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PREFATORY NOTE

The present volume is a collection of the texts of the existing inter-governmental commodity control agreements, and of extracts from the principal international pronouncements on commodity control policy. These are introduced by a preliminary discussion of some of the social issues which the control schemes present. The volume is published in the hope that it may be serviceable during the discussion of commodity control arrangements for the post-war period.

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INTRODUCTION

INTRODUCTION

I. The Development of Intergovernmental Commodity Control Schemes

Intergovernmental commodity control policy is one of the devices receiving special consideration from governments with a view to "the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods".

There have been substantial differences of opinion upon some of the existing control schemes, and international commodity regulation has been tending to change its character as they have developed, but the importance and legitimacy of some of the purposes which they were designed to fulfil now commands general recognition. "During the last twenty years", to quote a recent report[1], "the price of wheat and of jute has been halved three times within about twelve months, the price of cotton three times in periods of under eighteen months. The price of copper and of lead was halved four times within periods of two years and doubled three times even more rapidly. The price of zinc was halved twice in eighteen months, of tin twice in twenty-four months; zinc and lead doubled in price three times in two years or less; copper three times in eighteen months. On one occasion the price of coffee was halved in eight months, on another the price of sugar trebled in four months. Between 1920 and 1933, the price of crude rubber fluctuated between four cents a pound and twenty-five times that amount, and was on several occasions doubled or halved in the space of a few months." Interpreted in terms of human suffering these violent swings in prices "meant that farmers in many areas were unable to purchase clothes or boots, were unable to send their children to school for lack of them, were unable to obtain food other than that produced on the farm; that debts were unpaid and banks forced to close their doors on their depositors; that savings large and small were lost; and the plight of the paid labourer on the farm or in the mine was often such as to make the incomeless farmer seem fortunate".

These social consequences of price fluctuations constitute the point of departure for the International Labour Organisation's interest in the problem of commodity regulation. While the International Labour Office has not the primary

[1] *The Transition from War to Peace Economy*, Report of the Delegation on Economic Depressions, Part I (Geneva, League of Nations, 1943), pp. 23-24. The delegation consisted, at the time of the adoption of the report, of Sir Frederick Phillips, G.C.M.G., C B. (Chairman), Joint Second Secretary of the British Treasury, Chairman of the Financial Committee of the League of Nations; Mr. J. B. Brigden (replacing Mr. F. L. McDougall, C.M.G.), Financial Counsellor, Australian Legation, Washington; Mr. Carter Goodrich, Chairman of the International Public Works Committee of the International Labour Organisation; Hon. Henry F. Grady, former Assistant Secretary of State of the United States, Chairman of the Economic Committee of the League of Nations; Dr G.H.C. Hart, Chairman of the Board for Netherlands East Indies, Surinam and Curaçao; Dr. Zygmunt Karpinski, Representative of the Bank of Poland in New York; Professor O. Morgenstern, Asssociate Professor of Political Economy, Princeton University; and Mr. G. F. Towers, Governor of the Bank of Canada.

responsibility for the study of commodity regulation or for international action in regard thereto, it has been interested in the social effects and consequences of the intergovernmental commodity control schemes since their inception. The interest of the Organisation in the subject dates back to the discussion of raw material problems at the first session of the International Labour Conference in 1919.[1] At its third session the Conference adopted a resolution requesting the submission by the Office of a report on the result of the enquiries concerning raw materials being made by the League of Nations.[2] The Office submitted the requested report at the fourth session of the Conference.[3] The continued interest of the Organisation in the subject has been expressed during the intervening years by its participation in most of the principal international conferences and committees at which the matter has been discussed as a general problem, including the World Economic Conference, 1927, the London Monetary and Economic Conference, 1933, the League of Nations Committee for the Study of the Problem of Raw Materials, 1937, and the Second Inter-American Conference on Agriculture, 1942. At the Conference of the International Labour Organisation held in New York and Washington in October-November 1941 there was unanimously adopted a resolution submitted by the Government, Employers' and Workers' delegates of the United States contemplating that the International Labour Organisation will "give authoritative expression to the social objectives confided to it, in the rebuilding of a peaceful world upon the basis of improved labour standards, economic advancement, and social security". The attainment of these objectives, on behalf of the primary producers who constitute so important a part of the working population of the world, and whose standards so often fall below any reasonable minimum, on behalf of all who are employed in the processing of primary products, and in the interest of society generally, will be profoundly influenced by the policies followed in regard to international commodity regulation.

Although there was a marked tendency for raw material control schemes to develop before the great depression[4], the principal intergovernmental schemes have developed during the years since the depression, as the following brief outline will show.[5]

[1] International Labour Conference, *First Annual Meeting*, 1919, pp. 134-144 and 237-239.

[2] International Labour Conference, Third Session, Geneva, 1921, *Final Record*, Vol. I, pp. 388-389.

[3] International Labour Conference, Fourth Session, Geneva, 1922, *Final Record*, Vol. II, pp. 1093-1116, "Note on the Distribution of Raw Materials". See also INTERNATIONAL LABOUR OFFICE: *Enquête sur la Production, Rapport Général*, Tome III, 1924, pp. 7-106, "La crise des matières premières".

[4] See Eugene STALEY: *Raw Materials in Peace and War*, pp. 79-81, and J.W.F. ROWE: "Artificial Control Schemes and the World's Staples", in *Index* (*Svenska Handelsbanken*), Apr. 1935. For the position of the crude food and raw material industries in the years immediately before the depression, see *The Course and Phases of the World Economic Depression*, Report presented to the Assembly of the League of Nations, 1931 (Series of League of Nations Publications, 1931, II. A. 21). See also LEAGUE OF NATIONS, Economic Committee: *The Agricultural Crisis*, 2 vols. (Series of League of Nations Publications, 1931, II. B. 12); and V. P. TIMOSHENKO: *World Agriculture and the Depression*.

For the bearing of fluctuations in the crude food and raw materials industries on the trade cycle, see Gottfried von HABERLER: *Prosperity and Depression, A Theoretical Analysis of Cyclical Movements* (League of Nations, 1937), pp. 142-157; John Maynard KEYNES: *The General Theory of Employment, Interest and Money*, 1936, pp. 329-332; A. C. PIGOU: *Industrial Fluctuations*, 2nd edition, 1936, pp. 36-41; J. A. KIRK: *Agriculture and the Trade Cycle*, 1933; and A. HANSEN: "The Business Cycle in Relation to Agriculture", in *Journal of Farm Economics*, Vol. XIV, 1932, pp. 59-68.

[5] For a general sketch of the development of the schemes, see H. V. HODSON: *Slump and Recovery, 1929-1937* (1938), pp. 40-50, 230-266, and 439-467.

Wheat.

A Wheat Agreement was entered into by wheat exporting and importing countries at London on 25 August 1933 as the result of discussions during the Monetary and Economic Conference. In 1942, the Washington Wheat Meeting, at which Argentina, Australia, Canada, the United States and the United Kingdom were represented, adopted a memorandum of agreement providing for the provisional application during the period immediately following the cessation of hostilities of an annexed draft convention intended to replace the 1933 Agreement and designed to be submitted as soon as the time is propitious to a conference of nations having a substantial interest in the international trade in wheat.[1]

Sugar.

An Agreement concerning the Regulation of the Production and Marketing of Sugar was opened for signature at London on 6 May 1937, the parties including the principal producing countries, the United Kingdom and the United States; a Protocol, to enforce and prolong this Agreement after 31 August 1942, was signed at London on 22 July 1942.[2]

Tea.

The International Tea Agreement, entered into at London on 9 February 1933 and replaced on 18 November 1936 by an agreement afterwards revised on 25 August 1938, is still in form a producers' agreement, but must be regarded as being in substance an intergovernmental agreement, since it provides for governmental representation on the International Tea Committee and governmental approval of changes in the scheme, and is implemented by legislation

[1] Concerning wheat control see Paul de HEVESY: *World Wheat Planning and Economic Planning in General*, 1940; *Wheat Studies of the Food Research Institute* (Stanford University), especially Vol. VII, No. 9, pp. 439-447, "The International Wheat Conferences during 1930-31", by A. E. TAYLOR; Vol XI, No. 10, pp. 359-404, "International Wheat Policy and Planning", by A. E. TAYLOR; and Vol. XIX, No. 2, pp. 25-80, "New International Wheat Agreements", by Joseph S. DAVIS; and UNITED STATES DEPARTMENT OF AGRICULTURE, Office of Foreign Agricultural Relations: *The International Wheat Agreement Prepared at the International Wheat Meeting, July 1941-June 1942.* Wheat control is also discussed in J. W. F. ROWE: *Markets and Men* (Cambridge University Press, 1936), pp. 51-73; STALEY, *op. cit.*, pp. 310-315; H. R. G. GREAVES: *Raw Materials and International Control*, pp. 73-84; and HODSON, *op. cit.*, pp. 45-47, 230-235, and 447-448; for the Canadian wheat pools, see W. L. HOLLAND (ed.): *Commodity Control in the Pacific Area*, pp. 125-156. See also INTERNATIONAL LABOUR OFFICE: *Enquête sur la Production, Rapport Général*, Tome II, Vol. 2, 1923, pp. 641-706.

[2] Sugar control is discussed in ROWE, *op. cit.*, pp. 74-92; STALEY, *op. cit.*, pp. 300-303; GREAVES, *op. cit.*, pp. 99-106; HODSON, *op. cit.*, pp. 252-254, and 460-461; and HOLLAND (ed.), *op. cit.*, pp. 224-265. See also INTERNATIONAL SUGAR CONFERENCE, London, 1937: *I. Text of the Agreement, II. Proceedings and Documents of the Conference* (Series of League of Nations Publications, 1937, II. B. 8). For earlier reviews of the sugar industry see LEAGUE OF NATIONS: *Sugar*, Memoranda prepared for the Economic Committee (Series of League of Nations Publications, 1929, II. 20), and *The World Sugar Situation*, Report by the Economic Committee (Series of League of Nations Publications, 1929, II. 30). See also R. GUERRA: *Azúcar y población en las Antillas* (Havana, 1927), pp. 149-170; FOREIGN POLICY ASSOCIATION: *Problems of the New Cuba*, 1935, pp. 218-311; G. H. C. HART: *Towards Economic Democracy in the Netherlands Indies* (Netherlands and Netherlands Indies Council, Institute of Pacific Relations, 1942), pp. 114-118; J. W. F. ROWE: *Studies in the Artificial Control of Raw Material Supplies*, No. 1, Sugar, Part I, Sugar Industry of Cuba, Part II, Marketing of Jam Sugar (Royal Economic Society, Memorandum No. 23, 1930); and INTERNATIONAL LABOUR OFFICE: *Enquête sur la Production, Rapport Général* Tome II, Vol. 1, 1923, pp. 579-640.

in the participating countries. A tea agreement to be concluded directly between governments was under consideration at the time of the outbreak of war.[1]

Coffee.

An Inter-American Coffee Agreement was signed at Washington on 28 November 1940, and continued by a declaration of 12 May 1943 for a further year from 1 October 1943.[2]

Beef.

Arrangements have been in force since 1937 between the Government of the United Kingdom, the principal beef importing country, and the governments of the principal beef exporting countries which may be regarded as equivalent to an international beef agreement.

Timber.

A convention fixing export quotas for sawn timber was concluded at Copenhagen in November 1935 by Austria, Czechoslovakia, Finland, Poland, Rumania, Sweden, U.S.S.R. and Yugoslavia and came into force as from 1 December 1935.[3]

Tin.

An International Tin Control Scheme was signed at London on 27 February 1931 and replaced successively by later agreements signed at London on 27 October 1933, at Brussels on 5 January 1937 and at London on 9 September 1942. The principal producing countries are parties to the 1942 Agreement.[4]

Rubber.

An Agreement for the Regulation of the Production and Export of Rubber was signed at London on 7 May 1934 and has been frequently amended and twice renewed. This Agreement has probably been the subject of more criticism, especially in the United States, than any of the other intergovernmental schemes.[5]

[1] Tea control is discussed in HODSON, *op. cit.*, pp. 251-252 and 456-460, and STALEY, *op. cit.*, pp. 304-306.

[2] Coffee control is discussed in ROWE, *op. cit.*, pp. 22-50 and 231-252; STALEY, *op. cit.*, pp. 258-267; Benjamin Bruce WALLACE and Lynn Ramsay EDMINSTER: *International Control of Raw Materials* (The Brookings Institution, 1930), pp. 122-171; and *Inter-American Coffee Board, First Annual Report*, 1941-1942.

[3] Timber control is discussed in STALEY, *op. cit.*, pp. 315-316; and GREAVES, *op. cit.*, pp. 93-98; see also LEAGUE OF NATIONS, Economic Committee: *The Timber Problem, Its International Aspects* (Series of League of Nations Publications, 1932, II. B. 6); and F. ARCOLEO: "The Organisation of the International Timber Market", in *International Review of Agriculture*, Year XXVII, Feb. 1936, No. 2, pp. 41-49 (International Institute of Agriculture).

[4] Tin control is discussed in W. Y. ELLIOTT and others: *International Control in the Non-Ferrous Metals*, pp. 277-362; HOLLAND (ed.), *op. cit.*, pp. 376-398; ROWE, *op. cit.*, pp. 152-168; STALEY, *op. cit.*, pp. 306-309; GREAVES, *op. cit.*, pp. 118-123; HODSON, *op. cit.*, pp. 48-50, 240-245, and 452-456; and INTERNATIONAL CHAMBER OF COMMERCE: *International Ententes*, pp. 19-29. The history of tin pools is reviewed in *International Cartels: Journal of the Bureau of International Cartels*, 1939, No. 1, pp. 13-16.

[5] Rubber control is discussed in HOLLAND (ed.), *op. cit.*, pp. 399-425; ROWE, *op. cit.*, pp. 122-151; STALEY, *op. cit.*, pp. 290-293; WALLACE and EDMINSTER, *op. cit.*, pp. 172-218; INTERNATIONAL CHAMBER OF COMMERCE, *op. cit.*, pp. 9-17; Charles R. WHITTESLEY: *Governmental Control of Crude Rubber—The Stevenson Plan* (Princeton University Press, 1931); GREAVES, *op. cit.*, pp. 124-129; HODSON, *op. cit.*, pp. 42-45, 235-240, and 448-452; and J. W. F. ROWE: *Studies in the Artificial Control of Raw Material Supplies*, No. 2, Rubber (Royal Economic Society, Memorandum No. 29, 1931). See also HART, *loc. cit.*, pp. 101-114; and INTERNATIONAL LABOUR OFFICE: *Enquête sur la Production, Rapport Général*, Tome II, Vol. 1, 1923, pp. 399-430.

The Inter-Governmental Memorandum of Heads of Agreement between Holders of Large Stocks or Users of Silver and Principal Producers of Silver, signed at London on 22 July 1933, has been excluded from the present collection on the ground that it is more closely related to monetary than to commodity control policy.[1]

Intergovernmental agreements for the conservation of fisheries have also been excluded as representing a different problem.[2]

From time to time proposals have been advanced for intergovernmental agreements concerning other commodities. Agreements concerning dairy products, wine, cocoa and copper were suggested during the proceedings of the London Monetary and Economic Conference in 1933. In the case of copper, the Economic Committee of the League of Nations reported in November 1933 that it had been ascertained by enquiries that the majority of the governments concerned considered that, in view of the high degree of organisation of the copper industry, it would be preferable to leave it to the producers themselves to take the initiative in an international settlement of the problem, but that the United States Government was ready to support the general idea of an international agreement on the production of, and trade in, copper.[3] An International Cotton Meeting held in Washington in September 1939 decided to postpone action upon a cotton agreement owing to the outbreak of war, but authorised the formation of an International Cotton Advisory Committee to keep the governments of the various cotton-growing countries informed of the world cotton situation.[4] Proposals have also been made for an international coal agreement, notably by the Miners' International Federation, which first raised the matter through the International Labour Organisation in 1920.[5] The outbreak of war in the Pacific in 1941 interrupted discussions between the Netherlands

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[1] The text is available in Manley O. HUDSON: *International Legislation*, Vol. VI, 1932-1934, pp. 430-436.

