be an additional paragraph in article 7 relating to commodities which are in short supply. I think it is true to say that the majority of Delegates felt it would be appropriate to have a regulatory agreement for a commodity in short supply only if it was considered that the commodity was temporarily in short supply, and that by reason of that fact prices would be so high as to stimulate production, and therefore that it could be described as an article in respect of which a burdensome surplus might be expected to develop later. It was therefore felt that in the particular case of the commodity in short supply which could be pretty certainly judged to be going to be in burdensome surplus later article 7 would apply.

The Committee also felt that where the difficulties arising out of the short supply could only be met by something in the nature of a rationing or distribution scheme it would be covered by paragraph 1 of article 14, which leaves right outside this chapter inter-governmental commodity arrangements which relate solely to the equitable distribution of commodities in short supply. We then felt that we had not covered one case, which was that of the commodity which was in short supply, and regarding which international action to stimulate production was necessary. To meet that case article 2 (6) was inserted, which allows Governments to frame inter-governmental commodity arrangements which are not regulatory agreements in order to provide for expansion in the production of a primary commodity which is in such short supply as seriously to prejudice the interests of consumers. Then there were three cases; one which could be
covered by a regulatory agreement because a burdensome surplus could be foreseen later, the second which merely required inter-governmental rationing procedure - which is left out by Article 14 (1) - and thirdly, the commodity regarding which combined efforts to increase production are required, which is covered by Article 2 (6).

Mr. Bala (Czechoslovakia): I feel that in Article 7 a fourth paragraph should be included which covers the case of commodities in short supply. I think that this Charter should be as comprehensive as possible, and it would be of value if we met this very important case.

The Chairman: I wonder whether it would be possible for you to assist the Committee by describing exactly what this paragraph would say? If that is an unfair question to answer offhand it is pretty clear that this Committee will have to meet again this afternoon, and we could return to the point then, if that would give Delegations time to think this over.

Professor de Vries (Netherlands): In the Drafting Committee we had a long discussion on a proposed text from Australia. Perhaps in the meantime the Secretary could talk that over with the Czechoslovak Delegate and see whether the suggestions made in the Drafting Committee would meet the idea he has in mind, and we could discuss it after that.

Mr. McArthur (Australia): I think some time might be given now to consideration of the principle whether some reference should be made in this paragraph to the consuming aspects of it. As the records will show, I rather took the view that some reference should be made to the interests of consumers in direct language, and that there should be a statement that in the event of shortages an agreement might be brought about. The view of the members who took a different view was, not that they disagreed that the agreements were designed to include the interests of consumers and were not designed to meet periodical shortages but that the Article as it was worded did actually provide for that. I think the question then resolved itself into whether the Article was designed to include shortages as one of the criteria for making an agreement; and the unanimous view was, yes it was designed to do that. Then the question resolved itself into whether the wording should be altered to indicate precisely that that was so.
My own view was that it should be altered; but the other view was that there was a lot of merit in leaving it as it was because of the obligations that would have to be assumed by the producing countries, and that those countries should have emphasised to them the fact that the agreement would be introduced when burdensome surpluses were likely to arise. I ultimately came to the view that the alteration of the words from "burdensome surpluses which had developed or were developing" to "surpluses which had developed or were expected to develop" did largely meet the point, because where we would want regulatory agreements we would know the history of the product, and if we were clear from the history of that product that surpluses also meant shortages periodically we could then let that stand as an adequate indication of the fact that shortages would be met.

I am quite satisfied that where you get surpluses you will get shortages subsequently, and that is inextricably bound up with the fluctuations in prices. Ultimately the Australian Delegation took the view that the position was met, particularly if a paragraph was put in the report which indicated that the paragraph was designed to cover shortages as well as surpluses, and that was accepted by all members of the Committee. We discussed the position at considerable length, and as one who pressed for the inclusion of something on the lines that has now been mentioned by Delegates I would say that my Delegation is satisfied that the attitude we originally adopted was met by the alteration of the words to "expected to develop" and a statement, which will be made in the official report, that members of the Committee generally agreed that shortages would be one of the criteria which would come into the question whether an agreement should be made.

I would rather regret it if the whole thing were opened up again; though, as I have said, I see a lot of merit in the views of those who have raised it. I doubt if we should consider adjourning it until we look at words, unless we have decided that some words are to go in. I suggest the issue now is, first whether in the opinion of the Committee the present wording does adequately include shortages and the interests of consumers; and if the answer to that is "Yes", whether the words indicate it or not.

20.
MR HAKIM (Lebanon): Mr Chairman, I would like to point out the relation between this question of shortage of supply to paragraph 5 of Article 2 which deals with the question of conservation of natural resources and their protection from unnecessary exhaustion. If the cause of the shortage is a natural cause, then the question becomes different from the case where a shortage is temporary or where it will be followed by a surplus in the future. I have in mind certain mineral resources in connection with which there is a threatened shortage of a more or less permanent character and the cause if natural and not simply one of temporary adjustment of supply and demand. I simply wanted to point out the relation between such permanent shortage and the objective in Article 2, to protect natural resources from unnecessary exhaustion.

MR McCARTHY (Australia): I would like to make a comment upon that. I do not think that we could apply permanent shortages to an agreement to deal with the regulation of the trade in a commodity concerned. The agreements are really designed, particularly when they involve the regulation of production and perhaps of actual prices, to check the ebb and flow in the supply of the product, which actually brings about, in the main, the fluctuations in price; and the point that we were concerned with was, to take an example from the present - wheat: there is a distinct shortage of wheat at the moment, notwithstanding the Sunday papers I think of this country, and that shortage might continue for a little time - that it might have been read into this Article, that until it was clearer that there would be surpluses, negotiations for an agreement could not take place. Now, our interpretation is that an agreement could be made for wheat at once under this Article 7 under the clause "surpluses are expected to develop," because the history of the product shows that shortages are followed by surpluses and surpluses are followed by shortages, and that is the trouble, and I would prefer to see shortages particularly mentioned. But I am satisfied that it is covered; and the only reason why I have spoken again is rather to emphasize something I might have said earlier, that the agreements are really designed to correct the cycle of shortage and surplus. Where you
have a permanent shortage, as in a mineral or even in an agricultural product, though in the case of the agricultural product the shortage usually brings with it a stimulus in the shape of a high price, if it were clear that there were long-term shortages, measures other than an agreement of this character I suggest would have to be adopted.

MR HAKIM (Lebanon): I would then ask why should we have as one of the objectives of the intergovernmental commodity arrangements, paragraph 5, to maintain the development of the natural resources of the world and protect them from unnecessary exhaustion?

MR DE VRIES (Netherlands): Mr Chairman, may I answer the delegate of the Lebanon? One of the things which cover especially the case of the Lebanon delegate is the question of forestry. In the Drafting Committee the Netherlands delegation for that reason from the beginning asked, in support of the point raised by Australia, to have shortages explicitly put in here in Article 7, but we were content with the declaration and explanation given by other delegations, that in such a case as the development and maintenance of such natural resources as forests they should come under an arrangement and not come under an agreement, so that such arrangements come under Articles 4, 5 and 6 but need not come under Articles 7, 8 and 9. There is every reason to have such an arrangement as regards forests and maybe there are minerals also, but there is no need to have them under Articles 7, 8 and 9. If there should be any case where various stimuli to the development of such natural resources are not enough and you needed some rationing again, the Netherlands delegation is content to say that such rationing schemes should not come under the governmental agreement here, but that they should be dealt with by another mechanism and come under the exceptions. So that in the mind of our delegation, although we feel that it has to be put in the Report explicitly, and we do not want to exclude shortages of the types that have been described by Sir Gerard Clauson from the arrangements, we need not have an extra paragraph in Article 7 to deal with that.
MR BALA (Czechoslovakia): Mr Chairman, if I may suggest it, I think the point of view of the Czechoslovak delegation might be not if, after the words "burdensome surplus" we could insert the words "or shortage," and then if in Article 14, paragraph 1, we could omit the words "solely to the equitable distribution of commodities in short supply or".

THE CHAIRMAN: I wonder if you would mind repeating those amendments more slowly at something like dictation speed?

MR BALA (Czechoslovakia): After the words "burdensome surplus" in Article 14, paragraph 4, insert the words "or shortage," and after the words "producers or consumers" in Article 14, paragraph 1, line 2, omit the words "solely to the equitable distribution of commodities in short supply or."

MR WILCOX (USA): Mr Chairman, I am afraid that the meaning of the paragraph would be destroyed by such an amendment. If you read it, "... shortage is expected to develop which because of a reduction in price does not lead to an increased consumption or a decrease in production, would not be corrected by normal marketing forces," I do not believe it makes sense. The whole paragraph has to be taken as a unit, and if the words "or shortage" are inserted it will have to be changed pretty radically.

