

Review Working Party III on Barriers
to Trade other than Restrictions
or Tariffs

2 March 1955

DRAFT SUPPLEMENTARY REPORT TO THE CONTRACTING PARTIES

1. As mentioned in paragraph 36 of its principal report (L/334), Working Party III devoted considerable attention to the subject of the liquidation of non-commercial stocks. While a majority of the Working Party would have preferred a new Article to the Agreement requiring that a contracting party should consult with interested contracting parties before the liquidation of such stocks, it came to the conclusion that agreement on such an Article would be impossible. The Working Party accordingly recommends that the CONTRACTING PARTIES adopt the resolution which appears in the annex to the present report.
2. The Working Party were also agreed that the terms of this resolution shall not apply to the routine disposal of stocks to avoid deterioration or to the rotation of stocks which does not have the effect of altering significantly the total of the stockpile, but that in such cases the contracting party concerned should act in a manner which would avoid any undue disturbance of the market. It was also understood that the terms of the resolution should not apply to the utilization of strategic stocks for the purposes of national defense.
3. The Working Party were further agreed that where a contracting party follows the procedure of giving public notice of intention to liquidate stocks, such notice would be understood to satisfy the recommendations contained in the resolution.
4. The representatives of Indonesia and Ceylon reserved their positions on such a resolution, since their preference had been for a new Article. As a result of the adoption of the recommendation, the representative of Chile withdrew his reservation with respect to the recommendation to eliminate paragraph (c) of Section II of Article XX (L/334).

ANNEX

DRAFT RESOLUTION ON THE LIQUIDATION
OF STRATEGIC STOCKS

The CONTRACTING PARTIES

RECOGNIZING

1. That if a contracting party should liquidate a substantial part or the whole of stocks of a primary product accumulated as part of a national stockpile for purposes of national defense, such liquidation without adequate regard to the commercial interests of producers and consumers of the primary product affected could cause serious damage by unduly disrupting world markets,
2. That any disturbing effects of such liquidations and the risk of injury may be avoided or minimized by consultations between the substantially interested contracting parties.

NOTING

That contracting parties holding stocks of primary products accumulated as a part of a national strategic stockpile for purposes of national defense, and wishing to liquidate such stocks, in whole or in part, intend to proceed with such liquidation, insofar as practicable, in such manner as to avoid or minimize injury to the interests of producers and consumers of the primary product affected and any undue disruption of world markets for such primary products.

RECOMMEND

1. That, whenever practicable, any contracting party intending to liquidate a substantial quantity of such stocks should give at least forty-five days prior notice of such intention,
2. That a contracting party, intending to liquidate and giving notice in accordance with paragraph 1, should consult fully with any contracting party which considers itself substantially interested and requests such consultations, with a view to avoiding or minimizing substantial injury to the economic interests of that contracting party and undue disruption of the markets for the product concerned; and should give full and sympathetic consideration to the views expressed by such other interested contracting parties.