[2] The fisheries agreements are discussed in Jazo TOMASEVITCH: *International Agreements on the Conservation of Marine Resources*, and HOLLAND (ed.), *op. cit.*, pp. 426-448.

[3] League of Nations Document C. 643. M. 306. 1933. II. B. 5, 17 Nov. 1933. Copper control is discussed in ELLIOTT and others, *op. cit.*, pp. 363-590; HODSON, *op. cit.*, pp. 245-250 and 456-458; ROWE, *op. cit.*, pp. 187-193; and STALEY, *op. cit.*, pp. 262-266.

[4] For a general survey of the textile industry, see INTERNATIONAL LABOUR OFFICE: *The World Textile Industry: Economic and Social Problems* (Studies and Reports, Series B, No. 26, 1937, 2 vols.); for the reports adopted by the Technical Tripartite Conference on the Textile Industry, Washington, 1937, see *The International Labour Code, 1939*, pp. 746-764. See also Edith Tilton DENHARDT: "The Effect of War on the Relative Importance of Producing Centres with Special Reference to the Textile Industry", in *International Labour Review*, Vol. XLII, No. 6, Dec. 1940, pp. 301-346. See also LEAGUE OF NATIONS: *International Economic Conference, May 1927, Documentation, Memorandum on Cotton* (Publications of the League of Nations, 1927, II. 1). Cotton control is discussed in ROWE, *op. cit.*, pp. 93-121; STALEY, *op. cit.*, pp. 266-270; and GREAVES, *op. cit.*, pp. 106-117. See also UNITED STATES DEPARTMENT OF AGRICULTURE, Office of Foreign Agricultural Relations: *An International Cotton Meeting, Washington, D.C., September 5-9, 1939, Stenographic Report*, and UNITED STATES DEPARTMENT OF AGRICULTURE: *International Cotton Advisory Committee, Minutes of First, Second and Third Meetings.*

[5] Studies and Reports, Series A, No. 7, pp. 7-8. For a general survey of the coal industry, see INTERNATIONAL LABOUR OFFICE: *The World Coal Mining Industry* (Studies and Reports, Series B, No. 31, 1938, 2 vols.); for the report adopted by the Technical Tripartite Meeting on the Coal Mining Industry, Geneva, 1938, see *The International Labour Code, 1939*, pp. 765-772. See also LEAGUE OF NATIONS: *International Economic Conference, May 1927, Documentation, Memorandum on Coal*, 2 vols. (Publications of the League of Nations, 1927, II. 9), and LEAGUE OF NATIONS, Economic Committee: *The Coal Problem* (Series of League of Nations Publications, 1932, II. B. 4). A cartel arrangement between British and Polish coal producers was entered into in 1935 and renewed in 1937. The Anglo-Polish coal cartel is discussed in Alfred PLUMMER: *International Combines in Modern History* (2nd edition, 1938), pp. 131-132. See also GREAVES, *op. cit.*, pp. 30-43.

Indies and East Africa concerning the possibility of a sisal regulation scheme and negotiations which were in progress between Australia, New Zealand, and the Colony of Fiji and the Western Pacific High Commission for the establishment of a Pacific Copra Marketing Board to administer a scheme to assist British and Free French copra producing areas in the Pacific, including mandated territories. The possible range of intergovernmental control is clearly much wider than the arrangements already introduced or considered and includes many products not hitherto subject to such regulation.[1] Among the other primary products which have been controlled internationally by producers, with varying degrees of government sanction or participation, may be mentioned: in the metals group, aluminium[2], lead[3], nickel[4] and zinc[5]; among other minerals, mercury[6], nitrates[7], petroleum[8], potash[9] and sulphur[10]; and among other products, quinine[11] and raw silk.[12] The International Steel Cartel controlled raw steel as well as steel products[13], and in view of the critical strategic importance of steel, governments are likely to be specially concerned with any future arrangements concerning it.

The majority of the intergovernmental schemes have grown out of earlier producers' schemes, most of which were unsuccessful and some of which, like the Chadbourne sugar scheme[14] and the Stevenson Rubber scheme[15], have been

[1] See the discussion on this subject in WALLACE and EDMINSTER, *op. cit.*, pp. 13-17, and *The Chronology of the Development of Controls*, pp. 347-364. See also the "Summary of Important Raw Material Control Schemes by Commodities", in STALEY, *op. cit.*, pp. 251-318, and the accounts of various national control schemes in HOLLAND (ed.), *op. cit.*

[2] Aluminium control is discussed in ELLIOTT and others, *op. cit.*, pp. 210-276; STALEY, *op. cit.*, pp. 253-256; LEAGUE OF NATIONS: *Review of the Economic Aspects of Several International Industrial Agreements* (Series of League of Nations Publications, 1930, II. 41), pp. 25-28; and INTERNATIONAL CHAMBER OF COMMERCE, *op. cit.*, pp. 31-37.

[3] Lead control is discussed in ELLIOTT and others, *op. cit.*, pp. 591-683, and STALEY, *op. cit.*, p. 274.

[4] Nickel control is discussed in ELLIOTT and others, *op. cit.*, pp. 109-209, and STALEY, *op. cit.*, pp. 276-281.

[5] Zinc control is discussed in ELLIOTT and others, *op. cit.*, pp. 684-778, and STALEY, *op. cit.*, pp. 317-318.

[6] Mercury control is discussed in LEAGUE OF NATIONS: *Review of the Economic Aspects of Several International Industrial Agreements*, pp. 29-31, and STALEY, *op. cit.*, pp. 274-275.

[7] Nitrate control is discussed in STALEY, *op. cit.*, pp. 281-282, and WALLACE and EDMINSTER, *op. cit.*, pp. 26-56.

[8] Petroleum control is discussed in STALEY, *op. cit.*, pp. 282-284; GREAVES, *op. cit.*, pp. 44-59; and HOLLAND (ed.), *op. cit.*, pp. 349-375.

[9] Potash control is discussed in LEAGUE OF NATIONS: *Review of the Economic Aspects of Several International Industrial Agreements*, pp. 32-38; STALEY, *op. cit.*, pp. 286-287; WALLACE and EDMINSTER, *op. cit.*, pp. 76-121. The text of the Franco-German Potash Agreement of 29 September 1926 is printed in WALLACE and EDMINSTER, *op. cit.*, pp. 393-401, and in PLUMMER, *op. cit.*, pp. 264-267. See also LEAGUE OF NATIONS: *International Economic Conference, May 1927, Documentation, Potash Industry* (Publications of the League of Nations, 1927, II. 12).

[10] Sulphur control is discussed in STALEY, *op. cit.*, pp. 303-304. See also LEAGUE OF NATIONS: *International Economic Conference, May 1927, Documentation, The Chemical Industry* (Publications of the League of Nations, 1927, II. 4).

[11] Quinine control is discussed in STALEY, *op. cit.*, pp. 288-290.

[12] Silk control is discussed in STALEY, *op. cit.*, pp. 293-295, and HOLLAND (ed.), *op. cit.*, pp. 198-223. See also LEAGUE OF NATIONS: *International Economic Conference, May 1927, Documentation, Natural Silk Industry* (Publications of the League of Nations, 1927, II. 15).

[13] See Ervin HEXNER: *The International Steel Cartel*, 1943. See also LEAGUE OF NATIONS: *International Economic Conference, May 1927, Documentation, Memorandum on the Steel Industry* (Publications of the League of Nations, 1927, II. 8), and *Mechanical Engineering*, 2 vols. (Publications of the League of Nations, 1927, II. 6).

[14] For the Chadbourne Plan see *Problems of the New Cuba* (Foreign Policy Association, 1935), pp. 244-258.

[15] For criticism of the Stevenson scheme and documents relating to the scheme, see WALLACE and EDMINSTER, *op. cit.*, pp. 172-218 and 301-421, and WHITTLESLEY, *op. cit.*; and for a full account and criticism of the scheme see particularly J. W. F. ROWE: *Studies in the Artificial Control of Raw Materials*, No. 2, Rubber (Royal Economic Society, Memorandum No. 29, 1931).

severely criticised as contrary to the public interest. The failure of these producers' schemes has not checked the tendency towards the extension of control.[1] On the contrary a number of deductions drawn from their failure have been taken increasingly as the basis of the existing intergovernmental schemes. These include the impossibility of devising effective international regulatory machinery without the adoption of complementary national measures in all of the more important producing countries; the necessity of including all the more important exporting and importing countries; the ineffectiveness, in the case of certain commodities, of price-stabilising measures unsupported by production or export regulation; and the inadequacy of acreage control as a means of regulating production in the case of commodities with an upward trend in unit yields. Important conclusions in regard to the economics of both restriction and valorisation schemes have also been drawn from the failures of the twenties and thirties.[2] During the frequent international discussion of intergovernmental control schemes which has occurred in the course of the period during which the schemes have been developing and substantial changes in their prevailing character have supervened, there has simultaneously emerged a considerable measure of agreement upon some of the conditions for the protection of the public interest which it is desirable that such schemes should fulfil. It may therefore be of service to recall some of the principal international pronouncements on the subject before proceeding to consider future policy and to discuss what part the International Labour Organisation could usefully play in the co-ordination of international commodity regulation for the achievement of wider economic and social objectives.

In evaluating the current significance of these pronouncements it must of course be realised that they represent successive phases in the evolution of official thinking on the subject rather than a coherent body of established doctrine. It must also be recalled that the war has resulted in the establishment of new forms of intergovernmental commodity control, typified by the Combined Food Board, the Combined Raw Materials Board, and the Combined Production and Resources Board, detailed particulars of the operation of which are unlikely to be available for publication until after the war[3], but the experience of which is likely to have a profound influence on future intergovernmental commodity regulation arrangements. The wartime buying of whole crops on behalf of governments, the foreign activities of the Commodity Credit Corporation of the Department of Agriculture of the United States[4] and of the United Kingdom Commercial Corporation, and the operations of the Middle East Supply Centre, the Eastern Group Supply Council, the North African Economic Board,[5] the Anglo-

[1] On this point see *Planning*, No. 174, 29 July 1941, "Commodity Control Schemes", pp. 2-19.

[2] See, for both types of scheme, ROWE: *op. cit.*, pp. 179-252, summarised in part at p. xxviii-xxix below, and for restriction schemes, J.W.F. ROWE: "Some General Economic Aspects", in ELLIOTT and others, *op. cit.*, pp. 56-97.

[3] For the texts governing the operations of the Boards, see Appendix C, p. 158-177. See also *Fifth Report to Congress on Lend-Lease Operations*, pp. 17-23. Brief accounts of the Boards are given in Henri BONNET: *The United Nations—What They Are, What They May Become*, pp. 15-16, 20-22 and 83-84, and *Outlines of the Future Organisation Emerging from the War*, pp. 56-75.

The texts of illustrative wartime commodity purchase and reserve stock agreements are given in Appendix D, pp. 178-205.

[4] See the annual *Report of the President of the Commodity Credit Corporation to the Secretary of Agriculture of the United States.*

[5] See *Eleventh Report to Congress on Lend-Lease Operations*, pp. 16-19.

American Carribean Commission, the Inter-American Development Commission, and the United Nations Relief and Rehabilitation Administration[1], will also form an essential part of the setting of the post-war problem of intergovernmental commodity regulation. The first world war widened men's views of the possibilities of collective control over whole industries and of the possible role of governments in this connection and led to developments in industrial organisation in some of the agricultural as well as in the mining and manufacturing industries. It thus gave a powerful stimulus to the development of control schemes in the inter-war period.[2] The repercussions of the wartime experience of the second world war are likely to be even more far-reaching.[3]

II. Existing International Statements of Policy

There have been five major pronouncements by authoritative international conferences or committees of an official character which, either in terms applicable to all international industrial agreements or with specific reference to intergovernmental schemes, formulate principles of policy concerning intergovernmental commodity control schemes.

Before the great depression the World Economic Conference of 1927[4] embodied in its Final Report certain findings concerning international industrial agreements. The report expressed the view that "the phenomenon of such agreements, arising from economic necessities, does not constitute a matter upon which any conclusion of principle need be reached, but a development which has to be recognised and which, from this practical point of view, must be considered as good or bad according to the spirit which rules the constitution and the operation of the agreements, and in particular according to the measure in which those directing them are actuated by a sense of the general interest". After mentioning the possible advantages of such agreements the report records certain reservations in regard to them:

> Nevertheless, the Conference considers, on the other hand, that such agreements, if they encourage monopolistic tendencies and the application of unsound business methods, may check technical progress in production and involve dangers to the legitimate interests of important sections of society and of particular countries.
>
> It consequently appears to the Conference that it is entirely necessary that agreements should not lead to an artificial rise in prices, which would injure consumers, and that they should give due consideration to the interests of the workers. It is further necessary that they should not, either in intention or effect, restrict the supply to any particular country of raw materials or basic products, or without just cause create unequal conditions between the finishing industries of the consuming and producing countries or other countries situated in the same conditions. Nor must they have for their object or effect any reduction in the economic equipment which any nation considers indispensable, nor should they stereotype the present position of production, whether from the point of view of technical progress or of the distribution of industries among the various countries in accordance with the necessities imposed upon each by its economic development and the growth of its population.

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[1] See Appendix C, p. 169.

[2] See ROWE, *op. cit.*, pp. 9-15.

[3] For the immediate background of the prospective post-war situation, see LEAGUE OF NATIONS: *World Economic Survey, 1941-42*, pp. 53-77; Leslie A. WHEELER: "Agricultural Surpluses in the Post-War World", in *Foreign Affairs*, Vol. 20, No. 1, Oct. 1941, pp. 87-101; J. B. CONDLIFFE: *Agenda for a Post-War World*, 1942, pp. 102-131; and J. S. DAVIS: "International Commodity Agreements in the Post-War World", in *American Economic Review*, Supplement, Vol. XXXII, No. 1, Mar. 1942, pp. 391-403.

[4] The International Labour Organisation was represented at this Conference by Arthur Fontaine, Chairman of the Governing Body.

The International Labour Office submitted to the Preparatory Committee for the Conference memoranda on *The Social Effects of International Industrial Agreements, The Protection of Workers and Consumers* and *National and International Monopolies from the Point of View of Labour, the Consuming Public, and Rationalisation.*

The Conference contemplated continued international study of the effect of international industrial agreements upon "technical progress, the development of production, conditions of labour, the situation as regards supplies, and the movement of prices" and pointed out that "the publicity given in regard to the nature and operations of agreements constitutes one of the most effective means, on the one hand, of securing the support of public opinion to agreements which conduce to the general interest and, on the other hand, of preventing the growth of abuses".[1] These conclusions, which were formulated before the emergence of the principal intergovernmental schemes, are no less applicable to them than to producers' agreements.

By the time of the London Monetary and Economic Conference of 1933[2], intergovernmental commodity control schemes had come to be regarded as a form of international industrial agreement clearly distinct from, and in many respects preferable to, producers' cartel agreements, especially as a means of regulating the production and marketing of foodstuffs and raw materials. In these circumstances the London Conference approved a report by one of its sub-commissions relating to the co-ordination of production and marketing which defined in greater detail the principles that should govern intergovernmental schemes. The kernel of this report is contained in a paragraph affirming that every scheme "should be fair to all parties, both producers and consumers", "should be designed to secure and maintain a fair and remunerative price level", "should not aim at discriminating against a particular country" and "should as far as possible be worked with the willing co-operation of consuming interests in importing countries who are equally concerned with producers in the maintenance of regular supplies at fair and stable prices". The Sub-Commission considered that the details of the agreements to be concluded could be settled only by the countries concerned, but that it had facilitated the conclusion of such agreements by unanimously approving the principles on which they should be based.[3] These recommendations of the Monetary and Economic Conference were reflected to a considerable degree in the development of the intergovernmental schemes during the years immediately succeeding the Conference.