THE CHAIRMAN: Does any other delegate wish to express a short view on the proposal made by the Czechoslovak delegate? I am now calling upon the delegate of Canada and not the Rapporteur.

MR DEUTSCH (Canada): Mr Chairman, if I may speak as delegate of Canada and a member of the Drafting sub-committee, we also preferred some mention of the problem of shortages; but the reasons cited by Mr McCarthy we became convinced that the question was adequately covered in the draft articles as they now stand, taking into account the interpretation that has been made of Article 7 and the exception that is provided in Article 14. Article 14 does say that schemes for the equitable distribution of commodities in short supply are excepted from these provisions entirely and therefore can be entered into when required; so that it seems to us that the question is covered.

MR GUERRA (Cuba): Mr Chairman, the Cuban delegation is of the same opinion as the Australian and Canadian delegations regarding this question of
the inclusion of shortages in Article 7. I would further like to make a remark or two on the question raised by the Lebanese delegate.

I think there are two different questions here. Article 7 refers to the circumstances governing the use of regulatory agreements and the principal paragraph of Article 2 contemplates agreements of other kinds; in the case of products which are in permanent shortage or in danger of exhaustion it may be possible to contemplate some sort of scheme for conservation in which all countries which are facing that situation might take part, and yet such an agreement would not be a regulatory agreement in the sense that we are trying to maintain a proper balance and relationship between supply and demand. So that I think it is entirely consistent to put the principle in the general agreement covering conservation of supplies and the prevention of unnecessary exhaustion of commodities in short supply, and yet not put that same objective covering Article 7, because Article 7 refers only to regulatory agreements which will necessarily contemplate cases in which the problem is to balance properly supply and demand, with the idea of avoiding or diminishing these difficulties which are contemplated in Article 7.

MR WILCOX (USL): I would suggest that the point which concerns the delegate for Czechoslovakia might be met by calling this record to the attention of the Interim Drafting Committee, together with the explanations that have been offered by the delegates of the United Kingdom, the Netherlands, Canada, and Australia.

THE CHAIRMAN: If the Czechoslovak delegate is prepared to have the point left in that way we could return to this point when we look at the draft report and we should still preserve our objective of having a clean text to print with our report.
I take it that in the light of this discussion it is the general view of the Committee that the words we reserved in paragraph 6 of Article 2 should be included. The words were "to provide for expansion in the production of a primary commodity which is in such short supply as seriously to prejudice the interests of consumers". If those words were included and we referred to this discussion and the views that have been expressed, could we regard this point as dealt with?

MR. BALÁ (Czechoslovakia): I am satisfied with the suggestion of the delegate for the United States if it is the case that in Article 2 the paragraph 6 is included?

MR. WILCOX (US): Yes.

MR. GUERRA (Cuba): Mr. Chairman, on paragraph 1 of Article 7, I have only a suggestion to make. The Cuban delegation had proposed an amendment to the Article and that has been taken care of in the Report. In the discussion in the Drafting Committee we considered that the change made in paragraph 1 sufficiently covered our point, but I have received instructions from my Government to make a reservation on paragraph 1 of Article 7, so I will just call attention to that in the sense that the Report of the Committee will take note of that reservation.

THE CHAIRMAN: I think the Committee is now ready to continue its examination of Article 7, paragraph 2. I should call attention to the note by the Drafting Committee which says that they understood "unemployment" as covering "under-employment" that the Rapporteur has covered that point in his draft Report.

Paragraph 3: there is also a note of interpretation which relates to synthetic products. Of that also the Rapporteur has taken account.

Any other points on Article 7?

Article 8: in paragraph 1 we have a passage in square brackets.
MR. WILCOX (US): Following the first sentence, Mr. Chairman, the first part of the second sentence provides that if Members substantially interested do not obtain agreement through the Conference because of a delay in calling the Conference or in the proceedings of the Study Group, they may proceed by direct negotiation to conclude an agreement if it conforms to the other provisions of the Chapter. I think there is every reason why the Organization should be asked promptly to call a Study Group and promptly to call a Conference, and why that should not be delayed. I think, however, that this passage seems to indicate a distrust of the Organization in this respect, and to imply that it would be possible more speedily to call countries together and get an agreement outside of the Organization. In my view that section is not necessary. I do not, however, object to it particularly. My concern is more with the last section, which is in brackets, which says in effect that if it is impossible to get nations who are interested in a commodity to come to an agreement, the nations who are interested in that commodity may then proceed to come to an agreement. I would suggest that the section in brackets is entirely unnecessary and should be dropped.

THE CHAIRMAN: Perhaps I should give the whole Committee some of the background of the discussion on this point. One delegation only, I think I am right in saying, really wished to press those last words, but we felt it right, as there were specific words suggested, to bring them to the notice of the main Committee, in square brackets, and it is for this Committee to decide how they shall be handled. We all of us who were on the Drafting Committee know that this is a point to which the delegation concerned attaches very great importance, but I would still hope that in the interests of obtaining a clean text we may take those words out of the text which is to be appended to our Report and cite them definitely, with the proper reservation, in the
Report of the Committee which is to be published. I think it is for the members of the Committee now to decide how this should be done.

MR. GUERRA (Cuba): Mr. Chairman, mine was the delegation which stressed that point, as we considered it very vital to the country we represent. We do not want to reproduce here the very extensive discussion we had in the Drafting Committee, but as that discussion only took place in the presence of members of the Drafting Committee I will very briefly state the reasons why we have this opinion, so that the whole Committee may know the reason why we wanted this clause to be put in. The question is very simple. We realise the difficulty and danger of putting an escape clause in such a general way that it will make it possible for any country to proceed to negotiation of agreements outside the framework and principle of the Organization. We also realise that an escape clause of that sort will make almost unnecessary the whole procedure set up in this Article, in the sense that it will deprive it of its real force if immediately afterwards we put a wide-open escape clause, but I only want to explain to the Committee that we entirely withdraw from the position originally taken by us in that sense, and will try to meet the objections to which I have just referred, making the escape clause a very restricted one, to be applied in cases only in which the export trade and even the whole economic life of the country depends on a particular commodity. We feel very strongly that where the entire economy of a country depends on the trade in one article we should not it entirely beyond any possibility to proceed with independent action. For Cuba it is a question of the responsibility of the State itself towards the nation, not to be able to proceed with any kind of policy with regard to trade in a product if any kind of Conference says that we should not do so. As I said before, we tried to restrict this very carefully, first restricting the escape clause to cases in which the entire economic life of the country depends
on a particular product, and, secondly, that any commodity agreement that the country tried to get would have to conform to the principles and provisions of a general character contemplated in this Chapter of the Charter.

We felt in the Drafting Committee and we still think that there is no proper justification for not taking into account an escape clause of this sort, when it is so restricted and so guarded or safeguarded as to make it necessary that the agreement should conform to the provisions of the Charter. I thought we ought to tell this Committee what we said in the Drafting Committee on the question of the method of dealing with this. We do not have any objection to having the bracketed sentence dropped and making a proper reservation in the Report. That method will satisfy us, but I want to make it very clear to the Committee that our impression is that the Cuban delegation or the public of Cuba would not be able, either in this Conference or any other Conference, to accept the position that the complete responsibility of the State should be put in the hands of a Conference, and that we should surrender our legitimate right to proceed with any kind of negotiation on a product which is absolutely and entirely vital to the country.

MR. WILCOX (US): Mr. Chairman, my only comment would be, first, that this is not an escape clause because it requires that the agreement arrived at by this method conform to the other provisions of the Charter. The only thing that the first part of the sentence does is to say in effect that the organization must proceed with dispatch. With respect to the second part of the sentence, I think it is perfectly acceptable and desirable to note in the Report the reservation of the Cuban delegation with respect to this matter.

THE CHAIRMAN: Perhaps we can return to this matter when we come to deal with the principle in the Report.

MR. DE VRIES (Netherlands): Mr. Chairman, the objection on the first
part of the sentence by the United States delegation, that there is something of distrust in the Organization, can perhaps be met by omitting the words "calling of a Study Group" and "calling of a Commodity Conference" and "unreasonable delay in the proceedings of a Study Group and Conference", and putting "promptly" in Article 3 and in Article 4 - "shall promptly invite" and "promptly convene", because then we omit the idea of distrust in the Organization as a whole.
HE CHAIRMAN: If I may express a personal opinion, the view just expressed appeals to me rather as enjoining a duty on the Organisation to act promptly, and then leaving the question of unreasonableness to the actual proceedings of a study group or a Conference. Would the Committee generally like to make those changes? Perhaps I might say exactly what they are; they are to leave out in Article 8, paragraph 1, the words "in the calling or", in two lines, so that it reads "unreasonable delay in the proceedings of the study group"; and then I suggest we can go right on "or of the Commodity Conference"; and to insert in Article 3, paragraph 2, after the words "the Organisation shall" the word "promptly"; and in Article 4, paragraph 1, after the word "shall" and before the comma, the word "promptly". There is no amendment of substance in that; I think it is more an amendment of good manners towards the yet-unborn Organisation.

