

FIFTH COMMITTEE: INTER-GOVERNMENTAL COMMODITY AGREEMENTS

SUB-COMMITTEE 'A'

NOTES ON THE TENTH MEETING

Held at Havana on Monday, 22 December 1947 at 4.00 p.m.

Article 67 - Exceptions to Provisions relating to Inter-governmental
Commodity Agreements

The Sub-Committee reached general agreement:

1. That the Charter should be amended to make clear that it was intended to have an exception for action taken in concert as well as action taken unilaterally, applying to the requirements of national security - in whatever way the reference to national security might appropriately be drafted.

2. That it was desirable that the exception be drafted as narrowly as possible.

3. That decisions as to

- (a) the drafting of the exceptions, and
- (b) its location in the Charter,

might best be taken in connection with the discussion of the related portion of Article 94, though not necessarily by the Committee responsible for that Article.

4. That the Sub-Committee had before it for discussion the following two texts:

Proposal 1 - the addition of the following sub-paragraph:

"(e) to any inter-governmental commodity agreement, or any provision in such an agreement, made to meet the essential requirements of national security."

Proposal 2 - (i) The addition of the following sub-paragraph:

"(e) to any inter-governmental agreement concluded solely for the purpose of the non-commercial accumulation of reserves of primary commodities for military purposes or of the expansion of facilities for the production of such primary commodities: Provided that any Member, not being a party to such agreement, may bring a complaint that its commercial interests are seriously prejudiced by the operation of the agreement and the

/Organization,

Organization, if it so finds, shall request the participating Members to consult with the complaining Member in order to safeguard the latter's commercial interests."

(ii) The addition of the following new paragraph 2

"Any Member accumulating non-commercial reserves of primary commodities for military purposes under an inter-governmental agreement, to which Article 67 (1) (e) applies, shall not make arrangements for the commercial liquidation of such reserve stocks in such a way as to injure the commercial interests of producers of the commodities in question, and shall consult with the Organization as to the best means to that end."

It was agreed to note that the understanding of the Committee was that the narrow drafting mentioned in part 2 might include the provision of safeguards.

Article 58 - Types of Agreement

The Sub-Committee agreed to a number of drafting changes to paragraphs 5 and 6 of this Article.

Proposed New Article

Further consideration was given to the relation of short-term market fluctuations to the provisions of Chapter VI.