In 1937 the Committee for the Study of the Problem of Raw Materials appointed by the Council of the League of Nations again reviewed the position.[4] This Committee devoted a section of its report to international regulation schemes relating to the supply of raw materials. The Committee pointed out that the "cir-

[1] WORLD ECONOMIC CONFERENCE: *Final Report* (League of Nations Document C.E.I. 44, 1927); for the full text of the relevant passages, see Appendix A, pp. 133-134 below. See also the following studies published by the League of Nations to give effect to the recommendations of this Report: *Review of the Legal Aspects of Industrial Agreements* (Series of League of Nations Publications, 1930, II. 11); *Review of the Economic Aspects of Several International Industrial Agreements* (Series of League of Nations Publications, 1930, II. 41); and *General Report on the Economic Aspects of International Industrial Agreements* (Series of League of Nations Publications, 1931, II. B. 21).

[2] The delegation of the International Labour Organisation to this Conference consisted of Sir Atul Chatterjee, Chairman of the Governing Body, Mr. Oersted, Employers' representative, and Mr. Jouhaux, Workers' representative, with Dr. Riddell as substitute representative of the Government group and Mr. Forbes Watson and Mr. Curcin as substitute representatives of the Employers' group.

[3] MONETARY AND ECONOMIC CONFERENCE: *Reports approved by the Conference on July 27th 1933* (Series of League of Nations Publications, 1933, II. Spec. 4); for the full text of the relevant passages, see Appendix A, pp. 135-136 below.

[4] Fernand Maurette, Assistant Director of the International Labour Office, served on this Committee.

cumstances which have led up to such schemes have invariably been the accumulation of unmanageably large stocks and the consequent fall of prices to uneconomic levels", that "the earliest regulation schemes were designed solely to raise prices and were operated in such a way as to intensify or relax the restriction on the production or export of the regulated commodity in accordance with the price of that commodity at pre-determined rates", that "experience having shown that this form of regulation was open to various objections, under more recent schemes the intensification or relaxation of restriction is determined by reference, not to the current price, but to the volume of available stocks of the regulated commodity", and that "the declared object" of the regulation schemes operated by governments or under their auspices "is to reduce stocks to a normal level, to maintain them at that level, and to maintain a fair and equitable price for reasonably efficient producers".

"It is to be remarked", the Committee observed, "that the commodities to which these schemes relate are produced principally or entirely by communities commanding small capital resources, whose purchasing power had been almost entirely destroyed, when those schemes were introduced, by the low level of prices which prevailed. Experience has shown that such communities, when prices rise, are very quick to increase their purchases, which consist almost entirely of imported goods, principally manufactured. Schemes of this kind, in so far as they restore the purchasing power of communities which are normally large purchasers of imported goods and thus lead to a marked increase in their imports, are to be welcomed as a valuable means of restoring international trade." It therefore appeared to the Committee that "thanks to the governmental control of these schemes, the power of determining the degree of restriction is placed in the hands of authorities who can look beyond the immediate interests of the producers to their ultimate interests, and also to those of the world at large. This must give the consumers a confidence they could never feel if the whole control of the schemes was vested in persons actually engaged in production."

The Committee discussed in a preliminary manner the desirability of constituting buffer stocks and summarised its general conclusions regarding intergovernmental commodity control schemes in the following language:

> To sum up, the Committee, while it would not wish to state that all regulation schemes in the past have been well conceived or beneficial to all the interests concerned, considers that the governmental regulation schemes relating to raw materials now in operation have, generally speaking, been an important factor in the improvement in economic conditions experienced in producing countries during the depression, as well as in the development of international trade. But it feels that it is very important that consuming countries should be given every assurance that the schemes will be operated in a reasonable manner. With this end in view, it considers that every such scheme should make adequate provision for effective representation of consumers and for publicity, should be subject to the greatest degree of governmental supervision which the circumstances admit, and should be so framed that the controlling body is placed in a position to take immediate and effective action in the event of an unreasonable rise of prices or other effects prejudicial to the consumers.[1]

Prior to the next discussion of the subject at an international conference,

[1] *Report of the Committee for the Study of the Problem of Raw Materials* (Series of League of Nations Publications, 1937, II. B. 7); for the full text of the relevant passages, see Appendix A, pp. 137-139.

the question of commodity agreements was considered from a regional standpoint at the Second Inter-American Conference of Agriculture held in Mexico City in July 1942 under the auspices of the Pan American Union.[1] This Conference endorsed "the approach, wherever applicable, to the solution of surplus commodity problems through international agreements" fulfilling certain conditions[2], and urged that not only hemispheric but international action was necessary for this purpose. The wartime emergency aspects of commodity policy were also the subject of resolutions adopted by the Second and Third Meetings of Ministers of Foreign Affairs of the American Republics[3] held at Havana in July 1940 and at Rio de Janeiro in January 1942.

In the light of further experience the subject was once more reviewed by the United Nations Conference on Food and Agriculture in May-June 1943.[4] The report which the Conference adopted on the facilitation and improvement of the distribution of food and other agricultural and marine products contains a discussion of the functional disorders of international commodity distribution and their remedies.[5] This report distinguishes three classes of such functional disorders: short-period fluctuations of prices; disorders which are a concomitant of general cyclical depression; and disorders which are the outcome of structural modifications in relations between existing productive capacity and the need of society for certain commodities or groups of commodities. It was the unanimous view of the Conference on Food and Agriculture "that the world after the war, should follow a bold policy of economic expansion instead of the timid régime of scarcity which characterised the 1930's". On the nature of the international commodity regulation which is desirable there was a difference of opinion. Some delegates envisaged future arrangements chiefly for the establishment and operation of buffer stocks and there was disagreement concerning the part to be allotted to quantitative regulation in regard to both short-term fluctuations and long-term disequilibrium. In a resolution summing up its conclusions the Conference recommended that international commodity arrangements should be so designed as to promote the expansion of an orderly world economy, that a body of broad principles applicable to such arrangements, to be agreed upon through further international discussion, should include assurances on effective representation of consumers and on an increase of the opportunities for supplying consumption needs at prices fair to both consumers and producers, and "that international organisation should be created" to study the feasibility and desirability of commodity arrangements, initiate or review such arrangements, and guide and co-ordinate their operations in accordance with agreed principles and in close relation with international economic programmes for raising consumption levels.[6]

More detailed proposals concerning buffer stocks were submitted to both the

[1] The representative of the International Labour Office at this Conference was Mr. Mukdim Osmay.

[2] For the text of the resolution adopted by the Conference, see Appendix A, pp. 145-146.

[3] For the texts of these resolutions see Appendix A, pp. 133-156.

[4] The International Labour Office submitted to this Conference a *Memorandum on the interest and activity of the International Labour Organisation in problems relating to food and other essential agricultural products.*

[5] UNITED NATIONS CONFERENCE ON FOOD AND AGRICULTURE: *Final Act and Section Reports* (U.S. Government Printing Office, 1943), pp. 57-61; for the full text of the relevant passages, see Appendix A, pp. 146-148 below.

[6] *Ibid.*, pp. 25-26; for the full text of the resolution, see Appendix A, pp. 148-149.

League of Nations Raw Materials Committee (1937) and the United Nations Conference on Food and Agriculture and reserved for further consideration.

The Raw Materials Committee requested two of its members to prepare a memorandum on the subject which it annexed to its report. This memorandum summarised in the following terms the proposals contained in it:

> To sum up, if the regulation schemes now in existence are to be improved by the creation of machinery for correcting excessive movements in price, particularly in an upward direction, it would appear that a possible method would be for the Governments of the principal consuming countries to form committees for the purpose and to invite the committees administering the schemes to send representatives to co-operate with them to form and operate a buffer stock. The buffer stock committees so constituted would negotiate with the regulation committees for the grant of a special buffer stock quota outside the ordinary rate of release, and, when it was granted, would negotiate with the individual producers for the purchase of the appropriate part of their production at a price which was above the cost of production but below the market price, either outright or on some form of profit-sharing terms. Conditions of the agreement would be: (1) that no release would be made from the buffer stock except at a high point of price to be agreed from time to time between the consumers' and producers' representatives on the controlling body; (2) that further additions would be made to the buffer stock from the open market if the price fell to a low point to be agreed from time to time in the same way; (3) that, if the regulation scheme came to an end, the liquidation of the buffer stock would be spread over a period to be agreed in advance.[1]

This conception of buffer stock schemes as being essentially ancillary to regulation schemes stands in marked contrast to the later conception of such schemes as expounded, for instance, at the United Nations Conference on Food and Agriculture. The United Kingdom delegation submitted to this Conference a declaration of principle which contemplated that "those responsible for operating a buffer stock should aim at combining a short-period stabilisation of prices with a long-period price policy, which balances supply and demand and allows a steady rate of expansion to the most efficient producers" and suggested that this aim should be achieved "through variations in the prices at which the authority controlling the buffer stock is a buyer and a seller".[2] Another factor which has placed the problem of international commodity regulation in a new perspective has been the development of the Ever-Normal Granary Program of the United States, which is designed to assure an adequate reserve supply of farm products at all times through a system of loans utilised to provide an adequate supply at reasonable prices in years of subnormal production.

With the development of the new conception of the possible role of buffer stocks and ever-normal granary arrangements the problem of intergovernmental commodity regulation is clearly entering upon a new phase. The reports and resolutions adopted by the World Economic Conference, the London Monetary and Economic Conference, the League of Nations Raw Materials Committee, the Second Inter-American Conference of Agriculture and the United Nations Conference on Food and Agriculture, although so largely concerned with the problems of regulation schemes and of buffer stocks ancillary thereto, continue to be the starting point for further international consideration of policy in regard to all types of control schemes, but this new phase presents new problems which are of great social importance.

[1] *Report of the Committee for the Study of the Problem of Raw Materials* (Series of League of Nations Publications, 1937, II. B. 7), pp. 56-62; for the full text of the relevant passages, see Appendix A, pp. 149-154.

[2] For the full text of the relevant passages, see Appendix A, pp. 155-156.

III. Guiding Principles

From the reports and resolutions which have been reviewed and the experience of the past two decades, certain guiding principles emerge. It is now proposed to endeavour to reformulate these and to comment upon their social importance and implications.

There is general agreement upon two main objectives.

First, an endeavour should be made to minimise those short-period fluctuations in the prices of certain commodities which are a consequence of abrupt and unpredictable changes in supply or demand. Owing to vagaries of weather and cycles of good and bad crops such changes in supply are particularly common in the case of crop raw materials. The problem is, however, broader in character and embraces all short-period fluctuations resulting from abrupt and unpredictable fluctuations in the supply of or demand for both agricultural products and minerals. One of the salient characteristics of the functioning of the price system in the raw material industries is a tendency to overcompensation on the occasion of price-induced adjustments. Similarities in costs, habit, information and outlook of thousands of small producers tend to result in their acting together in expansion or contraction in ignorance of the simultaneous responses being made to the same price forces by other producers.[1] Organised measures are therefore necessary to minimise such fluctuations.

Secondly, divergences of view on questions of method apart, long-term equilibrium between the supply of and the demand for primary commodities should be promoted in such a way as to encourage a steady expansion in consumption and at the same time to safeguard the conditions of work and life of efficient producers. In the case of certain agricultural products there appears to be a persistent tendency for production to outrun effective demand, with the result that prices are depressed to such an extent that a substantial proportion of those producers whose output is necessary to meet the needs of consumers are condemned to an intolerably low living standard. Such falls in prices do not produce any immediate tendency to readjustment, but rather the reverse, since the farmer is apt to attempt to maintain his income by further increasing his production to compensate for the decline in unit price. In the case of certain minerals there is an analogous problem, which results largely from the effect of rapid technological progress on the profitability of continuing to utilise high-cost capacity. For this state of affairs the reduction of the amplitude of short-run swings in prices is no remedy and measures of long-run adjustment are therefore needed. Such measures must be designed not only to dispose of accumulated surpluses but also to co-ordinate national policies and programmes so as to prevent further accumulations of excessive stocks. Unless this is done, either by expanding world consumption or by eliminating excess high-cost capacity, measures of control may serve to perpetuate basic maladjustments. If, however, this is done, an important practical contribution can be made to the improvement of standards of living by the diversion of the land, labour and other resources used for the production and storage of excessive supplies of some commodities to the production, processing and distribution of others which are sorely needed.

For the attainment of the first objective the method most generally favoured

[1] See STALEY, *op. cit.*, pp. 96-98.

is the creation of internationally held and controlled balancing or buffer stocks, to be increased when production for the time being outruns demand and drawn upon when it falls short. This device operates to cushion the impact on producers of price declines and the impact on consumers of price rises. The device is appropriate to the more important of those agricultural products which can be stored and it may prove worthy of consideration in the case of some non-agricultural commodities as well. Besides safeguarding the interests of the producers and consumers directly concerned, buffer stocks of this kind, used to eliminate violent price swings and to help stabilise producers' incomes, can make a valuable contribution to the prevention of cyclical fluctuations in the general level of economic activity. Conversely they can operate effectively only in the absence of violent and protracted general booms and depressions. The conditions of success are that fluctuations in supply and demand must not be of extraordinary severity or prolonged duration, and that production, at the price range set by the buffer stock, must roughly adjust itself to demand within a reasonable time. The successful operation of buffer stock arrangements which are not supplemented by other international arrangements for the same commodity presupposes, therefore, certain further conditions, notably the absence of measures of assistance to producers, by barriers against imports or otherwise, the cumulative effects of which prevent the replacement of high-cost producers by efficient ones[1], and the ability of producers to make without serious dislocation rapid adaptations to take account of changes in the underlying conditions of long-run demand or long-run supply. In the case of certain commodities post-war marketing will be complicated by the continuation, probably for several years, of wartime surpluses. Hence it may be necessary to supplement buffer stocks by marketing arrangements equitable both to the producers of current output and to the holders of wartime accumulations. Buffer stock arrangements could be extended to cover perishable and semi-perishable commodities by associating with them international processing schemes involving canning, dehydrating and similar measures.

Important divergences of opinion arise in regard to the extent to which buffer stock schemes should be supplemented as a short-term stabilising factor by schemes involving production or export quotas, with or without price fixing.

These divergences are more acute where the problem of long-term equilibrium is concerned. Buffer stock schemes cannot attain such equilibrium and the objections to quota arrangements apply more fully to recourse to such arrangements over long periods than to reliance upon them as a temporary measure.

These differences of opinion will not be discussed here[2], nor reviewed in their relation to the history of the existing commodity controls. Rather will an attempt be made to state the common ground that appears to be possible concerning certain guiding principles to be followed in future schemes, whatever may be their precise character.

The soundness of provisions proposed for inclusion in particular commodity control agreements cannot be gauged automatically by reference to uniform tests. There are important differences between the problems of the different primary

[1] On this subject see LEAGUE OF NATIONS, Economic Committee: *Considerations on the Present Evolution of Agricultural Protectionism* (Series of League of Nations Publications, 1935, II. B. 7).

[2] The issues involved are discussed by J. E. MEADE: *Economic Basis of a Durable Peace*, 1940, pp. 159-178.

products[1], but there are certain basic requirements which can be formulated as guiding principles.

