

11 November 1958

COMMODITIESDraft Conclusions for Consideration by Chairman's Informal Group

The draft discussed by the Group on 8 November has been revised as set out below. The Group will be convened again, probably on 13 November, to finalize these conclusions for incorporation in the Working Party's report.

1. The Resolution of 17 November 1956 requires the CONTRACTING PARTIES to review annually "The trends and developments in international commodity trade", and discussions under this heading have taken place at the Twelfth and Thirteenth Sessions. The discussions at the Twelfth Session led the CONTRACTING PARTIES to include in the terms of reference of the experts designated to prepare a report on trends in international trade the question of "excessive short-term fluctuations in the prices of primary products". The report of the experts has been widely recognized as a valuable contribution and the CONTRACTING PARTIES are proposing to establish a programme of action directed to the further expansion of international trade in the light of the experts' report and of the general discussion at the present Session.

2. The Working Party, therefore, considers that these general discussions of problems in international commodity trade have been useful and should be continued. On the other hand, it is clearly desirable that these discussions should not duplicate the work of other international organizations and should be related precisely to the particular competence and responsibilities of the CONTRACTING PARTIES. It is therefore suggested that the review provided for in paragraph 1 of the Resolution of 17 November 1956 should henceforth be entitled "The impact of commodity problems upon international trade".

3. According to the Resolution, this annual review is to be based upon a report by the nominee of the CONTRACTING PARTIES as Chairman of ICCICA and other relevant documents. Hitherto, the discussion has tended to be confined to the report of the CONTRACTING PARTIES' nominee and it may be useful to indicate here that "the relevant documents" include the annual report of ICCICA and documents and reports of the CICT, FAO and other intergovernmental agencies. Whilst the CONTRACTING PARTIES should thus take advantage of the documentation produced by other agencies, it would be appropriate and desirable that reports and records of the CONTRACTING PARTIES' discussions in this field be made available to the other intergovernmental agencies.

4. The CONTRACTING PARTIES should appoint a Working Party, to meet just prior to or at the beginning of the last session in each year, at which the review is to take place, to examine the documentation. This Working Party should submit a report to the CONTRACTING PARTIES indicating the extent to which commodity problems have hampered the development of international trade, in particular by affecting the export earnings of primary producing countries and causing them to apply restrictions on imports. In this report it would

be open to the Working Party to make suggestions directed to the alleviation or solution of problems in the field of international trade, having regard to the competence of the United Nations and other intergovernmental organizations, as provided for in paragraph 4 of the Resolution of 17 November 1956.

5. With reference to paragraph 2 of the Resolution, the CONTRACTING PARTIES, when undertaking consultations on balance-of-payments import **restrictions** applied under Article XII or Article XVIII, should address themselves to problems affecting international trade in primary commodities when these are particularly relevant as "factors affecting the balance of payments" (see paragraph I(1) of the proposed plan for consultations under Article XII(4)(b) and Article XVIII(12)(b)). In this connexion the CONTRACTING PARTIES would examine not only the factors affecting the import demand for primary products, but also factors affecting the supply of such products for export, including any measures applied by the consulting contracting party which tend to limit exportation in competitive conditions.

6. With reference to paragraph 3 of the Resolution, contracting parties when contemplating action on problems arising in commodity trade should consider the possibility of initiating consultations under Article XXII with a view to arriving at multilateral solutions.

7. When special circumstances existing in the trade in a primary product threaten to disrupt the market and to cause special difficulties either to exporters or to importers which may lead to commercial policy action being taken by one or more countries, the CONTRACTING PARTIES should, at the request of an interested party, arrange for consultations among exporting and importing countries with a view to finding a solution which would avoid resort to the measures restricting or disrupting trade. These consultations might be arranged pursuant to the provisions of Article XXV:1 which entitle them to act jointly with a view to furthering the objectives of the General Agreement.

8. It should be the responsibility of the CONTRACTING PARTIES to draw the attention of other competent agencies to any situation in the commodity field which has adverse effects on the development of international trade generally and for which collective action is required to find a solution.⁷

9. In representing the CONTRACTING PARTIES at the next Session of the CICT, the Executive Secretary should describe the rôle of GATT in terms of the Resolution as interpreted in this Report and should take part as appropriate in the work of the Session.

10. Finally, the Executive Secretary should be authorized to pursue, in consultation with the executive officers of other interested intergovernmental agencies, the suggestion that the managers of commodity agreements now in force and the permanent officers of Commodity Study Groups be associated in an appropriate manner with one or other of the intergovernmental bodies concerned with commodity problems so that their practical experience of the negotiation and operation of commodity arrangements shall be available to all the agencies concerned.