MR. SCHWENGER (USA) I would say that was an improvement.

HE CHAIRMAN: Does the Committee generally agree that that is an improvement? (After a pause:-) Very well. May we now pass on to paragraph 2 of Article 8? There is a note there by the Drafting Committee of this Committee which is meant to serve as an instruction to the Interim Drafting Committee that they should bear in mind what we have done, when they are looking at the non-member clause in the commercial policy chapter. I think that would be generally acceptable.

MR. JOHNSEN (New Zealand): There seems to be a small matter of drafting involved in the paragraph to bring it into line with paragraph 3: it would seem that after the word "shall" in the first line you need to insert the words "in matters the subject of such agreements".

HE CHAIRMAN: This, if I remember aright, was a point that we discussed at great length in the Drafting Committee, and we came to the conclusion that the words "under such agreements" conveyed that meaning.

MR. JOHNSEN (New Zealand): Then why is it different in the next paragraph?

HE CHAIRMAN: I wonder if any member of the Drafting Committee can remember why we did it in different ways in different paragraphs?

MR. GERALD CLAUSON (UK): I do not think we did. I think the words "under such agreements" were cut out in paragraph 3 when we put in the words "subject to such agreements". I think they reappear here by accident.
THE CHAIRMAN: Yes. We are proposing to delete the words "under such agreements" at the beginning of paragraph 3. As Sir Gerald Cleson has pointed out, they are taken up by the words "in matters the subject of such agreements". With those explanations, may we pass 2 and 3?

Paragraph 4: I would direct attention to a note in the Report of the Drafting Committee.

Mr. ALVARO MUNOZ (Chile): This paragraph refers to the statement which the Chilean delegate made on prices and which is mentioned in the notes here, I think. The words "reasonable prices" do in a measure express what we then said. However, we feel that a more ample definition is needed, and I would suggest including a passage in the Report so that the Interim Drafting Committee should consider this point at greater length when it meets in January.

THE CHAIRMAN: I wonder if the Committee would look at the words on the white paper that was circulated this morning under the heading of Article 2, and see whether the whole of that passage would be a suitable guide to the Rapporteur. I would like to call attention to the paragraph over the page, which really is an attempt to sum up the views of the Committee as a guide to the Rapporteur which defines this point. I think the Chilean delegate wished to suggest that we should add at the end of that: "Some delegations felt that this definition was a matter which might be profitably further examined by the Interim Drafting Committee".

Mr. ALVARO MUNOZ (Chile): That is right, Mr Chairman.

THE CHAIRMAN: I take it that such an addition would cause no difficulty.

With regard to paragraph 5, Members of the Committee will see at the end a long battle on the Drafting Committee which ended in a draw, neither side being willing to give in to the other, and we were forced to bring back to this Committee the question of whether "effectively" or "economically" was right. I should say that a minor battle between Members of the Committee, the Secretariat and the typist still continues, because we said, I think five times, that the word we wanted printed was "economically", not "economically". The particular protagonist on the side of spelling it "economically" was the United
Kingdom. The Secretariat told me that after exhaustive searches through all the dictionaries they failed to find the word so spelt.

Mr. QURESHI (India): As a compromise, might we used both words, so as to please both parties, and say "effectively and economically".

Mr. SCHWENGER (USA): We are quite agreeable to that.

Mr. HALL (UK): I am afraid there would be a disagreement on the United Kingdom delegation about the spelling. I support the dictionaries. But on the substantial point, we should certainly accept "effectively and economically", if the Committee agrees.

THE CHAIRMAN: Would the Committee generally accept that conclusion? What was a drawn battle is now, I think, still a drawn battle. As for the spelling, I shall leave it to the Secretariat and the United Kingdom delegation to have it out in private.

Mr. DEUTSCH (Canada): Mr Chairman, as delegate of Canada, I should have preferred the word "economically", but will compromise on using them both: "effectively and economically".

Mr. MELANDER (Norway): As one of the delegates who do not use the English language, may I say perhaps we should have an explanation of the difference between the two words.
Mr. SCHEMENER (United States): If necessary we can have one from the dictionary and one from more up-to-date sources.

THE CHAIRMAN: I am inclined to suggest that the slight suspicion of levity which is intruding upon the Committee indicates that it is ready to accept this compromise without further argument.

Mr. GUERRA (Cuba): I have only one thing to add here. The Cuban Delegation also had an amendment with regard to this paragraph regarding the historical position of countries supplying. We were inclined to think that the inclusion of the word "effectively" would, in the main, meet our point. However, even if this compromise had not been arrived at we had specific instructions to make reservations regarding that amendment to this paragraph. I would like that to be taken care of in the report.

THE CHAIRMAN: We pass to paragraph 6.

Mr. SCHEMENER (United States): I wonder if I might presume on the Committee to go back to paragraph 3 for the purpose of making a clarifying suggestion. Where the word "other" occurs in the second line I think it would be less subject to misinterpretation if it were "non-participating" - which I think is the sense of it.

THE CHAIRMAN: I do not imagine there would be any objection to that. In paragraph 3, line 2, for "other" read "non-participating." It is what it means.

Now Article 8, paragraph 6.

Mr. BEYLEVELD (South Africa): Is there any special reason why the Committee omitted paragraphs 4 and 5 from paragraph 6? They now only apply to what I have previously called unilateral agreements. But should not they apply to them too? In the original American draft they were applicable generally.

THE CHAIRMAN: On behalf of the Drafting Committee I should like to attempt a snap answer. It is that they are really only relevant in the case of an agreement that regulates. If there is an agreement that does not regulate it could not assure, as in paragraph 4, nor make appropriate provision as in paragraph 5.

Mr. BEYLEVELD (South Africa): It is included in Article 46 of the American draft, which covered these agreements generally. Now they have been put into a sort of exception clause.
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The CHAIRMAN: I think the South African Delegate has been sharp enough to spot one of the many improvements on the American draft which the Drafting Committee made. These two provisions have been moved to a place where they are relevant and not, as they might have been in the previous case, irrelevant and unworkable.

I will now have one last short at calling paragraph 6 before lunch. If there are no comments, I hope that concludes article 8.

I should say that in case anybody is looking at the paper sometimes numbered "i.17", where under the notes on article 8 it says "paragraph 7" that paragraph relates to article 11 and not to the article we are on now. I think that in view of the time-table of the conference generally the Committee ought to proceed this afternoon, and I hope the time of 4 o'clock will be generally acceptable. The engagement with the International Chamber of Commerce, to which I referred earlier in the proceedings, is due to take place at 3 o'clock. At 4 o'clock we can have a very short report from the three nominated Delegates on the proceedings with the International Chamber of Commerce. Therefore, I will adjourn this Committee now until 4 o'clock in Room 230.

(The meeting rose at 12.50 pm.)

For verbatim report of afternoon session see E/PC/T/C.IV/IV/8 - Part 2.
The meeting resumed at 4:00 p.m.

THE CHAIRMAN: Gentlemen, it might be a convenience if I divulged to you the wicked plots hatching in the mind of the Chair for the conclusion of this Committee's business. It is now four o'clock and, as everyone knows, the onset of darkness is pressing very heavily on us. Let me hasten to say I have no intention of asking the Committee to sit late tonight. I think what we ought to try to do today is to get through the rest of the text and to have a very rapid run through the draft Report, without devoting too much attention to exact words, so that we can give the Rapporteur a chance to revise it tomorrow morning. If there are very many points of principle raised no doubt he will need tomorrow morning and afternoon to revise it, in which case we shall have to meet tomorrow night. If there are not many points of principle we might perhaps have a meeting tomorrow afternoon; but I was thinking we ought to make an attempt to get through in a preliminary way both the text and the draft Report today. Having said that, I now hasten to impede progress towards our objective by asking the Vice-Chairman of this Committee whether he would like to say what happened in the meeting with the International Chamber of Commerce.

MR. MELANDER (Norway): Mr. Chairman, at the instruction of the Committee four members received the representatives of the International Chamber of Commerce just half an hour ago, and they handed us a document outlining the International Chamber of Commerce's view on the problems with which we are dealing. That document will, I understand, be duplicated by the Secretariat and will be distributed in due time. The main points which the representatives of the International Chamber of Commerce raised were these: namely, first, that the Intergovernmental Commodity Arrangements ought to include provisions for letting representatives of consumer countries and producer countries have an equal share in the administration of Commodity Agreements and Arrangements. That is really what we have already agreed in principle. Secondly, that the different commodities raised different problems, and that the arrangements relating to Commodity Councils ought to be comparatively flexible, so that each commodity could be treated on its merits. That is also really what we have so far accepted and worked on. Thirdly, they mentioned that the problem of obtaining a stability of price by way of buffer stocks or other technical methods was one problem which they had particularly in mind, and I informed them that that was certainly a problem which we had tackled as well,
and that we certainly would try to solve this problem if possible, and if not we would certainly be willing to consider any proposals they might have to suggest on those particular problems. Fourthly, they mentioned that the Commodity Agreements or Arrangements ought not only to cover commodities in surplus supply but also commodities in short supply, and we informed them that that problem has also been very extensively discussed in our Committee; and, lastly, they suggested that although it is all very well to agree on principles for Intergovernmental Agreements relating to primary commodities, it would also be advantageous to consider the problem of private agreements relating to those same commodities, and we informed them that that problem was really outside the scope of Committee IV but that of course that problem was covered by Committee III. That is really all that emanated from the very short meeting we had.