We can take as a starting point the now general recognition that the solution for the maladjustments which produced the recurrent unemployment of the inter-war period lies in the expansion of consumption and not in the restriction of production. Only in an expanding economy can the readjustments necessary for economic progress be effected without undue social strain and loss. When the economy is expanding the changes in the pattern of resource utilisation necessary to permit the diminution of high-cost capacity are facilitated by the existence of other openings for both labour and capital. Only in prosperity have the factors of production sufficient mobility to allow of widespread shifts without a degree of dislocation the fear of which results in failure to make readjustments as they become necessary. The philosophy of expansion now appears to hold the field. It was set out with vigour in the resolutions concerning the economic crisis adopted by the International Labour Conference during the years 1932 to 1936.[2] The World Textile Conference, convened by the International Labour Organisation in 1937, again emphasised the potentialities of the expansionist approach. "Taking the world as a whole", said its Report on Economic Problems, "if cotton textile consumption increased to the average per capita consumption of the present population of western Europe it would call for approximately forty million bales of cotton a year for piece goods alone instead of the present consumption of twenty-six million bales a year to cover all uses".[3] Similar illustrations might be given for other products, including those regulated by commodity control schemes.[4] Reference has already been made above to the view which was recently unanimously expressed by the United Nations Conference on Food and Agriculture that the post-war world should follow a bold policy of economic expansion. In its Report on *The Transition from War to Peace Economy* of 12 April 1943, the League of Nations Delegation on Economic Depressions[5] pointed out that "if the objectives of the United Nations are to be fulfilled, means must be devised for maintaining in time of peace—so far as possible—the high levels of production and employment achieved in wartime"[6] and postulated that the first objective of economic policy should accordingly be "to assure that the fullest possible use is made of the resources of production, power and material, of the skill and enterprise of the individual, of available scientific discoveries and inventions so as to attain and maintain in all countries a stable economy

[1] See ROWE, *op. cit.*, pp. 180-187, and STALEY, *op. cit.*, pp. 115-116.

[2] *The International Labour Code, 1939*, pp. 565-569.

[3] *Ibid.*, p. 748.

[4] See, for instance, *Final Report of the Mixed Committee of the League of Nations on the Relation of Nutrition to Health, Agriculture and Economic Policy* (Series of League of Nations Publications, 1937, II. A. 10), pp. 297-306; INTERNATIONAL LABOUR OFFICE: *Workers' Nutrition and Social Policy* (Studies and Reports, Series B, No. 23, Geneva, 1936), pp. 37-80; John Boyd ORR: *Food, Health and Income*, 1936; F. L. McDOUGALL: *Food and Welfare*, 1938; N. F. HALL: *Preliminary Investigation into Measures of a National or International Character for raising the Standard of Living* (Series of League of Nations Publications, 1938, II. B. 4); INTERNATIONAL LABOUR OFFICE: *The Workers' Standard of Living* (Studies and Reports, Series B, No. 30, Geneva, 1938), especially pp. 63-97; Maurice LEVEN and others: *America's Capacity to Consume* (The Brookings Institution, 1934); Stuart CHASE: *Goals for America, A Budget of our Needs and Resources* (Twentieth Century Fund, 1942).

[5] Mr. Carter Goodrich, the Chairman of the Governing Body of the I.L.O., served on this delegation in his capacity as Chairman of the I.L.O. International Public Works Committee.

[6] *Loc. cit.*, p. 7.

and a rising standard of living".[1] In the context of such pronouncements, commodity control schemes are desirable only in so far as they seek expansion and not scarcity.

It follows that the form of control adopted should not be fashioned for the protection of high-cost capacity by the restriction of low-cost production, but should be designed to give the fullest scope for the increase of the most efficient production and accompanied both by appropriate measures to facilitate the necessary adaptations and by adequate guarantees for the maintenance and improvement of social standards.

Adopting this general angle of approach, some of the guiding principles which should determine future policy may be formulated in more specific terms.

1. Commodity control policy should promote the constant availability of adequate supplies at prices which give a reasonable return to the efficient producer and are held sufficiently stable to afford him protection against erratic swings of major dimensions, but do not involve the exaction from the consumer of monopoly profits or the payment by him of prices held at unduly high levels to maintain the profitability of high-cost capacity. From a long-range standpoint buffer stock schemes, conceived of as a device for the avoidance of erratic fluctuations, are of secondary importance in regard to volume of supply and level of remuneration. Their function is to promote short-range stability by buying and selling in the market, supply and long-range remuneration trends being left to the determination of other factors. While, therefore, buffer stock schemes are irrelevant to the fulfilment of some of the conditions postulated, they are not inconsistent with any of them. Under quota schemes the application of the counter-balancing principles postulated is bound to be a source of constant difficulty. It is notorious that a just price cannot be determined by recourse to any formula, however complicated. It is only by the constant exercise of good judgment with reasonable impartiality on the basis of comprehensive and up-to-the-minute knowledge of all relevant trends and other factors that broadly satisfactory results can be achieved. Under quota schemes, therefore, the key to the problem of fair prices is to be found in the composition of control authorities in a manner designed to promote full consideration of both producer and consumer interests and of the various sectional interests within both producer and consumer groups, agreement between the conflicting interests whenever possible, and, in default of such agreement, impartial decision. This is equally true irrespective of whether the control authority has price-fixing powers or influences prices indirectly by determining quotas. A number of the social repercussions of the price policies of control authorities will be of concern to the International Labour Organisation, including, in addition to the direct impact of prices on the wages of labour *qua* producer, their effect on the real wages of labour *qua* consumer and on the volume of employment.

2. In accordance with the pledge contained in the Atlantic Charter "to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity", the authorities administering control

[1] See *The Transition from War to Peace Economy, op. cit.*

schemes should, subject to any rules concerning strategic materials[1] laid down by an international security authority, be under a specific obligation to refrain from any action of a discriminatory character and to contribute by every means in their power to the attainment of equality of access to raw materials. This was the aspect of the problem of raw materials which dominated the discussion of the subject that was initiated immediately after the last war at the first session of the International Labour Conference in 1919[2] and resulted in the raw materials investigation undertaken by the Provisional Economic and Financial Committee of the League of Nations in 1921.[3] Discriminatory practices in regard to the export of raw materials result primarily from measures of a national rather than of an international character[4], and the prohibition of discrimination by international controls is therefore an aspect of a broader problem which may well be dealt with by the formulation of a body of rules binding upon both producing countries and international control authorities. The attainment of equality of access will also depend in a substantial measure upon the adoption of liberal commercial policies by the great importing countries. The Report of the League of Nations Committee for the Study of the Problem of Raw Materials of 1937 made it clear that the principal cause of the difficulty experienced by certain States in obtaining raw materials was their inability to secure the necessary foreign exchange in a world of constricted international trade.[5]

3. Schemes should be closely co-ordinated with other measures of anti-depression policy. The role of buffer stocks is of special importance in this connection. By buying up stocks of primary products at times when prices are tending to become depressed, buffer stocks can contribute to preventing the collapse of the markets for these products. Such action, by maintaining the purchasing power of the primary producers, can contribute to the maintenance of a sufficient volume of effective demand for manufactured goods by the primary producers to avert a further decline in the demand for raw materials for the production of manufactured goods. The demand of the industrialised countries for foodstuffs is much less elastic than their demand for raw materials, but the maintenance of the effective demand of the primary producers is also important in relation to the demand of the industrialised countries for foodstuffs, in that it can contribute to the continuance of a degree of industrial prosperity permitting these countries to maintain, without curtailing or contracting foreign lending, a high

[1] On this point, see Sir Thomas HOLLAND: *The Mineral Sanction*, 1935; C. K. LEITH, *World Minerals and World Politics*, 1931; Evans CLARK (ed.): *Boycotts and Peace*, 1932; Brooks EMENY: *The Strategy of Raw Materials*, 1936; STALEY, *op. cit.*, pp. 19-52; and M. S. HESSEL and others: *Strategic Materials in Hemisphere Defense*, 1942.

[2] International Labour Conference, *First Annual Meeting*, 1919, pp. 134-144 and 237-239.

[3] *Report on Certain Aspects of the Raw Materials Problem* (League of Nations Document C. 51. M. 18. 1922, II. 2 vols.).

[4] For a discussion of such measures, see *Report of the Committee for the Study of Raw Materials* (Series of League of Nations Publications, 1937, II. B. 7), pp. 12-17 and 21; STALEY, *op. cit.*, pp. 55-78; WALLACE and EDMINSTER, *op. cit.*, especially pp. 236-247 and 267-343; Karl W. KAPP: *The League of Nations and Raw Materials, 1919-1939*; and William S. CULBERTSON: "Raw Materials and Foodstuffs in the Commercial Policies of Nations", in *The Annals*, Vol. CXII, Mar. 1924.

[5] Series of League of Nations Publications, 1937, II. B. 7, pp. 22-30.

For the importance of trade in raw materials and foodstuffs as a factor in international trade, see LEAGUE OF NATIONS Economic Intelligence Service: *International Trade in Certain Raw Materials and Foodstuffs by Countries of Origin and Consumption*, 1937, 1938; *Europe's Trade, a Study of the Trade of European Countries with Each Other and with the Rest of the World*, 1941, pp. 55-77; *The Network of World Trade, A Companion Volume to "Europe's Trade"*, pp. 21-36. See also LEAGUE OF NATIONS: *Raw Materials and Foodstuffs: Production by Countries*, 1935 and 1938.

level of imports of foodstuffs at prices remunerative to the primary producers. The direct effect of taking commodity surpluses off the market is less important than these indirect consequences of preventing a decline in the purchasing power of primary producers which tend to hold the whole complex of economic activity at a higher level.

Conversely, by releasing stocks when prices are soaring, buffer stock operations can, within the limits set by the size of the stocks in reserve, contribute to checking a boom which would inevitably break at some stage and be followed by a slump. This can be done partly by the direct effect of the release of stocks to the market, partly as the result of the immobilisation of the proceeds of the release of stocks which, instead of being used with the effect of accentuating the boom, as they might tend to be in the hands of private interests, would be placed to reserve for financing purchases when prices declined again or used in some other manner consistent with the general policy for evening out economic fluctuations being pursued at the time. The repercussions of such action reverberate through our intricate interdependent economy, and produce far-reaching effects with relative ease. On this account the timing of such action is of primary importance and must clearly be closely keyed in with banking, monetary and fiscal policy, with the timing of investment and of public works[1], and with other anti-depression measures. To achieve success it is essential that all these measures should be so integrated as to ensure that they attack in unison the economic waste produced by booms and slumps, and at no time work at cross purposes.

The significance of the timing of quota adjustments in the general context of anti-depression policy is of a different character. The importance of co-ordinating such timing with other measures in order to avoid the danger that the quota arrangements adopted for one product, say rubber, may prejudice or unreasonably delay the expansion of another sector of the economy, is clearly apparent. The more general significance of this timing is related to the factor that measures of restriction which would be economically unsound in a period of general prosperity may be justifiable during a period of recession on the ground that in such a period the readjustment of resources may present a maximum of difficulty, since at such times the competitive elimination of high-cost capacity is likely to involve a maximum reduction of costs and especially of wage costs with resulting dislocation and social loss.[2] It follows that measures

[1] For the timing of public works, see the Public Works (National Planning) and (International Co-operation) Recommendations, 1937, in *The International Labour Code, 1939*, pp. 20-23, and the Statute of the International Public Works Committee in *Minutes of the Eighty-second Session of the Governing Body of the International Labour Office*, pp. 141-144.

[2] On the whole subject, see J. W. F. ROWE'S summary of his conclusions in regard to the economics of restriction schemes: *Markets and Men*, pp. 206-216, and especially the following passage from pp. 216-218:

> 1. Restriction is economically *unsound* as a means of meeting a permanent decline in the demand for the product of a particular industry during times of general prosperity, and is more than likely to intensify the difficulties of the inevitable readjustment of resources; but in times of general depression it may be justifiable until general recovery is under way, since in the depths of a depression the readjustment of resources will probably present the maximum of difficulty. . . . . .
>
> 2. Restriction is economically *sound*, as a means of meeting a temporary decline in the demand for the product of a particular industry, both during times of general prosperity and of general depression, provided that no substantial proportion of the productive capacity is in an advanced stage of obsolescence, this proviso being of special importance if there is any tendency towards excess capacity before the demand declines.

(*Footnote continued on next page.*)

of readjustment which, in order to reduce the dislocation and social costs involved in the elimination of high-cost capacity, are postponed until the trend sets towards recovery, must then be vigorously undertaken. Decisions upon restriction and the relaxation of restriction must therefore, in order to avoid their having the effect of frustrating general anti-depression policies, be taken as a function of the prevailing economic conditions and as a part of general economic policy.

4. Wherever existing conditions are unsatisfactory, there should be arrangements to ensure that labour employed on the production of controlled commodities receives fair remuneration and adequate social security protection and that the other conditions of employment are satisfactory. These arrangements should include appropriate provision for housing, sanitation, medical services, educational facilities, standards of nutrition, protection against accidents and industrial diseases, freedom of association, collective bargaining, the settlement of individual disputes by labour tribunals or some other expeditious and inexpensive machinery, and inspection to ensure the effective enforcement of the applicable laws and regulations. The extent to which special arrangements are necessary to this end, and the nature of the arrangements which will be appropriate, will vary as between mining and agriculture and as between plantation and peasant or independent farmer types of agricultural economy. They are least likely to be necessary for commodities such as wheat, in the case of which a large proportion of the supplies coming into the international market is exported from countries with high standards of living. They are most likely to be necessary for mineral ores and tropical forest products.

The primary producers employed in tin mines, in rubber plantations, and in the production of other raw materials in undeveloped countries, include some of the worst paid and least protected workers in the world.[1] International control schemes for commodities produced under substandard labour conditions which are not accompanied by adequate arrangements for the elimination of such

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3. Restriction can at no time be a cure for troubles arising from excessive capacity, unless the productive technique of the industry in the widest sense of that term is virtually stationary—a condition which is now-a-days most unlikely to be fulfilled. In times of general prosperity, a resort to restriction where this condition is not fulfilled will be useless, and is extremely liable to make the necessary readjustments still more difficult But in times of general depression, the difficulties of readjustment are at a maximum and therefore a restriction scheme may be legitimately used, as a means of postponing such readjustment until general trade recovery is sufficiently far advanced to minimise the loss and dislocation inevitably involved.

See also the same writer in *International Control in the Non-Ferrous Metals*, pp. 74-86.

[1] The conclusions of the late G.H.C. Hart, Chairman of the Board for the East Indies, Curaçao and Surinam in the United States, who was personally associated with rubber, sugar, tin and tea regulation, are of special interest in this connection. The ninth of Mr. Hart's ten conclusions concerning control schemes is that "It is necessary that producing countries joining the scheme should, in some way, pledge themselves that the advantages accruing to producers from the working of the scheme shall also benefit adequately all those who are linked up with the production of which labour is the most important one" (*Towards Economic Democracy in the Netherlands Indies*, Netherlands Indies Council, Institute of Pacific Relations, 1942).

The same principle was advocated in the 1938 report of the Controller of Labour, Malaya, who argued for the incorporation of a social welfare programme in the rubber control scheme in the following terms:

> It was most unfortunate that within such a short time after wages of all races reached the rates which had prevailed before the 1930-34 slump, a demand for their reduction was

(*Footnote continued on next page.*)

conditions can only achieve indirectly and imperfectly one of the main objectives which constitute their social justification—a standard of living for primary producers which will contribute to the health of the world's economy and indirectly to the solution of the problems of the countries exporting manufactured goods.

