

ARTICLE I

Objectives

1. The objectives of this Agreement are, by joint action of the Signatories in accordance with its provisions:

(a) To make a maximum contribution towards increased standards of living, toward ensuring full employment and a large and steadily growing volume of income and effective demand, toward developing the full use of the resources of the world, toward the expansion of production and exchange of goods and toward the progressive development of the economies of all the Signatories;

(b) Where the conditions under which a primary commodity is produced, consumed or distributed or any other factors create a tendency toward widespread disequilibrium between production and consumption which ordinary market forces may not be sufficient to correct soon enough to avoid the creation of economic and social hardships:

(i) to achieve a reasonable degree of stability on the basis of prices that are fair to consumers and that provide a reasonable return to producers, and to prevent or moderate any /pronounced//excessive/ fluctuation in prices or the development of widespread unemployment, bearing in mind the desirability of securing long-term equilibrium between the forces of supply and demand and the efficient utilization of the productive resources of the world as a whole;

(ii) to prevent where possible the development of a burdensome accumulation of stocks,¹ and to minimize its adverse effects if it should develop; and

(iii) to prevent where possible a shortage in world supplies and when such a shortage develops to accomplish the equitable distribution of the commodity

(c) Where production of any commodity seems likely to be in excess of long-term demand, to alleviate economic and social hardship in producing countries during the period necessary for the orderly transfer of resources into new and productive occupations:

¹ The Indonesian delegation has proposed to insert here: "ensuing in heavy fluctuations of prices on the short-term".

(d) To expand consumption and production where this can be accomplished with advantage to consumers and producers, bearing in mind the desirability of maintaining and developing the natural resources of the world, while protecting them from unnecessary exhaustion.

(e) To afford so far as practical/practicable/increasing opportunities for satisfying national consumption and world market requirements from sources from which such requirements can be satisfied in the most effective and economic manner bearing in mind the social and economic standards of all countries concerned¹; and

(f) To facilitate the more orderly marketing of primary commodities.

2. Accordingly, it shall be the function of this Agreement, to facilitate the formulation and conclusion of intergovernmental arrangements¹ which are consistent with these objectives in a manner that will take fully into account the interests of both producers and consumers

¹ See "Definitions" Article XXI.