THE CHAIRMAN: I think the Committee would first of all wish to express its gratitude to the three members who consented to receive the International Chamber. Secondly, I suggest the Committee might ask the Rapporteur to make mention in his Report of the main points made by the International Chamber; and with that I think we have finished with this intervention. Perhaps we might go straight on now to the text. We had finished before lunch with Article 8. I propose now to call Article 9, paragraph 1...... Paragraph 2?

MR GUERRA (Cuba): I may be wrong, but I thought we had made a modification in paragraph 2 in order to make it more clear. It now says, "These members alone shall have a vote". I think that instead of that we had agreed to say "shall have the right to vote", in order that there would not be a misunderstanding about the number of votes which any member country might have. As a matter of fact, the voting power should be in accordance with the importance of the country, and one country might have three or five votes. In order to clarify it, I think we had agreed to say "right to vote" instead of "a vote".

THE CHAIRMAN: I rather think you are right and that we did mean, at any rate, to convey that sense. If it would be more acceptable to say "have the right to vote" I do not think that would depart from what was agreed on in the Drafting Committee, and the Drafting Committee might suggest that to the main Committee. The second sentence of paragraph 2 would then read: "These members alone shall have the right to vote."

MR SCHWENGER (USA): That is in accordance with our understanding.
THE CHAIRMAN: May we accept paragraph 2 in that form? (Agreed.) Paragraph 3.

MR MOSTIN (Belgium-Luxembourg) (Interpretation): May I ask you why only one member has been mentioned here and what the functions of this member would be?

THE CHAIRMAN: This point of a non-voting member did cause us a certain amount of difficulty in the Drafting Committee, but we thought it would be best to leave it as a non-voting member, relying on the usual international practice that any member of an international body may appoint an alternate and advisers.

MR MOSTIN (Belgium-Luxembourg) (Interpretation): This first sentence does not seem to apply only to Intergovernmental Organisations; it might also imply that there would be another member.

SIR GERARD CLAUSON (U.K.): Mr Chairman, I think the intention was that the purpose of this provision was so that the organisation - by which we meant in this particular context the Commodity Commission - could keep in touch with the operations of each Commodity Council, and therefore that they should be allowed to appoint a member to that Council to report to the Commission what was going on there; but equally we felt that that member should not be allowed to vote because the voting ought to be the business of those who are concerned with that. That is the whole purpose of that provision, and that led on to the second part of the sentence, which allows for the organisation to invite, for instance, the FAO to appoint a similar representative to keep them in touch with the proceedings of that Council.

THE CHAIRMAN: Is that explanation satisfactory? May we accept paragraph 3, then? (Agreed.) Paragraph 4... (Agreed.) Paragraph 5... (Agreed.) Paragraph 6...

(Agreed.) Paragraph 7... (Agreed.) Paragraph 8.

MR BEYLEVELD (South Africa): Does the word "expenses" refer to all funds or administrative costs?

THE CHAIRMAN: I think I am within the recollection of the Drafting Committee in saying that it means all funds including administrative costs. We thought that as we had given in paragraphs 4 and 5 a relationship between the organisation and the staff of the Commodity Council it was right to make it clear that the relationship did not include in any way financial provisions, and that the finance of every Commodity Council, whether for administrative expenses or for other things, should be borne by the members of the Commodity Council - that is the members interested.

May we finish, then, with Article 9?... (Agreed.) Article 10... (Agreed.)
Article 11, Paragraph 1. Here I should direct the attention of the Committee to the note at the bottom of page 5 of the document which has so many numbers. There is a further note on the white paper that was handed round this morning which informs members of this Committee of the latest position of the draft text of Article 76.

SIR GERARD CLAUSON (U.K.): I think the Committee will agree that the text of Article 76(2) as prepared by Committee V. entirely meets our requirements and that we could quite properly take out the square brackets round the words "subject to the provisions of Article 76, paragraph 2"; because it is now quite clear that the Executive Board can issue a finding or refer the matter to arbitration.

THE CHAIRMAN: We should have to make this read now Article 76, paragraphs 2 and 3.

SIR GERARD CLAUSON (U.K.): I was just going to say that.

PROF. DE VRIES (Netherlands): Or just say Article 76?

THE CHAIRMAN: I think Article 76 is enough. What we want to secure in fact is that the terms of the Intergovernmental Commodity Arrangement should be subject to the same provisions about interpretation as the Charter itself. May we cross out the square brackets in the Note and make the Article read "shall then issue a finding subject to the provisions of Article 76"? (Agreed.)

MR SCHWENGER (USA): Mr Chairman, if that is agreed, I think the new draft calls for the use of the word "ruling" rather than "finding"; I think it is better for this type of thing.

THE CHAIRMAN: If the word "ruling" is used as it is, I entirely agree. May we alter "finding" to "ruling"? (Agreed.)

SIR GERARD CLAUSON (U.K.): May I call attention to one other alteration in Article 76 of which we were not aware when we divided this Article into two bits? Article 76(2) now starts, "Any question or difference concerning the interpretation of this Charter or arising out of its operation". That would rather lead us to insert in paragraph 1, "any dispute concerning the interpretation of the provisions of an agreement or arising out of its operations"; and then we can insert paragraph 2.

THE CHAIRMAN: I think it was the Netherlands delegation who were particularly attached to the omission of the words "to the Organisation" in paragraph 2 of this Article, since they did not necessarily wish arbitration on a dispute arising out of the operations of a commodity agreement to be referred necessarily to the Organisation. If they would agree that Article 11 should read "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 and agreed on in the absence of agreement" down to the end of that paragraph finishing with "Article 76". I think we should have removed a substantial area of disagreement.

Dr. de Vries (Netherlands): That is quite agreeable.

Chairman: Would the rest of the Committee accept that? It simply brings the Commodity Agreement, as I understand it, into line with the provisions of the Charter.
Mr. WORMSER (France) (Interpretation): Then does the second paragraph of Article 11 disappear?

THE CHAIRMAN: Yes, it does under that suggestion.

Mr. WORMSER (France) (Interpretation): Can we have the English text?

THE CHAIRMAN: Yes, at dictation speed. This is to correspond with the new text of Article 76: "Any question or difference concerning the interpretation of the provisions of a regulatory agreement" - and here we have an insertion - "or arising out of its operation" — then we read it as in the original text - "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 subject to the provisions of Article 76."

Mr. WORMSER (France) (Interpretation): Is it the intention to leave the heading of this Article the same as it is "settlement of disputes" as the word "dispute" has disappeared from the text?

THE CHAIRMAN: I think perhaps having the word "dispute" in the title is an advantage, since the text of the Article refers to questions or differences concerning interpretation or arising out of the operation. I should have thought "dispute" was a good description of the state of affairs described by those 11 or so words.

Mr. SCHENGER (USA): In any case it is uniform with Article 76.

THE CHAIRMAN: You get a strict parallel with Article 76 where you insert into the title: "Interpretation and Settlement of Disputes". May we accept this item 11 as redrafted here?

Mr. SCHENGER (USA): What is the heading, Sir?

THE CHAIRMAN: "Settlement of Disputes". I think perhaps we might ask the Rapporteur to note in his report that we drew up Article 11 to correspond with the latest version of the text of Article 76. Then I take it Article 11 is agreed?

Article 12, paragraph 1? Paragraph 2? Then we pass from Article 12 to Article 13.

Mr. DE VRIES (Netherlands): Mr. Chairman, this is a matter of general difficulties, general objectives and general undertakings.

THE CHAIRMAN: In point of fact we are now in the Section called "Miscellaneous Provisions". I myself would have been disposed to think it was perfectly...
satisfactory in this place. Now Article 14.

Mr BALA (Czechooslovakia): Mr Chairman, is it not inconsistent that in Article 2, paragraph 6, the sentence "solely to the equitable distribution of commodities in short supply", should be left there?