Both the justification for and the practicability of such arrangements are

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again heard before the end of 1937. . . It is safe to say that Malayan opinion in general was strongly against hasty reduction of wages. Nevertheless it was admitted that once the setback in industry became permanent there was no answer to the argument brought forward by the large companies who have under their control estates in other countries and have therefore accurate knowledge of the extent to which lower wage rates in those countries affect the relative cost of production. It would be a great pity if, in spite of the natural advantage Malaya enjoys, competition of the countries in which lower wages are paid forced down Malayan wages. There is a growing feeling in countries with decent standards of living that these standards should not be made impossible by lower standards elsewhere. It is this feeling which provides such a strong sanction for the introduction of the Conventions worked out in the International Labour Office. The same feeling would, it is certain, support a demand that those countries, which had received the benefits of international control of production of their most important exports, should try to raise the standard of living of their workers to the levels which other countries, with comparable conditions, have found to be possible.

The recommendations of the West India Royal Commission, 1938-1939 (*British Parliamentary Paper*, Cmd. 6174), contain the following proposal concerning the application of the same principle to sugar production:

10. We recommend:

(*j*) that the Government of each Colony should be invited to take early steps, in consultation with the sugar producers, with a view to the imposition of welfare levies at the rate of 2s. per ton of sugar produced, to finance welfare schemes similar in their main principles to those organised in Great Britain by the Miners' Welfare Committee.

The following proposals from a report submitted to the Labour Committee of the Fabian Colonial Bureau are also of interest:

For all these reasons provision should be made in any world schemes of commodity control for the consideration of problems of social welfare among the workers producing the commodity. The objectives should be: (1) The protection of high standards if these have been reached by the workers; (2) the raising of low standards; (3) where the industry is the principal source of wealth in a poor community a share in the profits should, possibly, be allocated to general social welfare. For such principles to be made effective proper machinery must be established. A committee of social welfare should be set up alongside any committee of control. It should be composed of representatives of the workers and of the employers together with government representatives from the producing countries and possibly from the chief consuming countries. It might be appointed by the Governing Body of the International Labour Office in which case it should also include representatives of the Governing Body. The Committee of Social Welfare should be represented on the commodity control committee. It should have access to the papers of this latter committee; it should report to this committee, and also to the International Labour Organisation. Its duties should comprise: (1 the acceptance by producing countries of labour conventions which are of importance to the workers in the industry (*e g.* forced labour, contracts of employment, recruiting, penal sanctions, minimum age, maternity); (2) the elaboration of special conventions for labour questions, most conveniently treated industry by industry (*e.g.* hours of work, safety precautions); (3) the examination of wages and welfare questions; (4) the submission of recommendations to the committee of control regarding the allotment of quotas and fixing of prices for special areas, with a view to improving wages and conditions in those areas; (5) control over the application of conventions and over the expenditure of any special welfare funds. These functions would be advisory or supervisory. But if the social welfare committee judges that an area is not carrying out a minimum programme of workers' protection, it should recommend that the quota for that area be reduced. If the general committee of control declines to act on its recommendations, the social welfare committee should have the right of appeal to the governments who are members of the control scheme or to the International Labour Organisation (FABIAN SOCIETY: *Labour in the Colonies*. I. Some Current Problems, Feb. 1942, pp. 44-45.).

See, for instance, INTERNATIONAL LABOUR OFFICE: *Labour Problems in Bolivia*, Report of the Joint Bolivian-United States Labour Commission (1943); *Problems of Industry in the East, with special Reference to India, French India, Ceylon, Malaya and the Netherlands Indies*, by Harold BUTLER (Studies and Reports, Series B, No. 29, 1938); and FURNIVALL: *Progress and Welfare in South-East Asia* (New York, 1941).

clearest in the case of quota schemes. If governmental power is used to maintain the prices of products at remunerative levels by a system of quota allotments, both governments and consumers are entitled to expect that a reasonable proportion of the price guaranteed or made possible by the control arrangements will be used to raise standards of living in the producing areas. Compliance with the local social legislation and with certain international requirements could appropriately be made a condition of the assignment to individual producers of shares of the export quota allotted to the country concerned. Such a device would tend to eliminate the undercutting of standards within each of the countries participating in the control scheme. There may be greater difference of opinion in regard to the application of the same device as between the countries participating in the scheme, by making the right of each country to export the quota allotted to it conditional upon compliance with certain social requirements in the production of the goods to be exported. In this manner an effective sanction for violations of agreed standards could, it would appear, be secured. The objections which may be raised to such a course are, first, that it involves the introduction of a further restriction upon international trade[1], and, secondly, that its effect would be to penalise countries which can only hope to improve conditions if they receive assistance which would enable them to improve the efficiency of their production and play a larger part in international trade. The answer given to the first objection is that all quota arrangements involve restrictions upon international trade, and that a further restriction upon the right to participate in a restricted trade, the purpose of which is to put a floor under social conditions in the production of the restricted commodity, is not open to valid objection on the same basis as an original restriction. Certainly the objections, based on the desire to promote greater freedom of international trade, which have been raised to the exclusion from such trade of uncontrolled commodities produced under substandard conditions, are not directly applicable in the case of controlled commodities. The second objection can be met by linking with a refusal to allot quotas to goods produced under substandard labour conditions whatever financial or technical assistance or opportunities for the development of exports may be necessary to permit the country concerned to produce its quota under internationally approved standards. Freer international trade, financial assistance to undeveloped countries, and the elimination of substandard labour conditions are all aspects of a single problem no one of which can be dealt with effectively in abstraction from the rest.

In the case of buffer stock schemes unaccompanied by quota provisions the problem takes a somewhat different form. The basic justification for the association with such schemes of arrangements concerning social standards is not dissimilar from that which applies to quota schemes. Although a buffer stock scheme does not involve the maintenance of prices by the restriction of production or export, it may involve the use of public funds on a substantial scale to reduce price fluctuations by buffer stock operations, especially for the purpose of the initial financing of the scheme and to cover any losses if errors of judgment are made in the administration of the stock. When public funds are being used

[1] In regard to the effect of trade restrictions on the volume of employment and workers' incomes, see INTERNATIONAL LABOUR OFFICE: *Employment, Wages and International Trade*, by Robert M. CARR (Studies and Reports, Series B, No. 32, Geneva, 1940).

in this manner the public is entitled to expect that the direct benefit of greater price stability, as distinguished from its general effect on the economy as a whole, will not accrue solely to investing and managerial groups but will reach the common man in the form of fair remuneration and improved labour standards. The problem of enforcement, however, presents greater difficulties under buffer stock than under quota schemes, since the device of not allotting or withdrawing quotas in respect of goods produced under substandard conditions is not available. Refusal to purchase such goods for buffer stock would presumably throw them upon the market in a manner which would defeat the whole purpose of buffer stock operations. There might, however, be circumstances in which it would be both legitimate and desirable to purchase them on less favourable terms than those accorded for goods produced in conformity with agreed standards. This might be done by regarding a part of the purchase price paid by buffer stock authorities as being in the nature of a subsidy for the maintenance of social standards when price trends are adverse and accordingly not payable in respect of goods produced under substandard conditions. Some system of certificates of origin would clearly be necessary in order to protect the buffer stock against offers through intermediaries designed to secure the social subsidy by misrepresenting the origin of goods produced under substandard conditions. The practical desirability of such a system would, of course, depend in part on how simply it could be administered. Even if it did not prove feasible to devise any such sanction in the case of buffer stock schemes, the basic justification for insisting on the observance of minimum social standards in the production of commodities for which buffer stocks are maintained with public support would remain, and reliance for their enforcement could be placed on the normal arrangements for the enforcement of social legislation.

The nearest approach to arrangements such as have been suggested to be found in existing practice is represented by the social clauses which have been included in some of the contracts for strategic materials placed on behalf of the Government of the United States in other countries.[1] These clauses do not provide any sanction for violations. Something of the same character also appears to have been contemplated by Sir Kingsley Wood when, speaking for the British Government in the House of Commons as Chancellor of Exchequer, on 2 February 1943, he mentioned as two of five main directions of advance "a strong effort to prevent those disastrous swings in the prices of the raw materials and primary products of the world" and "the work of the International Labour Office, with its interest in the standard of working conditions in all countries, a matter which is not only of great interest in itself but has a great bearing on the orderly development of international trade".[2]

5. Schemes should be so devised and administered as to facilitate the progressive replacement of less efficient by more efficient productive capacity with a minimum of dislocation and social strain. This involves a marked departure from the purpose of most of the existing controls. Policies of adjustment will be particularly necessary immediately after the war on account of the structural malad-

[1] For the standard form of clause, see Appendix B, p. 157. Cf. the resolution concerning fair labour standards for the western hemisphere adopted by the Second Labour Conference of American States, in *The International Labour Code, 1939*, pp. 813-814.

[2] *Parliamentary Debates, House of Commons*, Official Report, Vol. 386, No. 24, 2 Feb. 1943, column 825.

justments occasioned by it and will continue to be necessary thereafter on account of the impact on industry of rapid technological progress. Although the existing intergovernmental schemes were introduced when the difficulties of the industries concerned had been accentuated by the great depression, these difficulties were of earlier origin.[1] They arose primarily, not from a decline in demand, but from an increase in supply resulting largely from the rapidity of technical progress. Though of course this increase of supply would not have produced a problem of comparable dimensions if the general expansion of the economy had resulted in a corresponding increase in effective demand, it is nevertheless true that rapid technical progress is apt to result in excess capacity in relation to prevailing conditions. Great elasticity and adaptability among its various parts is one of the essential requirements of an economic system in which technical progress is very rapid. "Labour must be mobile, in a geographical sense and as between one industry and another, while capital must be both enterprising and venturesome, or the whole machine may cease to operate smoothly and effectively".[2] The rapid technical progress of the inter-war period "demanded very rapid adjustments in the distribution of capital and labour as between different occupations, and therefore in many cases as between different countries".[3] It is therefore a condition of the long-term success of commodity stabilisation arrangements that they should not have the effect of discouraging measures designed to facilitate the movement of labour out of industries which are overdeveloped and into other lines of production. Assuming that sound policy requires that society should "protect persons and communities against serious loss of income and employment, by reason of transition adjustments which are in the social interest", but should not "protect them against the necessity of making such adjustments"[4], one of the principal keys to successful adaptation is to be found in the related spheres of employment organisation and social security. A bold policy of adaptation presupposes, indeed, much of the work of the International Labour Organisation, since the practicability of such a policy will depend in no small measure on the success of a general social security policy[5] as well as upon the action taken in respect of vocational training[6], labour transfer[7] and the general organisation of the labour market.[8] No such policy can be expected to succeed unless it is framed with due regard to the human

[1] See ROWE, *op. cit.*, pp. 169-172.
[2] *Ibid.*, p. 174.
[3] *Ibid.*, p. 175.
[4] Eugene STALEY, in a study, as yet unpublished.
[5] For the existing international social security standards, see *The International Labour Code, 1939*, pp. 25-39, 289-370, 444-460, 641-681 and 826-842. In regard to future policy, see INTERNATIONAL LABOUR OFFICE: *Approaches to Social Security—An International Survey* (Studies and Reports, Series M, No. 18, 1942).
[6] International standards of policy in regard to vocational training were approved by the International Labour Conference in the Vocational Training Recommendation, 1939, for which see *The International Labour Code, 1939*, pp. 157-164; see also the studies of vocational training cited therein.
[7] For some of the problems involved, see P. WAELBROECK: "Labour Redistribution for War Industry", in *International Labour Review*, Vol. XLV, No. 4, Apr. 1942, pp. 367-394, and INTERNATIONAL LABOUR OFFICE: *Wartime Transference of Labour in Great Britain* (Studies and Reports, Series C, No. 24, 1942).
[8] For the existing international standards in regard to the organisation of employment, see *The International Labour Code, 1939*, pp. 9-19. The Unemployment Convention, 1919, which provides for public employment services, has been ratified by thirty countries. The question of the organisation of employment is receiving further consideration from the International Labour Organisation.

factors involved in changes of occupation and is thoroughly understood by the workers whose co-operation is necessary to make it effective.

6. Shifts in the international distribution of the raw material industries are a necessary incident of that constant development of new low-cost capacity which is so essential an element in economic progress. Commodity control schemes which include quota arrangements involve, however, the danger that the producing areas participating in the scheme will endeavour to prevent that development of new producing areas which would contribute substantially to the general expansion of the world's economy. Some safeguard against this danger is therefore necessary. The world as a whole is still in an early stage of industrialisation and accordingly the demand for industrial raw materials is likely to grow. The conclusions of the World Textile Conference, 1937, and the United Nations Conference on Food and Agriculture, 1943, indicate that there is almost infinite scope for increased consumption of textile goods and foodstuffs. Coupled with the vast expansionary possibilities of our economy is the widespread determination of hitherto economically backward and militarily defenceless countries to develop their industrial potentialities in the interest both of welfare and of national defence. In this perspective any attempt to crystallise existing patterns of production of controlled commodities is bound to fail, even assuming that if there were any possibility of success the policy would be wise. Flexibility and adequate provision for the full participation of new producing areas as they develop are therefore indispensable conditions of the long-term success of any international commodity control arrangements. It does not follow that all quota arrangements are objectionable from the standpoint of the need to permit and encourage the international redistribution of production as circumstances change, but it is clear that arrangements which have been designed primarily for the elimination of excessive seasonal and short-period price fluctuations and the maintenance of stocks at an adequate level are not necessarily well adapted for, and may be altogether inappropriate for, the international co-ordination of policies of progressive national adaptation to changing world conditions.[1] Equally clearly such co-ordination involves issues of policy far broader than the problem of commodity regulation. In reviewing these issues, political factors can no more be disregarded than social consequences; for, as the course of the war has demonstrated, the location of food and raw material supplies is a matter of the highest strategic importance. Until an effective world order has been firmly established, governments neither can nor should ignore strategic and other political considerations when framing their economic policies.

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The principles which we have formulated receive a measure of recognition in statements of principle and purpose embodied in some of the existing intergovernmental agreements, chiefly in the form of preambles. The Sugar Convention declares its object to be to "assure consumers of an adequate supply of sugar on the world market at a reasonable price not to exceed the cost of production, including a reasonable profit, of efficient producers".[2] The Rubber Agreement

[1] Concerning which, see Allan G. B. FISHER: *The Clash of Progress and Security*, 1935, and Carl Major WRIGHT: *Economic Adaptation to a Changing World Market* (Copenhagen, 1939).
[2] Article 2.

declares that its purpose is to regulate production and export "with the object of keeping world stocks at a normal figure and adjusting in an orderly manner supply to demand, while at the same time making available all the rubber that may be required and maintaining a fair and equitable price level which will be reasonably remunerative to efficient producers".[1] The Coffee Agreement declares that its purpose is "to take steps to promote the orderly marketing of coffee, with a view to assuring terms of trade equitable for both producers and consumers by adjusting the supply to demand". The 1942 Tin Agreement defines its objective as being that of "keeping world stocks at a normal figure, adjusting in an orderly manner supply to demand, while at the same time making available the tin that may be required and preventing rapid and severe oscillations of price".[2]

The 1942 Draft Wheat Convention is considerably more detailed and specific than the other agreements in this respect. It contains a lengthy preamble[3] expounding the prospects with regard to the production and marketing of wheat, the keynote of which is a statement that the solution of the wheat problem "will involve national and international measures for the regulation of wheat production in both exporting and importing countries, for the orderly distribution of wheat and flour in domestic and international trade at such prices as are fair to consumers and provide a reasonable remuneration to producers, and for the maintenance of world supplies which shall be at all times ample for the needs of consumers without being so excessive as to create a world burden of unwanted surpluses". The Convention also contains, as its first operative article, an undertaking whereby "the contracting governments agree that an essential element of a solution of the world wheat problem is that consumers should have the opportunity and means of increasing their purchases of wheat from areas which are equipped to produce it economically. They agree that such opportunity and means depend not only on the lowering of barriers to the importation of wheat but also on making available to wheat importing countries increased outlets for the exportation of goods which they in turn are equipped to produce economically. They agree that this requires the adoption and pursuit of national and international policies aimed at a fuller and more efficient use among nations of human and natural resources and thereby a world-wide expansion of purchasing power."

