

Redraft of Paragraphs 1 and 2 of Article IVGeneral Principles governing Provisions of
/all/ Commodity Arrangements

1. /Consistent with the provisions of Article I/ any Arrangement concluded under this Agreement /shall take account of the objectives set out in Article I and/ shall conform to the following principles:

- (a) Subject to the provisions of paragraph 3 of Article III, such Arrangements shall be open to participation initially by any Signatory /which has participated in the negotiating conference and which is prepared to accept the obligations of the Arrangement/ and thereafter only in accordance with such provisions as may be established /for accession/ in the Arrangement.
- (b) /The Assembly may invite the participation of non-Signatories, who shall take part on the same terms./
- (c) In every Arrangement adequate provision shall be made to allow for the participation both of countries substantially interested in the import /or consumption/ and of those substantially interested in the export /or production/ of the commodity with which the Arrangement is concerned.
- (d) Subject to the provisions of sub-paragraph (e), where a commodity arrangement involves:
 - (i) the continuous regulation of prices in international trade of any commodity or the regulation of production or any quantitative control of exports or imports which /have the purpose or/ might have the effect of reducing or preventing an increase in, the production of or trade in that commodity, or
 - (ii) any undertaking by participants to enter into contracts for specific amounts and at specified prices or /separately or collectively/ to engage in, or to authorize, the buying or selling of the commodity, participants mainly interested in imports of the commodity concerned shall, in decisions on substantive matters, have together a number of votes equal to that of participants mainly interested in exports.

- (e) Notwithstanding the provisions of sub-paragraph (d), where the total production of the commodity which enters into international trade other than between countries which are substantial producers of it, is so small as to make equal representation of consuming and producing countries unreasonable, the negotiating conference may adopt any other distribution of votes within the Commodity Council provided that this distribution is submitted to the Assembly and approved by it. The same provision shall apply to any Arrangement which is not of the type described in sub-paragraph (d).
- (f) Any Arrangement which conforms to the description in sub-paragraph (d)(i) shall provide for study by the participants of measures designed to remove the need for such regulation or control consistently with the objectives of this Agreement.
- (g) Where any Arrangement of the kind described in sub-paragraph (d)(i) is designed inter alia to afford a respite to enable an orderly transfer of resources into new and productive occupations, the participants shall formulate and adopt, as far as practicable, programmes of internal economic adjustment designed to ensure progress within the duration of the Agreement towards solution of the commodity problem involved.
- (h) In the operation of any arrangement the participants shall take into consideration its effects on the production and consumption of other commodities.
- (j) The Signatories, including those not participating in an arrangement, shall give favourable consideration to any recommendation made under the arrangement for expanding consumption and production of the commodity in question.

2. (Old paragraph 2 is incorporated in the above).