THE CHAIRMAN: If I may attempt to answer that question very shortly, the position is this that in an intergovernmental arrangement or agreement of the kind to which this chapter as a whole is directed, there might well be provisions dealing with a supply situation, and such an agreement, if it included paragraphs or articles about the situation of short supply, would come under the chapter as a whole. What we had in mind here however, was the sort of arrangement by which certain countries might agree, especially in the immediate post-war period, to share the available quantities of a commodity in short supply and not to deal with any other aspect of the problem, the sort of arrangement that the International Emergency Food Council is now handling. We thought it right that this being rather of a transitional or emergency character it should be completely exempted from the other provisions of this Chapter. Such arrangements, of course, have to comply with the last sentence of this paragraph, namely, that if they involve the regulation of trade, which they certainly do, they have to be authorised or provided for by a multi-lateral Convention subscribed to by a majority of the nations or operated under the I.T.O. I think I am right in saying that the general view of the Drafting Committee in reporting it was that these comparatively short term agreements which relate to nothing but the sharing out of supplies could be left to be dealt with under that general safeguard. Perhaps I might explain that, saying the provisions of Chapter 6 are not designed to cover these things does not mean that they cannot happen. It means that the Rules of Chapter 6 do not apply to them if they do happen.

Mr BALA (Czechooslovakia): Mr Chairman, could that explanation be put in the minutes for the Drafting Committee?

THE CHAIRMAN: I am certain that that explanation could be noted in the Report if the Committee would like it to be. The Rapporteur actually has some words in the preliminary Draft which has already been circulated, and we will come to look at those; but I think it is entirely proper, so far as I myself am concerned that that point of explanation should be noted.

MR DE VRIES (Netherlands): Mr Chairman, on the question of language, as you now say the provisions do not apply to intergovernmental arrangements, I think that
is better than saying they are not designed to cover; but I don't know if that has some other implications in English which you say do not apply.

THE CHAIRMAN: I am in the hands of the Committee on this. "are not designed to cover" is a phrase found in the American Draft Charter.

MR SCHIENGER (USA): Is it proposed that this be changed or is it the question of the note that we are talking about?

THE CHAIRMAN: No, I think the suggestion of the Netherlands is that we should change the words "are not designed to cover" to "do not apply to ".

MR DE VRIES (Netherlands): I say that in order to make it easier to explain it at home.

MR SCHIENGER (USA): The words were drafted in order not to create an apparent inconsistency between that language and the proviso, I believe, Mr Chairman.

THE CHAIRMAN: Yes.

MR SCHIENGER (USA): It is a very subtle difference. I am sure the interpretation eventually would be the same, but I think these words are a little more accurate in view of the proviso.

MR JOHNSEN (New Zealand): Mr Chairman, there is one point I would like to bring up. It is in connection with arrangements to cover seasonal produce commodities. Certain agricultural products such as meat and dairy products reach peak production over a comparatively short period. During the winter period they fall to a low point of production. Now, at the point where they are at their peak there is really no purpose in putting the whole of the production on to the market at one time, and one can visualise that a good purpose might be served in making arrangements for other producers to regulate the flow of those commodities. I would suggest that in the third line of paragraph one after the word "supply" we introduce the words "or to regulate the flow of commodities subject to seasonal production". I think there is nothing to prevent those arrangements;

it is just a matter of providing for them.
Mr. GERALD CLAUSON (UK): Mr Chairman, I hardly think that the United Kingdom would like such arrangements to be purely producers' arrangements. It seems to me that that is exactly the sort of thing about which there ought to be a scheme on which consumers have equal representation.

Mr. DE VRIES (Netherlands): Mr Chairman, I believe this case has been put forward by the New Zealand delegate. It is one of the cases where the United Kingdom also want to have some such schemes by the inclusion of the last two words "or prices" in square brackets, to put them outside the scope of the agreement. If something as is now being proposed by New Zealand can come under the provisions of Article 15, paragraph 4, saying that such things are arrangements and not agreements, I believe they are still under the general provisions of this Chapter, which is far better, but not under the strict arrangements of Article 17.

Mr. MCCARTHY (Australia): I think the case which is included by New Zealand is really not excluded. This was designed to deal with allocation of shortages only. The word "solely" was put in to indicate that if there were a demand for a particular product, there is no reason why that agreement should not administer a shortages allocation, provided it was created for other purposes. Now, I agree with the Netherlands delegate that if it came to an arrangement for a short term regulation as to the flow of your products, provided that it met the general conditions laid down in this Article (I think the only one that would be really significant would be the consent of importers), this does not exclude it, because this is purely for the administration of shortages and to deal with allocations such as are now going on in regard to wheat. It is not designed to cover a spreading of shipments over a short period such as we have done at different times by holding back the January butter for April, or April butter until June, and that sort of thing, and perhaps we could fit it in with you, but under this we could not do it unless we have the consent of the United Kingdom.

Mr. JOHNSEN (New Zealand): That will be the idea.
Mr McCarthy (Australia): And that arrangements business covers it. The arrangements, all round are a bit vague, but I think it has that virtue that it would cover a lot of these miscellaneous odds and ends of schemes.

Mr Guerra (Cuba): I agree with that interpretation. If it is possible to make that kind of arrangement, it would be better. I mean in the scope of arrangements of a non-regulatory type. But we will have to change the definition of the regulation of trade, because a scheme of that sort will not in a sense require regulation of trade. So that we shall want a new definition of a regulatory agreement, because otherwise, if there is a strict interpretation of regulation of trade, that again will come under Article 7. I do not think they should come, but I mean that under a strict interpretation of trade they will come.

The Chairman: I think it would be right for me to say to the Committee that the whole of this draft has been drawn up on the basis of discovering general rules which are applicable to all commodities. I do not suggest that it is unimportant detail, but if we were to go into the comparative detail and decide what were to be the rules about a product which was subject to seasonal change, we should inevitably land ourselves in the task of discovering rules for other commodities subject to special difficulties. The basis of this is that the principal substantially interested producers and consumers agree, and if they are faced by a seasonal problem, then they can make provision in the arrangement or the agreement, whichever it is, to deal with that problem sensibly and reasonably in the light of all the circumstances. If we attempt to take on the task of defining the types of circumstances and of action that can be taken, then this Chapter will be as long as the Charter is now, and will possibly prove restrictive, because even in this Committee I do not believe we are possessed with an all-seeing prophetic eye.

M. Wormser (France) (Interpretation): I am completely in agreement with the explanation just given by the Chair, but because of the great importance certain countries do attach to these considerations one wonders if mention could not be made in the Report of the explanation just given by the Chairman.
THE CHAIRMAN: I would suggest to the Committee that if we put this in the Report, we may be in the same difficulty in that we may mention in the Report a type of difficulty applying to one set of commodities, and then every one else will be on the same line. The Committee might, however, be prepared to agree that we should make the point in the Report in this way, that we should say that we did not attempt to deal with the special difficulties attributable to each type of commodity, for instance, those subject to seasonal fluctuations, since we felt it would be unwise to try to lay down &c., and then put the explanation.

Mr McCarthy (Australia): Could you add that it is considered, however, that the Charter is sufficiently broad to admit of special consideration on different matters as they arise?

THE CHAIRMAN: Certainly, that I take it would be part of the explanation that the rules here are, we hope and intend, wide enough to cover every type of varying circumstance. Would the Committee now be ready to go on to Article 14, paragraph 2?

Mr Scwenger (USA): With one drafting change: the word "agreements" escaped the pencil that was changing "agreements" to arrangements.

THE CHAIRMAN: That is the last line but three of 14 (1). It is an obvious typographical error. For "agreements" read "arrangements".

Mr De Vries (Netherlands): Mr Chairman, there is one more "arrangement" and "agreement" in line 7 in 14 (1).

Mr Scwenger (USA): That one was changed.

THE CHAIRMAN: Our text reads "provided that such arrangements are not used to accomplish results inconsistent with the objectives". It is "arrangements" all through that paragraph. Paragraph 2? The Rapporteur points out to me that perhaps we ought to alter "agreements" in paragraph 2, line 2, to read "arrangements" — "arrangements relating to fissionable materials". "Arrangements" is the broader word. "Agreements" is used in this Chapter with rather technical sense. I should say that I had a note from the United Kingdom saying that they cannot find "fissionable" in any dictionary either. Are there any other comments on paragraph 2 of Article 14? Article 15, paragraph 1?
Mr GUERRA (Cuba): Mr Chairman, I want to call attention to a question which may be academic, but I think as we translate "agricultural Product" into Spanish it will not cover livestock and products like meat and so on. We make a real distinction between agricultural products and other things like fish, cattle or something like that. I do not make a point about this, but I suggest we should try to draw this in a form which in any language will convey the meaning that we intend.

Mr HALL (UK): I think the Drafting Committee were using it in the sense in which it is used in the Food and Agriculture Organisation.

Mr GUERRA (Cuba): But they include food, and then meat is a food and fish also; but whether they are agriculture or not is a different question.

Mr DE VRIES: Forest products are included in food and agriculture.