These statements of principle, valuable as they may be, have not sufficed to prevent considerable controversy over the extent to which the more detailed provisions of the agreements in which they appear are consistent with them[4] and the extent to which they have been, or can be, effectively implemented through unco-ordinated schemes for particular commodities, the majority of which provide for the representation of consumers only in an advisory capacity and none of which is keyed in with the general conduct of international economic policy. It is apparent from the preceding discussion that these statements of principle are incomplete, and there would appear to be great advantages in the adoption

[1] Preamble of 1938 revised text.
[2] Preamble.
[3] See pp. 12-13.
[4] See particularly, in regard to the Wheat Agreement, *Wheat Studies of the Wheat Research Institute* (Stanford University), Vol. XIX, No. 2, especially pp. 42-46 and 49-77; *The Economist*, 11 July 1942, Vol. CXLIII, No. 5159, pp. 50-51, "A Wheat Plan", and 8 May 1943, Vol. CXLIV, No. 5202, pp. 577-579, "A Hungry World". For a reply to these criticisms, see a letter by Andrew CAIRNS, Secretary of the International Wheat Council, in *The Economist*, 14 Aug. 1943, Vol. CXLV, No. 5216, p. 202.

by the governments likely to participate in commodity control schemes of a general international instrument which would form an authoritative and comprehensive statement of the principles which should govern such schemes. Without an unambiguous statement of the objectives of control there will be no sufficiently clear principles to guide the policy of the control authorities and no adequate criteria for the evaluation of the results achieved. Still more valuable, if practicable, would be the formulation of the objectives of control in a code of fair practice binding upon all control authorities and enforceable by appropriate procedures for the supervision and review of their activities.

IV. Institutional Arrangements

What institutional arrangements would be appropriate to secure the effectiveness of the general principles which have been formulated? It is not the purpose of this volume to propose any definite plan, but it may be useful to indicate certain arrangements which might help to translate these principles effectively into standard practice.

1. The constitution of a general international commodity control organisation would seem essential. Such an authority would be responsible for ensuring that the general principles subscribed to by governments are respected in the individual agreements, and that the schemes for particular commodities are adequately co-ordinated *inter se*. It could also serve as the link between schemes for individual commodities and the over-all arrangements which will be necessary if a serious endeavour is to be made to integrate measures of commodity control with general international economic policy. No such authority has existed hitherto. On the contrary, the 1937 Sugar Agreement provides that the Secretariat of the Sugar Council "shall be entirely free and independent of any other national or international organisation or institution"[1] and the Inter-American Coffee Agreement employs the same formula.[2] The more recent 1942 Draft Wheat Agreement does not contain any equivalent formula and without specifically contemplating the establishment of a general commodity control organisation provides for co-operation between the International Wheat Council and various other international bodies. Nor is there any such formula in the 1942 Tin Agreement or in the Rubber Agreement.

Recent proposals, such as were foreshadowed at the United Nations Conference on Food and Agriculture, envisage the creation of a general organisation.[3] Such an organisation would, by reason of its functions, be in a position to take a more general view of the problems of commodity regulation than can be secured within individual control schemes. Experience shows that one-commodity planning inevitably tends towards restriction by one or more such devices as restrictions on current output or exports, the destruction of supplies, restrictions on new productive capacity, the financing of producers so that they can withhold supplies from the market, and the allocation of markets.[4] These devices, instead

[1] Article 34.
[2] Article 12.
[3] See also the interesting unofficial scheme for a Raw Materials Union outlined in *Planning*, No. 174, 29 July 1941, pp. 16-19.
[4] On the limitations of one-commodity planning see Lionel ROBBINS: *Economic Planning and International Order*, 1937, Chapter VI, "International Planning of Particular Lines of Industry", pp. 129-157. See also HODSON, *op.cit.*, pp. 41-42.

of assisting the industry towards a position of long-range equilibrium, tend to perpetuate existing disequilibria. Plans made for one commodity at a time cannot, for instance, promote economic adaptation involving transfers of the factors of production from one industry to another. A general commodity control organisation could, by working in close association with other international agencies concerned with social and economic problems, promote the adoption of the bold policies of adaptation which the innumerable maladjustments resulting from the war will render indispensable. Such an organisation should have adequate powers generally to supervise all buffer stock arrangements and all schemes involving regulation of production, exports, stocks or prices of any primary commodity. It should be able to guide and co-ordinate the policies of individual schemes, to bring these policies into line with general anti-depression measures, to influence the development of buffer stock technique, to encourage arrangements for changes of crops[1], to act in close association for all these purposes with other bodies with related responsibilities, and to serve as one of the constituent units of an over-all international economic authority. By controlling the financing of individual buffer stocks it could contribute to their budgetary stability by making the funds for the holding of stocks available in varying proportions for the different commodities as changing circumstances required. Such a general commodity control organisation could more readily be so constituted as to secure effective consideration for disinterested views of international public policy than could individual commodity control authorities; for these will always be inclined to be particularist in outlook. It could therefore be given power to hear appeals on behalf of consumer interests, and perhaps also on behalf of minority producers, against decisions taken by particular controls. It might also have power to admit new producers to quota schemes and assign quotas to them in any case in which direct negotiations for this purpose between a particular control authority and a potential new producer do not result in an agreement accepted as satisfactory by both parties. It could discharge useful functions in connection with the periodical reconsideration and the amendment and termination of control schemes. These matters are considered more fully later. The broad effect of the introduction of such a general commodity control organisation would be to make the schemes for particular commodities tools for the execution of a comprehensive policy framed as a part of a general programme of international economic and social development.

2. Whatever more comprehensive powers may be conferred upon a general international commodity control organisation, it would seem particularly necessary that all authorities controlling particular commodities should be placed under an obligation to submit regularly to the general commodity control organisation, and to publish, reports concerning their operations and probable trends of supply and demand, with supporting statistics and all other relevant information available to them. The general commodity control organisation might have power to prescribe the information to be included in such reports, to require the filing in particular cases of any further information which it thought necessary and desirable, and to make such investigations as it thought appropriate of the data,

[1] As illustrations of arrangements providing for such changes the agreements for the development of the production of foodstuffs in Brazil and in Venezuela, which are printed in Appendix D, pp. 178-205 are of interest.

records and accounts of the individual controls and of the buffer stocks which they operate. These periodical reports of the authorities controlling individual commodities, and a report by the suggested general commodity control organisation, commenting thereon and recording any action taken by it with reference to them, should be officially communicated for comment and criticism to all governments and to other international bodies whose work may be affected by the operation of the controls. These bodies would naturally include, in addition to any over-all body which may be established for the co-ordination of the policies of the agencies with specialised responsibilities in respect of social and economic questions, the International Labour Organisation, and bodies such as the proposed Permanent Organisation for Food and Agriculture, any international development authority which may be established, and any international bodies to which is entrusted the task of appraising social and economic progress in colonial areas. Arrangements could then be made for the discussion, through the over-all organisation, if such exists, and in any event in the presence of all interested parties, of any comments or criticisms occasioned by these reports. Such arrangements would ensure that the effect of the operation of the controls is subject to continuous review by all interested parties, both from the standpoint of particular nations and from that of the objectives and problems for which other international institutions are responsible. They would facilitate that close co-operation with other bodies in the application of anti-depression policies and policies of general economic development which has been argued above to be indispensable.

3. It is now universally conceded that any general commodity control organisation, and preferably also the authorities controlling particular commodities, should include persons having a special responsibility to ensure that the interests of consumers receive full consideration in the formulation and administration of policies. During the last decade some progress towards the representation of the interests of consumers has been made, but the arrangements provided for in the various schemes can hardly yet be regarded as adequate. The International Sugar Council and its Executive Committee include representatives of importing as well as exporting countries and the International Wheat Council and the Inter-American Coffee Board each include a representative of a major importing country, in the one case the United Kingdom and in the other the United States. Under the other schemes consumers' representatives serve only in an advisory capacity. Thus, the International Rubber Regulation Committee is empowered and required to arrange for the nomination of four persons representative of the consumers of rubber, of whom two are to be representative of American consumers. These four representatives are to form a panel who will be invited to tender advice from time to time to the Committee upon world stocks, the fixing and varying of the permissible exportable percentage of the basic quotas, new planting, replanting, and cognate matters affecting the interests of rubber consumers. The 1942 Tin Agreement provides that the International Tin Committee shall invite three consumers' representatives to attend its meetings and to tender advice to the Committee regarding world stocks and consumption; two of these are to be persons representing the tin consuming interest of the United States of America, of whom one is to be appointed by the Government and the other as the direct representative of the tin consumers; the third is to be a person appointed to represent tin consumers elsewhere. The Inter-American

Coffee Agreement authorises the Inter-American Coffee Board to appoint advisory committees on the important markets to the end that consumers, importers and distributors of green and roasted coffee, as well as other interested persons, may be given an opportunity to express their views concerning the operation of the coffee programme.[1] The representation of consumers on advisory bodies and a recognised right to make representations to the control authorities are hardly a substitute for membership of these authorities, with its natural corollaries of full knowledge of the grounds on which decisions are taken and the right of access to all relevant information. The selection of consumers' representatives by or in accordance with arrangements made by controlling authorities which are primarily representatives of producing countries also tends to place consumers' representatives at an obvious disadvantage. It is more appropriate as a device for the representation of intermediate consumers, such as the major manufacturing industries, which are strongly organised in their capacity as producers, than as a means of representing the final consumers.[2] Nor is the world at large likely to regard the representation of consumers through the government of one or a few major importing countries, such as the United Kingdom or the United States, as permanently satisfactory. The problem of securing effective representation of the interests of the final consumer therefore remains almost completely unsolved by the existing arrangements, which do not provide for the inclusion in the control authorities of persons who possess the full rights and privileges of membership and are made directly responsible for defending the interests of consumers generally as distinct from such of those interests as may from time to time be incidental to the interests of a particular country or group of intermediate consumers.

The representation of final consumers presents a problem of outstanding difficulty, since the ultimate consumer as such is notoriously poorly organised. There is therefore some advantage in the fact that in the case of products likely to be governed by commodity controls the immediate consumer is generally a merchant or processor who will normally be much better organised than the final consumers and some of whose interests will coincide with theirs. The coincidence of interest is not, however, sufficiently complete to make the representation of consumers through intermediate consumers alone a satisfactory arrangement. The possibility of securing effective representation for the final consumer therefore deserves further consideration. He can be represented to some extent through governments or persons designated by them. In some cases consumers' co-operative societies may represent an important or significant proportion of the ultimate consumers. In certain cases organised labour will be qualified to express and defend the standpoint and interests of the ultimate consumer; the majority of the consumers of such products as wheat, sugar, coffee and tea are workers and their families. Given this complicated situation, it is doubtful whether any single method of nomination of the representatives of final consumers on international bodies would give satisfactory results. In any event rules disqualifying as representatives persons having any interest, direct or indirect, in the produc-

[1] In the International Beef Conference the interests of the consumers are represented primarily through the fact that the Conference is a body established by the principal beef importing country to co-operate with it in regulating beef imports into its market, but there is also a specific provision in the scheme that the Conference "will make such arrangements as will ensure that representations on behalf of United Kingdom consumers are brought to its notice".

[2] The divergence of interest between industrial and ultimate consumers is discussed by Alex. SKELTON: "The Mechanics of International Cartels", in ELLIOTT and others, *op. cit.*, pp. 105-106.

tion, processing or distribution of the controlled commodity would appear to be clearly desirable.

4. If, as has been suggested, participation in commodity control schemes should be linked with the acceptance of social standards relating to fair remuneration, adequate social security protection and similar matters, it is indispensable that there shall be adequate arrangements to ensure that these standards are drafted with full knowledge of the relevant international standards of policy formulated in the conventions and recommendations adopted by the International Labour Conference and embodied in *The International Labour Code*[1], of the prevailing local standards in the areas concerned, and of the wealth of applicable national experience from many countries which is available.[2] The determination of the standards to be provided for will be a task of considerable difficulty, and the decisions to be taken will frequently be controversial. The active participation of representatives of management and of labour would therefore appear to be both necessary and desirable. Neither the authorities controlling particular commodities nor any general commodity control organisation will be constituted primarily with a view to the discharge of these responsibilities and, even if no other consideration arose, they might well prefer not to be called upon to assume them. The existence of the International Labour Organisation, "as an official body with its constitutional provision for workers' representation, and with detailed knowledge of the international aspects of social questions at its command"[3], suggests that the most natural and convenient solution of the difficulty would be to entrust the responsibility for the formulation of such standards to the International Labour Conference or some special body constituted by the International Labour Organisation. This course would have the further advantage of establishing the closest relationship between the formulation and administration of social standards applicable to the production of controlled commodities on the one hand, and, on the other, the measures of international co-operation and implementary national measures designed to deal with the subject matter of these standards on a broader basis. The need for consistency of policy in these matters makes this aspect of the subject of primary importance. A close relationship between the general commodity control organisation and the International Labour Organisation and through the general commodity organisation between the controls for individual commodities and the International Labour Organisation would therefore appear to be desirable.[4]

[1] *The International Labour Code, 1939* (Montreal, 1941).

[2] The more important laws and regulations concerning labour questions are published regularly in the *Legislative Series* of the International Labour Office, of which 24 volumes, covering the period 1919-1942, have already appeared. Current developments are surveyed regularly in the 48 published volumes of *The International Labour Review*, the 244 published volumes of *Studies and Reports*, the 74 published volumes of *Industrial and Labour Information*, the 10 published volumes of *The I.L.O. Year-Book*, the 19 published volumes of the *Industrial Safety Survey*, the annual volumes of the *Summary of Annual Reports* on the application of international labour conventions, the records and documents of the 25 sessions of the International Labour Conference and the 90 sessions of the Governing Body of the International Labour Office, and the other publications of the International Labour Office.

[3] INTERNATIONAL LABOUR OFFICE: *The I.L.O. and Reconstruction*, p. 95.

[4] The nature of the arrangements to be made to associate the International Labour Organisation with the administration of the prescribed standards might vary with circumstances. One of the existing agreements, that relating to rubber, includes an undertaking by the parties to grant ample facilities to duly accredited agents of the International Rubber Regulation Committee for the investigation of the manner in which the scheme is being carried out in their territories. In the case of agreements which include provisions of this type a similar power of inspection in regard to the application of social standards might be given to the International Labour Organisation. In other cases provision might be made for annual reports to be considered by it.

5. The desirability of according representation on control authorities to the labour employed on the production and processing of controlled commodities is a further matter which would appear to deserve consideration. Decisions fixing the volume and timing of production, such as control authorities administering quota schemes will be called upon to take, will affect directly the volume of employment. Decisions concerning the operation of buffer stocks will have less direct but no less important effects on the volume of employment. In cases in which, as under the 1942 Wheat Draft Convention, the control authority has certain powers in respect of prices, its decisions concerning prices are likely to have an effect on wages. In brief, the general policies followed by control authorities will necessarily have a far-reaching influence on the economic structure and prosperity of the producing areas and will determine an essential part of the framework in which decisions concerning social conditions there will have to be taken. It is of course conceivable that the interests of the labour employed in the production of a controlled commodity might be effectively, though indirectly, represented in a control through the government of a producing country primarily interested in the effect of the operations of the raw material industries upon the employment and living standards of its nationals, but it is questionable whether such an arrangement can be regarded as a satisfactory substitute for the direct representation of such labour. Few of the trade unions of the areas primarily concerned in the production of commodities likely to be controlled are sufficiently developed to be in a position to nominate directly representatives upon control authorities, but it would seem possible to arrange for appropriate appointments through the Governing Body of the International Labour Office, which includes workers' representatives.