Mr GUERRA (Cuba): I have no doubt that we intend to include that, but if we do not make any reference to any particular interpretation of the word, it may have a different meaning in another language.

THE CHAIRMAN: I have consulted the walking dictionary. In a game which is very well known in the nurseries of the United Kingdom the expression "animal, vegetable or mineral" is used, and those are precisely the words that we want. I hesitate to suggest that the Committee should give everybody in the United Kingdom a good laugh by substituting those words.

Mr HALL (UK): Mr Chairman, as this does involve a question of language and particularly of translation, would we meet it if we also called the attention of the Drafting Committee to it?

Mr GUERRA (Cuba): I call attention to this because the modification of Article 76 by Committee V makes Spanish an official language. I mean, it has been made an authoritative text; that is the only reason I say this.

THE CHAIRMAN: May we call the attention of the Interim Drafting Committee to the word "agricultural" here and say by it we mean to include livestock for food, silvicultural and fishery products -- the British version of "vegetable, mineral and animal" covers it but it has certain infantile connotations.
Mr MELANDER (Norway): With regard to the inclusion of fisheries and fishery products within this term, I would like to reserve our position. We thought that "agricultural products" would relate to products of the land and not to products from the sea, and it may well be a point of certain importance. I would rather like to state that our delegation interpret it to mean agricultural products in its so to say limited strict sense, and on the question of including also fisheries and fishery products we would like to reserve our position.

Mr Chairman: Would not your position be met by the reservation we already agreed to make this morning in relation to what the then United States delegate said about certain fisheries conventions?

Mr MELANDER (Norway): I am not certain whether that would cover it. If this problem is raised in connection with the definition, I think I would prefer to have a special reservation connected with the definition.

Mr DE VRIES (Netherlands): Mr Chairman, I should like to have two more reservations. The first one is that it says for the purpose of this Chapter. Now, all over the draft Charter as it now has been considered by all the Committees many times, there are used the words "primary commodity", "commodity" or "agricultural products". It has been said that it would be useful for the Drafting Committee to see the definitions of all the provisions of Chapter 6 relating to provisions for agricultural products or commodities or primary commodities as they are in other parts of the whole Charter, so that it would then be seen as a whole. It may be we shall have to delete this for the purpose of this Committee, or it may be that such provisions come under this chapter and come out of chapter 4, for instance, coming under chapter 6, so that there is more said on commodity policy and not only on commodity arrangements; but that is a thing which must be done in your Drafting Committee. The second thing is this: I hope the Norwegian delegate will not be angry with me if I say that on the Food and Agriculture Organisation it was the Norwegian delegate who especially asked for fisheries to be included under the words "Food Board".
It is the specific instruction from my Government to the Netherlands Delegation that we see that the objectives of FAO are covered by the rules of the game we are setting up here. So the second general reservation is this: that, though I personally believe that we have completely succeeded in setting up rules of the game which can be followed by bodies like the World Food Board or any other body proposed by FAO, it might be that, after considering the results of the Washington Conference and of this Preparatory Committee, my Government would say (maybe other Governments also): "Well, you tried to do the job and make provision for rules of the game, but, when we try to play the game, we see that the rules are not sufficient." So, although I personally believe we have been successful in this draft, we must have a general reservation that it is provisional only.

THE CHAIRMAN: My conclusion from the first part of the Netherlands Delegate's statement is that fisheries products are of great importance to Norway -- when I take it together with the Norwegian reservation. I am wondering how we can deal with it in the report. Could we say that we intend the word "agricultural" to have the widest possible significance but that one delegation was not sure whether it should extend as far as fisheries products?

ISLANDER (Norway): I would like to have my reservation made a little bit stronger. I would like to have it worded that for the time being, anyway, the Norwegian delegation would not like "fisheries" for "fisheries products" to be included.

THE CHAIRMAN: We could say that one delegation did not wish "fisheries products" to be included. I think, if we say "the widest possible significance" and then go on to point out what we mean by "the widest possible significance" by referring to fisheries, we have really covered the point sufficiently for this time round. As for the more general point made by the Netherlands, that all this, so to speak, is ad referendum, I think that applies to the whole work of the Preparatory Committee and not only to the work of this Committee.

Are there any other comments on Article 15, paragraph 1? ....
Paragraph 2? .... Paragraph 3? .... I now propose to put a question in two parts: Are there any other observations on paragraph 4, than those relating to the last two words?

MR HALL (United Kingdom): We were going to propose a purely drafting reformulation of paragraph 4, but it seems appropriate to have that after the discussion of the words in brackets, as we do not think our amendment alters the sense of paragraph 4.

THE CHAIRMAN: All right. I now call for observations on the words "or prices". I refer the Committee to the end of the report of the Drafting Committee, where there is a note on Article 15, paragraph 4, "or prices", which explains the object, I think, quite clearly of leaving out the words "or prices" and states a reservation on the two items in square brackets still remaining from Articles 1 and 2.

MR HALL (United Kingdom): Mr Chairman, it was, I think, primarily the United Kingdom which felt some difficulty about the inclusion of the words in square brackets in this paragraph, and I think that our views on the subject are already well-known to the members of the Committee. The United Kingdom delegation has felt strongly that a very useful contribution could be made in the international economic sphere by measures which will introduce a greater degree of stability in the prices of primary products; and we had envisaged that Inter-Governmental Commodity Arrangements might make contributions in this direction, and we hope that that will still be the case -- that, when the time comes for the conferences to consider the situation of particular commodities, serious consideration will be given to the question of introducing stabilising arrangements; and no doubt at those conferences representatives of the United Kingdom may well be found saying the same things as we have said here. We have also felt that the rather rigid rules which are laid down to govern agreements which regulate production and exports might be somewhat modified in the case of agreements the main function of which, or the sole function of which, was to ensure a greater stability of prices, and we had hoped to make some modifications in the text in that
direction; but the United Kingdom delegation does feel that, on
the whole, we are all very much of a mind here about the general
objectives of commodity policy. We feel that, although there have
been a number of arguments on this Committee about various points,
those, in the main, have been the kind of arguments that one gets
where there is a broad agreement and where sometimes not such important points are pressed quite hotly. We also feel
that it would be a very great advantage, for a number of reasons,
if a clean document emerged from this Committee, that is to say,
if the final document could have as few square brackets in it as
possible; and we feel that valuable concessions have been made to
our point of view in other parts of the document, and particularly
if the Committee sees its way to removing the square brackets now
in Article 1 and in Article 2 (4). We feel that that will still
leave the way open for us when problems arise in the case of
particular commodities to urge further consideration, and that
on the whole we have been quite clear that, if you are to have
stabilisation schemes, they would have to be done commodity by
commodity and through the procedure of conferences and agree­
ments. In those circumstances, if the Committee is substantially
agreed on the other parts of the draft and if the only obstacle
standing in the way of reaching agreement is these square brackets,
we are prepared to remove them, on the general understanding -- as
you, Mr Chairman, have already stated -- that it covers the whole
charter, that is, that it is ad referendum.

MR SCHWENGER (United States): Mr Chairman, we appreciate the view of
the chapter that has prompted the United Kingdom delegation to
volunteer to remove the brackets that appear with the last two words
and we are happy to remove the contingent brackets that were placed
around the portions of Article 1 and Article 2 that relate to the
question of prices. I believe that the objectives of which the
United Kingdom Delegate spoke can be satisfied to a large extent,
if not entirely, under the chapter as it is drafted, and I think
that we can congratulate ourselves that that does deal with this
matter in a way that will prove satisfactory in operation.
MR WORMSER (France) (Not interpreted).

THE CHAIRMAN: I now call on Mr Deutsch, not in his capacity as Rapporteur, but as the Canadian representative.

MR DEUTSCH (Canada): Now, as one of the delegation who was troubled with the inclusion of the word "prices" in the last sentence, in view of the interpretation given and the effect on the whole charter of the specific recognition of the problem of price fluctuations and the objections arising out of the deletion of the brackets, we would be happy to adopt the solution suggested, that is, to remove the brackets from the phrase "or prices" and also to remove the brackets in Articles 1 and 2. We think that is a fruitful way out of this difficulty and we are happy to accept.

THE CHAIRMAN: I hope I am right in gathering that this compromise solution is acceptable to the whole of the Committee. ... Then we delete the brackets in Article 1, we delete the brackets round paragraph 4 of Article 2, and we delete the brackets round "or prices" in Article 15 (4). I think it is right to remind the Committee that we have no square brackets left and we have achieved our objective which we set ourselves this morning of being able to publish a clean text.

MR GUERRA (Cuba): There were brackets in paragraph 6 of Article 2.

THE CHAIRMAN: Yes, but we agreed this morning to remove those.

MR GUERRA (Cuba): Thank you.

THE CHAIRMAN: Now the United Kingdom said they had a drafting amendment to, I think, the whole of paragraph 4 of Article 15. I gather this is not intended to change the sense.