6. The question whether any provision should and can be made for the representation on control authorities of native producers, whose interests may be in competition with those of plantation producers, also appears to deserve further consideration. The nomination of appropriate representatives of the interests of native producers would present special difficulty, but might be achieved through any regional commissions or councils, of the type recently suggested in the House of Commons by the British Secretary of State for the Colonies[1], which may be established to appraise social and economic progress in colonial areas.

7. There would probably be great advantages in including in the membership of control authorities, and more particularly in that of the suggested general commodity control organisation, impartial members whose function it should be to reconcile and adjust the views of those members who, in form or in fact, are primarily representative of producers, intermediate or final consumers, labour employed in the production or processing of controlled commodities, and perhaps native producers. The whole experience of the International Labour Organisation, the only international body which has functioned hitherto through organs which represent both governments and a balance of conflicting economic interests, strongly suggests that such impartial members, who would correspond to the government representatives at meetings of the International Labour Organisation, could play a most valuable part in reconciling sectional differences and protecting the public interest. The distribution over a number of appropriately

[1] *Parliamentary Debates, House of Commons*, Official Report, Vol. 391, No. 87, Tuesday, 13 July 1943, columns 142-143.

disinterested bodies of the right to nominate impartial members of control authorities would afford a further guarantee of the impartiality and breadth of outlook of the impartial members taken as a group. The I.L.O. might perhaps be regarded as one of the agencies through which impartial members might be nominated. The Governing Body, which includes representatives of governments, of management and of labour, and which maintains through the International Labour Office close relations with consumers' co-operatives in all parts of the world, has a diversity of composition which would appear to make it an appropriate instrument for this purpose. Among other international agencies through which such impartial members might be nominated may be mentioned the proposed permanent organisation for food and agriculture and any international development authority which may be created.

8. The logical conclusion to be drawn from the whole of the preceding analysis of the guiding principles which should govern control schemes, and of the institutional arrangements necessary to secure the effective implementation of these principles, is that commodity control arrangements should be effectively integrated in a general pattern of international economic organisation. We have repeatedly observed the need to have them closely associated with such international organisations as may be established in the fields of finance, investment, trade, food and agriculture, and transport, and with the International Labour Organisation, in order that each of these may play its appropriate part in promoting the health and expansion of the world economy. The constituent instrument of a general commodity organisation could usefully emphasise its obligation to co-operate with other bodies. Agreements and working relationships with co-ordinate organisations are unlikely, however, to meet the requirements of the case and at an appropriate stage the creation of an over-all organisation will presumably receive consideration. If it should be thought preferable to postpone the creation of such an over-all organisation until its constituent functional parts have been successfully established, it would seem necessary when establishing those parts to make specific provision for their subsequent integration in the over-all organisation. This general principle applies with special force to commodity control arrangements. This general pattern of international economic organisation will also need to be integrated in some appropriate manner with the general international organisation which is contemplated for the maintenance of international peace and security.

V. The Accessory Functions of Commodity Control Authorities

The leading features of the evolution in the nature and functions of the intergovernmental commodity controls which has occurred during the last ten years have already been indicated. The existing schemes are primarily quota schemes involving the regulation of exports and in some cases of production. The earliest of them were designed solely to raise prices and were operated in such a way as to intensify or relax the restriction of the production or export of the regulated commodity in accordance with the price of that commodity at predetermined dates. In the second phase of development the intensification or relaxation of restriction came to be determined by reference, not to the current price, but to the volume of available stocks of the regulated commodity. A third

stage of development is represented by the creation of buffer stocks ancillary to quota schemes, as in the case of tin. The current emphasis is upon independent buffer stocks, and there are substantial divergences of view upon the extent to which quota schemes to cope with the problems of short-term fluctuations and long-term equilibrium respectively may continue to be desirable. This process of development is clearly far from complete.

An important secondary feature of the development of the controls has been a growing tendency to assign to certain of the control authorities accessory functions calculated to contribute to the health and expansion of the economy which may be capable of great development in the future.

One of the most important of these functions is the promotion of research. The Rubber Agreement provides for a tax to be levied on exports and the proceeds devoted to research with a view to the development of new applications of rubber, and for the maintenance of an International Rubber Research Board. The 1942 Tin Agreement declares that the continuance of international co-operation in research into problems connected with the tin industry and stimulation of consumption of tin is most desirable. Provision for such co-operation had already been made by the 1938 Agreement establishing an International Tin Research and Development Council. The scope for research would appear to be much greater in the case of industrial raw materials than in that of foodstuffs, except in so far as the latter may be used as industrial raw materials for the production of plastics or other purposes. Subject to this limitation, these provisions for organised international research into the further development of industrial processes by bodies in close touch with industrial conditions would appear to have great potentialities. It would seem clearly desirable that the results of such research should receive the fullest publicity and the Tin Research Scheme Agreement includes a provision to this effect.[1] In cases in which control authorities maintain their own research stations special arrangements with governments may be necessary to define the status of and facilities to be accorded to such stations.[2]

Far the most suggestive of the existing provisions assigning a positive social role to an international commodity control authority is the provision for the organisation of a pool of relief wheat contemplated in the 1942 Draft Wheat Agreement.[3] This provision is designed in the first instance to facilitate the supply

[1] For a criticism of the social utility of advertising programmes connected with commodity control schemes, as distinct from publicity for the technical results of research, see Eugene STALEY: *Raw Materials in Peace and War*, pp. 84-85.

[2] In this connection the following Agreements are of interest: Agreements between the United States of America and Costa Rica concerning co-operative rubber investigations in Costa Rica of 19 April and 16 June 1941 (United States Executive Agreement Series 222), of 3 April 1943 (United States Executive Agreement Series 318) and of 21 June and 1 July 1943 (United States Executive Agreement Series 335); Agreement between the United States of America and Ecuador of 20 and 29 October 1942 approving a memorandum of understanding of 12 August 1942 concerning an agricultural experiment station in Ecuador (United States Executive Agreement Series 284); Agreement between the United States of America and El Salvador of 24 November and 2 December 1942 approving a memorandum of understanding of 21 October 1942 concerning an agricultural experiment station in El Salvador (United States Executive Agreement Series 285); Agreement between the United States of America and Nicaragua of 12 and 27 October 1942 approving a memorandum of understanding of 15 July 1942 concerning an agricultural experiment station in Nicaragua (United States Executive Agreement Series 286); Draft Convention for the Establishment of the Inter-American Institute of Agricultural Sciences, 11 June 1942 (mimeographed text issued by the Pan American Union).

[3] Article 6, p. 17-18

of relief wheat for intergovernmental relief arising out of the present war, but it gives to the Wheat Council authority, if at any time after the completion of relief arising out of the war it receives an appeal for relief wheat or flour from any government to relieve famine in any area within the jurisdiction of that government, to investigate the possibilities of meeting such an appeal and report to the contracting governments its findings together with its recommendations. In the discharge of this permanent function the Wheat Council might co-operate with bodies such as the International Relief Union established by the Convention and Statute of 12 July 1927[1] in the same manner in which the Wheat Convention provides for its co-operation with the United Nations Relief and Rehabilitation Administration in respect of relief arising out of the war. There would appear to be scope for similar developments in the case of other controlling authorities, more particularly those controlling foodstuffs.

Another constructive function in which control authorities may be called upon to participate is that of organising internationally the grading of commodities and quality control. The United Nations Conference on Food and Agriculture requested the Permanent Organisation for Food and Agriculture which is to be established to investigate the practicability of the adoption of international grade standards for agricultural and marine commodities and of providing machinery for controlling the use of any such international grade standards, and to assist in the adoption of such standards if practicable.[2] The respective roles in this field of the proposed Permanent Organisation for Food and Agriculture, any special machinery which may be established to administer international grade standards, and the individual commodity controls, will require close consideration, but it is of interest that some of the control agreements foreshadow the possibility that the authorities established by them may have other functions to fulfil. The Coffee Agreement, for instance, empowers the Inter-American Coffee Board to render assistance in matters affecting the classification of coffee.[3]

Control authorities may also be able to make a contribution to the improvement of facilities for the storage of stocks, another of the subjects dealt with in the Final Act of the United Nations Conference on Food and Agriculture.[4] The 1942 Draft Wheat Convention includes an authorisation to the Wheat Council, upon the request of any contracting government of an exporting country, to investigate the possibility of meeting the needs of that country for wheat storage facilities to maintain in a good state of preservation such stocks of wheat as may accumulate.[5]

Control authorities could usefully be closely associated with conservation programmes, a subject of special importance in the case of mineral ores and other exhaustible natural resources which are frequently wastefully utilised when prices rise and fall unpredictably.[6]

Control authorities can play a valuable role by improving the quantity and quality of the statistical and other information available as the basis for the

[1] For the texts of the Convention and Statute, see Manley O. HUDSON: *International Legislation*, Vol. III, 1925-1927 (1931), pp. 2090-2106.

[2] Resolution XXVIII, UNITED NATIONS CONFERENCE ON FOOD AND AGRICULTURE: *Final Act and Section Reports* (U.S. Government Printing Office, 1943), pp. 27-28.

[3] Article 2, p. 60.

[4] Resolutions XXIX and XXX, *ibid.*, pp. 28-30.

[5] Article VII (14).

[6] STALEY, *op. cit.*, pp. 104-106, 181 and 204-206.

determination of future policy. The collection, analysis and distribution of such information concerning trends of supply and demand, stocks, prices, etc., is a necessary preliminary to the formulation of any coherent international economic policy. Complete publicity in regard to all these matters would represent a great step forward and an obligation of full disclosure might well be placed upon all control authorities.

Some of the wartime commodity arrangements open up far reaching potentialities of further development of these constructive functions of control authorities.[1]

VI. Legal and Financial Questions

As the more positive functions of commodity controls develop, a number of legal questions suggested by the existing agreements will acquire greatly increased importance. These include a number of questions relating to the technique of international instruments and a number of other questions involving the status of the control authorities under national law and in relation to national authorities. Although the precise importance of these various questions in the future will depend largely on the nature of the economic policies embodied in future control arrangements, a tentative exploration of the legal issues may have some practical value.

The existing intergovernmental control schemes[2] operate under treaties or less formal agreements entered into by the governments of the producer-exporter countries, in some cases together with the governments of the principal consumer-importer countries. In the absence of any general commodity control organisation no alternative method of bringing schemes into force has been available. The co-ordination of schemes established by completely independent instruments entered into by varying groups of parties presents, however, considerable difficulties. One is therefore led to consider whether schemes could not be established in future by some international decision, such as a charter issued by, or an organic statute adopted by, the general commodity control organisation, rather than by intergovernmental agreements of the type customary hitherto. The operation of buffer stocks would not appear to involve the acceptance by governments of obligations calling for individual acts of performance which could not be provided for in advance by general provisions in the instrument establishing the general commodity control organisation. If governments were prepared to contemplate such a departure, it would therefore be possible to establish such stocks, and to modify from time to time the arrangements governing their operation, through the machinery of the general commodity control organisation, without the negotiation of a succession of intergovernmental agreements.

Intergovernmental schemes providing for quotas or price-fixing, on the other hand, necessarily involve implementary action by governments; such schemes could not, therefore, be put into effect by a decision taken by a general commodity control organisation but must continue, from the nature of the case, to be submitted to governments for their individual acceptance. Even in these cases, however, the procedure for the approval of schemes might be simplified, and could certainly be made more uniform, if the general commodity control organisa-

[1] See the texts given in Appendices C and D, pp. 158 to 205.
[2] Except the tea and beef schemes, both of which are of a special character.

tion adopted them in the first instance and submitted them to governments for their acceptance. Such a procedure would enable the general organisation to exercise that all pervasive co-ordinating influence which the preceding discussion has suggested to be desirable. If such a procedure could be accepted as a necessary preliminary to the entry into force of any intergovernmental scheme of commodity regulation, the safeguards designed to ensure respect for the guiding principles which have been postulated would be substantially strengthened.

Commodity control arrangements, being designed to deal with changing economic situations, must necessarily be flexible. As already observed, one of the salient features of the history of their development has been a marked evolution from relatively rigid restrictive agreements, entered into for short periods, towards suppler instruments of policy, designed to operate over longer periods. Under quota schemes flexibility is secured primarily by entrusting to the control authorities substantial powers to vary periodically the permissible exports of the participating countries in successive periods in some such manner as by fixing a percentage of the basic quotas prescribed in the agreement; in the case of the 1942 Draft Wheat Convention, the control authority has power to fix and adjust periodically basic minimum and maximum prices for wheat. These powers are exercisable by majority decision and without reference back to governments. In the allocation of basic quotas between participating countries there has been less flexibility, and changes have been made chiefly in connection with the renewal of schemes. Buffer stock schemes of the type advocated by Lord Keynes provide for the flexibility of policy necessary for their success by entrusting substantial discretionary powers to the international authority controlling the buffer stock. The further flexibility involved in the adoption of schemes in the form, wherever possible, of decisions of a general international commodity control organisation, rather than in that of intergovernmental agreements, would not therefore be a radically new departure. Whichever form may be taken by the instruments governing future schemes, a wide range of questions relating to the technique of international instruments will arise for consideration. Upon some of these questions provisions contained in the existing instruments are highly suggestive.

Particular governments are necessarily parties to schemes established by the prevailing method of the intergovernmental agreement, as distinguished from the suggested method of collective international decision. The need for flexibility therefore makes it desirable that there should be some provision for the participation of new parties from time to time. Such provision is now common.

It is made in the existing quota schemes either by permitting accession or by giving the control authority power to recommend to governments the admission of new countries; in either case terms of participation in the scheme have in effect to be agreed between the new party and the control authority. Thus the Sugar Agreement permits accession by the government of any metropolitan territory, provided that the conditions of such accession have first been agreed upon with the Sugar Council by the government desiring to effect it.[1] The 1942 Draft Wheat Convention contains an article permitting accession by any government on the terms contained in the convention and on such other terms not inconsistent with them as may be permitted by the Council, and provides that an acceding government "shall accede as the government either of an exporting country or

[1] Article 49 (*b*); see pp. 41-42.

of an importing country as may be agreed with the Council and if it accedes as the government of an exporting country it shall have such basic export quota as may be agreed with the Council".[1] The Rubber[2] and Tin[3] Agreements permit the Rubber and Tin Committees to recommend to governments such additions and amendments to the Agreements as may be necessary to determine the conditions of participation of further governments; if such a recommendation is accepted by all the participating governments the government to which it relates may then accede.

Intermediate between these systems of a right of accession on agreeing terms with the control authority and a requirement that the terms for any accession recommended by the control authority be accepted by all the participating governments would be a system whereby the control authority had power to admit a new participant on agreed terms. Such an arrangement would appear clearly preferable to the second of the present alternatives, which gives every participating government a veto on new entries, and perhaps also to the first. It would, however, still leave unsolved one major problem which is of special importance in the case of quota schemes. Terms of agreement have always to be negotiated with the control authority. A newly developing area, while always having the strength of a potential competitor which might undermine the basis of the scheme, will frequently be at an undue disadvantage in negotiation with the established interests entrenched in the control authority. Adequate consumer representation in the control authorities, in a policy-forming and not an advisory capacity, would tend to reduce this disadvantage, but would probably not eliminate it. Provision for an appeal to the suggested general commodity control authority or for the transfer to it of the power to admit new participants, with or without the possibility of a further appeal to a more general international authority, would therefore appear desirable.