MR HALL (United Kingdom): I am sorry that we have not had time to circulate the text. May I read it? It is as follows: "A Regulatory Agreement is an Inter-Governmental Commodity Arrangement involving limitation of the production, export or import of a commodity or regulation of prices", namely, we felt it was rather a clumsy beginning to say "an Inter-Governmental Commodity Agreement" is "an Inter-Governmental Commodity Arrangement", and we hope that this is just a slightly happier way of stressing the
thought on which the Committee has now agreed on Article 4.

MR McCARTHY (Australia): Do you attach significance to the word "limitation"? I suggest "regulation".

THE CHAIRMAN: Perhaps I could read the amendment again with the further refinement suggested by Australia: "A Regulatory Agreement is an Inter-Governmental Commodity Arrangement involving regulation of the production, export or import of a commodity or regulation of prices". I am unable myself to discover any difference in meaning between the United Kingdom text and the text as amended by Australia.

MR McCARTHY (Australia): There is a difference between "limitation" and "regulation".

THE CHAIRMAN: Anyhow, the United Kingdom have expressed their willingness to accept the word "regulation" instead of "limitation". Is that drafting amendment generally acceptable?

MR SCHWENGER (United States): We have a small change that we would be willing to see made in paragraph 4 of Article 2 which has just been unbracketed for public view. We consider that in this context and in the light of what has just been said, the words "over a period of time" in this paragraph are of little, if any, significance, and it might be a clearer statement if they were removed.

THE CHAIRMAN: The suggestion is that, in Article 2, paragraph 4, where we have just removed the square brackets, we should read "to moderate pronounced fluctuations" instead of "to moderate over a period of time pronounced fluctuations". I take it that the Committee will agree to that? (Agreed).

Well, may we now part with this text, which would be appended to the published report of this Committee? (Agreed).

Where remains for us to consider then the report from this Committee, and there is also a resolution which the United Kingdom now, I think, having arrived at a clean text, ask this Committee to put forward to the Plenary Session for adoption. Perhaps it would be convenient if we were in the next place to look at the resolution, since that is a substantive act and will no doubt require to be noted in our report. I think it would be
of help to the Rapporteur if we were to look at the resolution first rather than at the text of the report. The resolution is contained in paper E/FCT/C.IV/14, which the Secretary tells me is alternatively numbered "W.9", and it begins: "The United Kingdom delegation hopes that in the event of substantial agreement being reached on the draft of chapter VI" (which we have now done) "the Committee would recommend a resolution in the following terms": Would you like to hear the United Kingdom say a word about this?

MR HALL (United Kingdom): Mr Chairman, the Committee will remember that during its earlier discussions some reference was made to the period which will intervene between this meeting and the establishment of an International Trade Organisation. I think that the hope was expressed there both that the work that we have been doing here will be of assistance to the Food and Agricultural Organisation Commission, which is now meeting in Washington, and also that in cases where a serious situation is expected or is possible, in the case of a primary commodity in which one of us may be interested, it will be possible for action to be taken even though there has not yet been a generally accepted charter.
The United Kingdom feel, Sir, that since we are all of a mind about the way in which these problems should be handled, we ought not only to say so, but we ought also to give a lead to indicate to our own governments that we feel that action need not stand still. In the case of certain commodities some preliminary action has already been taken. There are in existence now four study groups and there are I think several draft agreements which provide for discussion of problems by countries primarily interested. I do not think I need speak on the details of the resolution, for it is self-evident. It just suggests that so far as consultation is necessary, the governments concerned should adopt the principles that we have considered here as a guide, and further that the Executive Secretary of the Preparatory Conference should be requested by the Conference to keep in touch with the consultation, and if there is anything that any particular government feels can be done by way, for instance, of advice or actual physical steps necessary for calling a Conference, he should do what he can in that direction. I think that now that we have got an agreed draft we should like two verbal amendments in the resolution. The resolution refers only to the Report of this Committee, but this Committee has now produced a text, and that would be met if we inserted in the first "Whereas" paragraph, the second line: "The Report of Committee IV of the Preparatory Committee and the text appended to it." That is the text that we have just agreed. And in the first recommendation in the same way, the last line: "should adopt as a guide the Report of that Committee and the text appended to it".

Mr CLAIR WILCOX (USA): Mr Chairman, I have been reading over this resolution and my mind was running along the same channels as Mr Halls. The substantive matter upon which the Committee has come to a common position is set forth in the draft chapter on which action has been taken, and the Report that is later to be considered will present an interpretation of that chapter together with a discussion of various views presented during the discussions of this Committee. This resolution was apparently drafted before a decision was taken to publish the draft text. Now that that decision has been taken...
however, I would suggest as a substitute for the amendment offered by Mr Hall, the following: in the first "Whereas": "certain difficulties of the kind referred to in the draft chapter on intergovernmental arrangements appended to the Report of the Preparatory Committee"; and then in the last line of that "Whereas", substitute "draft" for "Report". In the third "Whereas" substitute "draft" for "Report"; and in the last line of the first recommendation insert "adopt as a guide the draft chapter on intergovernmental arrangements appended to the Report of that Committee".

CHAIRMAN: Perhaps it would be the wish of the Committee that I should read the whole resolution with the amendments just suggested:

"Whereas certain difficulties of the kind referred to in the draft chapter on intergovernmental commodity arrangements appended to the Report of the Preparatory Committee have already occurred in respect of certain primary commodities and the governments concerned are already taking action on the lines proposed in that draft, and whereas similar difficulties may occur in respect of other primary commodities, and whereas the Preparatory Committee is agreed that it is desirable that action taken in respect of such commodities should proceed on the general lines proposed in that draft, the Preparatory Committee (1) recommends that in so far as intergovernmental consultation or action in respect of particular commodities is necessary before the International Trade Organisation is established, the governments concerned should adopt as a guide the draft chapter on intergovernmental commodity arrangements appended to the Report of that Committee; (2) requests the Executive Secretary to keep in touch with such consultation and to take such action as may be appropriate to facilitate it". I take it that is correct?

CLAIR WILCOX (USA) Yes.

GUERRA (Cuba): Mr Chairman, the Cuban delegation regrets to say that because of the type of some of the amendments that were proposed on the draft chapter which have not been adopted, and it has been necessary for us to make reservations on this point and some of those reservations are considered very important by our government, and some of them even indispensable, we are not prepared to endorse this resolution.
Mr McCarthy (Australia): Mr Chairman, I agree with the principle contained in this proposal. I would like to see more positive action contemplated than that proposed. I would have hoped that during this period, which might be a fairly lengthy one, the Preparatory Committee would be able to take more definite action than is here proposed. However, I see difficulties in that and I am prepared to accept it as it stands at the present time.

Mr de Vries (Netherlands): Mr Chairman, the Netherlands delegation accepts it in the same words as the Australian delegate.

The Chairman: I do not know whether it is any use the Chair endeavouring to compose the difference between the Cuban delegation and other delegations. It is a personal suggestion by the Chair that we might insert words which say something like: "bearing in mind the points of view expressed in the Report of Committee IV".

Mr Guerra (Cuba): Mr Chairman, I appreciate your efforts, but I think there is no possibility of doing that. The resolution may be adopted by the Committee, but there is a reservation on the part of one delegation for the reasons that I have indicated.

The Chairman: Yes.

Mr Hall (UK): Mr Chairman, I think we might all of us find ourselves in the position in which the Cuban delegate is, and if he feels himself constrained to adopt this course, we clearly cannot go behind it. So that we would be prepared to accept the resolution with a record of dissent.

Mr Guerra (Cuba): I think that is the only course.

The Chairman: Well, we shall have to note that in our Report to the Preparatory Committee itself.

M. Wormser (France) (Interpretation): Mr Chairman, we are ready to give the agreement of the French delegation to this proposed resolution under one condition, that when paragraph 4 of Article 6 is re-drafted as was decided this morning, it will be re-drafted in such a way as to take into consideration the point of view which has been expressed by the French delegation. I would like to add that the present drafting does satisfy me.
E CHAIRMAN: Then I hardly think it is necessary, is it, to record a reservation, because if one delegation accepts a resolution that recommends that governments should adopt as a guide the draft chapter, and here it is appended to the Report, and the draft chapter is subsequently amended to its dissatisfaction, clearly then its support of the resolution is open to reconsideration.

WORMSER (France) spoke but was not interpreted.

E CHAIRMAN: What we decided this morning, I think, was to let the text of paragraph 4 of Article 6 stand with an injunction to the Interim Drafting Committee to look at it again to see whether it should be altered to take account of the point of view expressed by India.

WORMSER (France) (Interpretation): France does agree.

E CHAIRMAN: Then we instruct our Rapporteur to include this resolution as part of the matter in his report, and when I come to introduce the Report of the Committee to the Plenary Session, I shall say it is the wish of this Committee that the Preparatory Committee should pass this resolution, but that one delegation was unable to fall in with that view of the Committee because certain points to which they attach great importance had not been met. Well, in the 40 minutes remaining to us perhaps we might have a hasty glance at the preliminary draft report prepared by the Rapporteur. All Rapporteurs, I might say, have been in a very great difficulty in the last 10 days because the Heads of Delegations, of whom I regret to say I have been acting as one and Mr Wilcox has been acting as another, have changed the rules for drafting reports every 24 hours, and on any day on which we have not changed the rules, the secretariat have given a different interpretation of the previously adopted rules. So that I hope that, however we approve of this Report in substance, the Committee will give a reasonable measure of latitude to the secretariat in its arrangement, that is to say, whether the matter comes first and then the text and then the notes, or whether the matter comes first and then the notes and last the text, and so on. What we ought to do this evening if we can is to have a hasty look at the matter in the text of the Rapporteur and see whether it is on satisfactory
lines, I propose to put the first six paragraphs en bloc. This is in paper 10. The first six paragraphs are an historical account of the work of this Committee. I think perhaps at this point we might ask the Rapporteur to insert a remark about the observations of the International Chamber of Commerce in the light of what was reported to us at the beginning of the meeting. I take it there will be no observations on those preliminary paragraphs.

Mr CLAIR WILCOX (USA) May we take up minor drafting matters in these paragraphs at this time?

THE CHAIRMAN: Provided they will not take too long, yes.

Mr CLAIR WILCOX (USA): Well, if they would take too long, then what happens?

THE CHAIRMAN: This is where the irresistible force in the shape of the Chairman meets the unmovable obstacle represented by the United States delegation. We will see how we go. What I mean is I do not wish to fail to get through these in the short time we have available by reason of having a long discussion on each point.

Mr CLAIR WILCOX (USA): We have some very minor drafting suggestions throughout this text, and I would forebear to take up the time of the Committee to discuss them, but I think they might perhaps be a useful contribution.
THE CHAIRMAN: I have a suggestion here, that the Rapporteur may like to have the assistance of one or two of the delegations in working on his draft. I think probably that would be the place to take up purely drafting suggestions, and if the United States have a good number — or perhaps I should say, in the words of the charter, a substantial interest in drafting amendments, clearly they could elect themselves to this small body to assist the Rapporteur. All I am anxious about is that this Committee should not incur the odium of the Executive Secretary for being late on the timetable.

MR. WILCOX (US): In that case I shall forbear to mention those points at this meeting.

THE CHAIRMAN: It is a declaration which I, at any rate, and I am sure the rest of the Committee will receive with great pleasure. Would any delegates like to make any general comments on the shape and form of this Report? Perhaps that is the first question to put.

MR. WILCOX (US): Yes, Mr. Chairman. I should like to say that both in shape and in form the Report is excellent.

THE CHAIRMAN: Then I will ask if there is any point which is of higher level than a drafting point which any delegate wants to bring to the attention of the Rapporteur, other than those points that we have noted as we have gone through the text? The Rapporteur is making a careful note. I think, to save time, we can take points in almost any order.

MR. DE VRIES (Netherlands): Mr. Chairman, the first paragraph of the Review of the deliberations of the Committee refers to the policy of high and stable employment in relation to the whole economic scheme. Now in Committee I there is a reference to Commodity Policy, saying that it will be a safeguard to some extent to full employment. Here it is put the other way round. I should like to put in here the positive thing, in the same way as in Committee I.
THE CHAIRMAN: This would be a third sentence in paragraph 1, I take it, which would say "On the other hand", and then put the thing the other way round as well?

MR. DE VRIES (Netherlands): Yes.

THE CHAIRMAN: Yes. Anything else?

MR. McCARTHY (Australia): Mr. Chairman, the only observation I have to make - and not because I propose leaving almost immediately - is that the Report, from our point of view, is quite thorough and quite clear, and we have no improvements to suggest.

THE CHAIRMAN: Thank you.

MR. CHANG (China): Mr. Chairman, on page 5, the fourth line from the top, it reads "subject to certain strictly limited exceptions". I doubt if the two words "strictly limited" are necessary. I wonder whether we could not be satisfied with saying "subject to certain exceptions", leaving out the "strictly limited"?

MR. WILCOX (US): Well, they are limited exceptions. We might drop the word "strictly".

THE CHAIRMAN: All right?

MR. CHANG (China): All right, Mr. Chairman. It is better.

THE CHAIRMAN: If there are no other comments, other than those of a drafting nature, we have already asked the United States, by implication, to help the Rapporteur. Has anyone else any drafting suggestions that he wants to bring to the notice of the Rapporteur?

MR. DE VRIES (Netherlands): Not outside the alterations in the text which we have brought in today.

THE CHAIRMAN: Yes, of course. The Rapporteur will revise this in the light of today's discussion and obviously will have to include certain reservations and interpretations and points of view which we have discussed from time to time.

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MR. DE VRIES (Netherlands): Mr. Chairman, with regard to para. 19, page 12, that relates to the Article on the Commodity Commission which we did not discuss in this Committee?

THE CHAIRMAN: Yes. Thank you very much.

MR. DE VRIES (Netherlands): Do you intend to leave it as it is, or do you wish to open discussion for some minutes on that?

THE CHAIRMAN: I am most grateful to you. I meant to ask this Committee whether in the light of its examination of the text this morning it was prepared to ratify the passage which we ventured to send to Committee V from the Drafting Committee. The Committee will find that message annexed to the document of many numbers. It is on the last two pages in the shape of a Table.

MR. DE VRIES (Netherlands): Mr. Chairman, you will know from Committee V that Committee V refuses to do this work, and that they want our Committee to make a redraft of the Article on the Commodity Commission and these organization questions. Can we have a small Drafting Committee to bring it here tomorrow for us, or not?

THE CHAIRMAN: I think not.

MR. DE VRIES (Netherlands): If not, we have to leave that to New York, I believe, as Committee V refuses to do it.

THE CHAIRMAN: Well, Committee V adopted the procedure that they would remit the actual drafting of the Articles to the Interim Drafting Committee in New York, but they say they want guidance from what I might call the various Policy Committees which have been sitting. That is the Joint body, Committee II, Committee III and this Committee. If this Committee is prepared to ratify these instructions they will then be remitted to the Interim Drafting Committee in New York. I say nothing about the policy contained in these Articles - that is for the Committee to decide - but I would advise the Committee that these instructions are perfectly plain and we need not do any more work on it, and that it is a very suitable job for the Interim Drafting Committee.
to draw this up into a textual form of the Commodity Commission Article, particularly as they will no doubt be doing the same for the Commercial Policy Commission and the Restrictive Business Practices Commission.

So I would like to put the question to this Committee, are there any criticisms of the message which is appended to the Report of the Drafting Committee?

SIR GERARD CLAUSON (UK): Perhaps I might just call attention to the square brackets on Article 11, paragraph 2?

THE CHAIRMAN: I think the whole passage disappears in the light of the settlement we reached on Article 76. Thank you very much.

MR. DE VRIES (Netherlands): Mr. Chairman, in this proposal, in nearly every case where they refer to the Organization they say "Executive Board on the recommendation of the Commodity Commission", and if you put that into the definitions the draft will be very easy. That will apply to everything.

THE CHAIRMAN: Not quite, and since it is not everything I do not think we can do it in that easy way.

MR. DE VRIES (Netherlands): You only have to draft the exceptions.

THE CHAIRMAN: As I am not going to New York I feel disinclined to make it too easy for the lucky member of my staff who will be going, and I think we should leave him some work to do. If no-one is anxious to disagree with this, perhaps the Committee would ratify it now?

I have already asked the United States to assist the Rapporteur. I do not know whether the Netherlands delegate would also be prepared to assist the Rapporteur tonight and tomorrow?

MR. DE VRIES (Netherlands): I am prepared, Mr. Chairman.

THE CHAIRMAN: Thank you very much. I hope the Committee will agree that a Drafting Committee of three is better than a Drafting Committee of four, and even better than a Drafting Committee of five. So if we could ask the Rapporteur and one
of the United States' delegation and Professor De Vries to bring us a revised draft tomorrow, that would be a great help.

As for the time of meeting tomorrow, I think I had better ask the Rapporteur whether he thinks he could have something ready by 5 o'clock?

THE RAPPORTEUR: I think that is possible, but there will not be prior distribution of it, I am afraid, in that case, if the Committee is content to receive it at 5 o'clock.

THE CHAIRMAN: If we receive it at 5 o'clock we can take it paragraph by paragraph and work through it until we finish, with a suitable adjournment for dinner, but I think there would be something to be said for trying to get this job finished tomorrow. I will ask the Secretary to arrange accordingly.

The Committee rose at 6.12 p.m.