Where an agreement makes appropriate provision for the participation of third parties it would appear legitimate, and may well be desirable, to provide for measures to prevent the effective operation of the agreement from being impaired by action taken by non-participating states. Provisions for this purpose are contained in the Sugar Agreement[4] and the 1942 Draft Wheat Convention.[5]

Flexibility in other respects has been achieved hitherto primarily through provisions requiring the periodical renewal of schemes. All the schemes have been experimental in character at the outset and it has therefore been customary for them to be concluded for a limited number of years and renewed from time to time when due to expire. The Rubber[6], Sugar[7] and Coffee[8] Agreements, the 1942 Tin Agreement[9], and the 1942 Draft Wheat Convention[10] all provide that when the period of their validity is about to expire, the desirability of continued regulation shall be raised as a prior question. Some such provision for the reconsideration of the desirability of each scheme at fixed and relatively frequent

[1] Article XIV; see p. 22.
[2] 1938 revised text, Article 3 (i); see p. 121.
[3] Article 3 (i); see p. 97.
[4] Article 45; see p. 41.
[5] Article IV (12); see p. 17.
[6] 1938 revised text, Article 3 (*c*).
[7] Article 50 (*b*).
[8] Article 24.
[9] Article 3 (*c*).
[10] Article 12.

intervals is particularly appropriate in the case of quota schemes. It is much less appropriate in the case of any buffer stock scheme, since periodical reconsideration of such schemes will have an unsettling influence if it occurs when substantial stocks are held under the scheme, unless complete reliance can be placed on arrangements designed to ensure their progressive and orderly disposal. It is least appropriate in the case of buffer stock schemes designed to discharge functions of permanent importance. It is however arguable that the continuance of such arrangements for periodical reconsideration is desirable in the case of schemes embodied in intergovernmental agreements, until these schemes have finally proved their worth as an element in the orderly control of an expanding economy, responsive to consumers' and labour interests alike, adequately co-ordinated with other international economic agencies and especially with those which share responsibility for anti-depression measures, and so integrated in a general pattern of international economic organisation as to give effective guarantees of fair treatment to newly developing producing areas. The same considerations would not apply to schemes which became effective by a decision of a general international commodity control organisation and were subject to modification at its discretion.

The form which provisions for periodical reconsideration should take involves an issue of policy of considerable importance. A special procedure for the reconsideration of schemes was introduced by the Rubber Agreement[1] and is also provided for, in a developed form resulting from amendments to the Rubber Agreement[2], in the 1942 Tin Agreement[3]; a less complete variant of the same procedure is provided for in the Coffee Agreement.[4] The Rubber Agreement has been twice continued by this procedure[5], with amendments; in neither case

[1] 1934 text, Article 3.
[2] 1938 revised text, Article 3.
[3] Article 3.
[4] Article 24.
[5] In its developed form this procedure is as follows. The scheme is accepted for a fixed minimum period. Not less than a prescribed number of months before the expiration of the minimum period the control authority is to make a recommendation to the contracting governments upon the continuation or otherwise of the scheme. The recommendation, if in favour of continuation, may suggest amendments to the scheme and include proposals relating to the other provisions of the agreement. Each contracting government is to signify to the control authority its acceptance or rejection of the recommendation within a prescribed period. If the recommendation is accepted by all the contracting governments, the governments undertake to take such measures as may be necessary to carry it out. The control authority is to inform the government at whose invitation the conference which framed the agreement met, and this government is to draw up a declaration certifying the terms of the recommendation and its acceptance by all the contracting governments; the agreement is then deemed to be amended in accordance with the declaration as from the date specified therein. A certified copy of the declaration, together with a certified copy of the agreement as amended, is to be communicated to the other contracting governments. If the recommendation is not accepted by all the contracting governments, the control authority is to decide as soon as possible whether it desires to submit to the contracting governments an amended recommendation. The same procedure applies to an amended as to an original recommendation, save that the period for acceptance or rejection by governments is shorter. If the control authority decides not to submit an amended recommendation, or if the amended recommendation is not accepted by all the contracting governments, the control authority is so to inform the government at whose invitation the conference which framed the agreement met, and that government may of its own accord, and if so requested by any other contracting government must, convoke a conference of the contracting governments to consider the situation. Unless a recommendation to continue the scheme is accepted, or an agreement for continuation is concluded at a conference, the scheme and all the obligations arising out of it are to terminate on the expiration of the minimum period of validity. If at a conference an agreement for continuation is concluded between some but not all of the contracting governments, the scheme and all the obligations arising out of it are to terminate on the expiration of the minimum period of validity in respect of any contracting government not a party to the agreement for continuation.

was a conference necessary. The Sugar Agreement does not provide for any comparable procedure. It was concluded for five years and provided that the contracting governments should decide at least six months before its expiration whether it should be continued for a further period and, if so, on what terms, and that in the event of unanimity not being attained the governments desiring to maintain the Agreement should be entitled to do so as between themselves[1]; the Agreement does not assign to the Sugar Council any function of making recommendations on the subject. The Agreement was prolonged by an agreement between the contracting governments of 22 July 1942.[2] The 1942 Draft Wheat Convention provides that it shall remain in force for four years and that the Wheat Council "shall inquire of the contracting governments at least six months before the agreement is due to expire whether they desire to continue it and shall report to the contracting governments the results of such inquiry together with its recommendations".[3] The contrast between the rubber-coffee-tin procedure and the provisions of the sugar and wheat agreements reflects a conflict of policy. The procedure whereby the control authorities make recommendations regarding the continuance of regulation and the terms thereof has the advantage of ensuring that the matter is automatically considered by a collective body having a specific responsibility for, and interest in, securing effective consideration of the matter by governments at the appropriate time. Thus the danger is eliminated that a scheme which it is desirable to continue may lapse by inertia or failure to make a sustained effort to reconcile divergent standpoints and interests. On the other hand, this procedure has the potential disadvantage that governments have to take their decisions on the basis of recommendations by control authorities which may be predisposed towards the continuance of control, or of certain features of a control scheme, when a more independent approach might suggest a different conclusion. The Sugar Agreement and the 1942 Draft Wheat Convention assign to governments a more independent role in reviewing the desirability of their continuance, but they must be regarded as defective on the procedural side, since they contain no provision that when the agreement is due to expire, a conference of governments shall be automatic unless it is generally agreed that it should not be continued or agreement regarding its continuance has been reached less formally. It would seem desirable to include such a provision in any future agreements which follow the sugar or wheat rather than the rubber precedent. Whether the possible objections to the rubber procedure, which from an institutional standpoint represents a welcome advance, are valid in any particular case, will depend largely on the nature of the control authority and of the policies pursued by it. In so far as control authorities effectively represent the general as well as the producing interests of governments and include adequate consumer and labour representation, these objections lose most or all of their force and the balance of advantage is distinctly in favour of the rubber procedure. The creation of a general international commodity control organisation with supervisory powers over all controls would make it possible to combine some of the advantages of both types of procedure. The individual control authority might be required to make recom-

[1] Article 50; see p. 42.
[2] See pp. 45-46.
[3] Article 12; see p. 21.

mendations, as under the rubber procedure, but before the submission of these recommendations to governments they might be reviewed and, where necessary, criticised and referred back or amended by the general international commodity control organisation. Some further rationalisation of the technical details of the rubber procedure would also seem to be both possible and desirable. It would seem appropriate that an international agency, rather than the government of the country convening the conference where the agreement was originally framed, should be responsible for certifying to governments the acceptance of recommendations made by the control authority and for convening conferences when necessary. It is of some interest that the Coffee Agreement, while defective in not providing for a conference if a recommendation for continuation is not unanimously accepted, entrusts to the Inter-American Coffee Board, and not to the government that convened the conference at which the agreement was framed, the duty of certifying to governments the acceptance of an amendment.[1] This provision is in line with the tendency of the inter-war period to centralise international chancery functions in international agencies such as the Secretariat of the League of Nations and the Pan American Union instead of distributing them over individual governments. This function, if not entrusted to some more general international organisation, might well be exercised in future in respect of commodity controls by the suggested general international commodity control organisation.

Even in the case of schemes concluded for a fixed period, modification of the scheme may be desirable before the expiration of the period for which it was concluded. If certain schemes, as the result of the shift of emphasis to buffer stocks, are put on a relatively permanent basis, procedures for their amendment as occasion requires by some relatively simple procedure may well replace reconsideration at fixed intervals as the principal method of securing flexibility in matters over which discretionary powers are not delegated to the control authorities. In that event the importance of effectual procedures for the amendment of schemes, as distinguished from procedures for their renewal, would be greatly increased. There is no problem if a scheme becomes operative in virtue of an international decision, but only if it is embodied in an intergovernmental agreement, the amendment of which, under ordinary rules of treaty law, requires unanimous consent unless some other procedure is specifically provided for. There are no amendment provisions in the Sugar Agreement or the 1942 Draft Wheat Agreement. The Rubber[2] and Tin[3] Agreements empower the Rubber and Tin Committees to make recommendations to the contracting governments for amendment at any time in accordance with the procedure for the consideration of their continuance. The Coffee Agreement contains a similar provision.[4] The chief weakness of these provisions is that the consent of all contracting governments is required for the coming into force of any amendment. For a substantial number of years there has been a marked tendency to include in international instruments, especially those of an economic and social character, provisions permitting their amendment without unanimous consent, more particularly in respect of details of organisation and procedure and other matters of minor importance. The inclusion

[1] Article 24; see p. 66.
[2] 1938 revised text, Article 3 (*i*); see p. 121.
[3] Article 3 (*i*); see p. 97.
[4] Article 24; see p. 66.

of a provision of this nature in commodity agreements, and more particularly in agreements creating buffer stocks designed to operate over long periods, would appear to be desirable.[1] Such a provision might limit the need to secure the consent of governments to amendments to cases in which new obligations would devolve upon them as the result of the amendment, require special consents for the valid adoption of amendments altering the basic structure of a scheme or affecting adversely particular interests thought to require special protection, including those of consumers and labour, and permit all other amendments, which would relate mainly to details of structure and procedure and to administrative matters, to take effect on adoption by the control authority by a simple or two-thirds majority, subject to the right of the suggested general international commodity control organisation to review amendments and to interpose an objection to any amendment the effect of which would be inconsistent with the guiding principles that it has to administer or which involved considerations of policy exceeding the competence of the particular control authority.

If there should in future be a tendency to rely for flexibility on the possibility of amending schemes by procedures which can operate without undue difficulty, rather than upon the adoption of schemes for fixed periods and their automatic reconsideration when those periods expire, the provision to be made for the termination of schemes which have ceased to be desirable would assume a new importance. In the case of schemes which were made effective by a decision of an international commodity control organisation no problem would arise; they could be terminated by a similar decision if circumstances so required. The problems arise in the case of schemes embodied in intergovernmental agreements. Even when a scheme is for a limited period, circumstances may arise, before the time fixed for the reconsideration of the scheme, which make it desirable to abandon the scheme or suspend its operation, either in whole or in respect of a particular participant or part, without awaiting the time when it falls due for reconsideration. The Rubber[2] and Tin Agreements[3] authorise governments to give notice of the suspension of their obligations on grounds of national security, and the Sugar Agreement[4] and 1942 Draft Wheat Convention[5] permit applications to the

[1] An adaptation of a recent formula contained in the Agreement for a United Nations Relief and Rehabilitation Administration may perhaps be appropriate for commodity control purposes. The U.N.R.R.A. Agreement provides that—

"The provisions of this agreement may be amended as follows:

(*a*) Amendments involving new obligations for member Governments shall require the approval of the Council by a two-thirds vote and shall take effect for each member Government on acceptance by it;

(*b*) Amendments involving modification of Article III or Article IV shall take effect on adoption by the Council by a two-thirds vote, including the votes of all the members of the Central Committee;

(*c*) Other amendments shall take effect on adoption by the Council by a two-thirds vote".

The articles mentioned in clause (*b*) specify the constitution and powers of the Central Committee, a body consisting of representatives of China, Great Britain, the U.S.S.R. and the United States, meeting under the chairmanship of the Director-General of U.N.R.R.A., which has special functions under the agreement.

For the light thrown on the problem of amendment by the experience of the International Labour Organisation reference may be made to C. Wilfred JENKS: "The Revision of International Labour Conventions", in *British Yearbook of International Law*, Vol. XIV, 1933, pp. 43-64, and "The International Labour Organisation and Peaceful Change", in *The New Commonwealth Quarterly*, Vol. IV, No. 4, Mar. 1939.

[2] 1938 revised text, Article 21; see p. 131.

[3] Article 16 (*b*); see p. 102.

[4] Article 51 (*a*); see p. 42.

[5] Article 15 (*l*); see p. 22.

control authority for suspension in the event of hostilities, and allow withdrawal if such an application is not granted. Withdrawal on account of infringement is permitted by the 1942 Tin Agreement[1] and the 1942 Draft Wheat Convention.[2] Withdrawal on account of increased production in non-participating countries is permitted by the 1942 Tin Agreement[3] and under the Sugar Agreement, if either the Sugar Council or arbitrators on appeal from the Council agree that the case made by a party is well founded.[4] The Sugar Agreement alone provides for withdrawal on failure of the Council to take measures to remedy an acute shortage or supplies or an abnormal rise in world prices[5], which *prima facie* would appear to constitute one of the strongest possible grounds for withdrawal. The agreements contain provisions defining the effect of withdrawal by one party upon the obligations of the other parties. Their unilateral character is an obviously unsatisfactory feature of all withdrawal provisions. The inclusion of such provisions would, it is submitted, be particularly inappropriate in agreements establishing buffer stocks with long-range functions. Where, as in the Inter-American Coffee Agreement, withdrawal by giving one year's notice is possible at any time and no ground for withdrawal is required to be given[6], the element of obligation involved in the scheme is tenuous.[7] In view of the probable instability of schemes permitting withdrawal at the discretion of an individual government, the scope for provisions allowing schemes established by intergovernmental agreements to be wound up, or individual governments to be discharged from their obligations, by a decision either of the suggested general international commodity control organisation or of some other international authority, appears to be worthy of exploration. The 1942 Tin Agreement permits abandonment of the scheme during the period for which it was concluded by a decision taken by the Tin Committee by a unanimous vote at a meeting at which all delegations are represented.[8] The Coffee Agreement can be terminated during the period for which it was concluded by a proposal made by the Inter-American Coffee Board and accepted by all the participating governments.[9] There is a marked contrast between the unanimity required for these international decisions to terminate a scheme and the unilateral right of withdrawal provided for, in limited contingencies, by most of the agreements. The trend of future development may perhaps be to make the conditions for the termination of intergovernmental agreements by collective international decision less exacting, thus reducing or eliminating the need for clauses permitting unilateral withdrawal. It might well be appropriate for the suggested general international commodity control organisation to have power to wind up schemes established by intergovernmental agreement by some regular procedure. A new type of flexibility provision appears in the 1942 Draft Wheat Convention in the form of a clause requiring the International Wheat Council to instruct its Executive Committee "to examine and report

[1] Article 16 (*c*); see p. 102.
[2] Article 15 (2); see p. 22.
[3] Article 16 (*a*); see p. 101.
[4] Article 51 (*c*); see p. 42.
[5] Article 51 (*b*); see p. 42.
[6] Article 25; see p. 66.
[7] Cf. the criticism of the withdrawal provisions of the 1942 Draft Wheat Convention in *Wheat Studies of the Food Research Institute*, Vol. XIX, No. 2, "New International Wheat Agreements", by Joseph S. DAVIS, p. 47.
[8] Article 16 (*f*); see p. 102.
[9] Article 26; see p. 66.

upon any proposals made to the Council by any contracting government designed to facilitate the attainment of the objectives of the Agreement".[1]

Some of the quota agreements contain interesting provisions concerning enforcement. The 1942 Draft Wheat Convention contains provisions designed to bar, at the instance of the Wheat Council, international trade in wheat and flour shipments in excess of export quotas.[2] The Rubber Agreement provides for the prohibition of the exportation or importation of rubber, under effectively deterrent penalties, including destruction and confiscation, unless accompanied by a certificate of origin duly authenticated by a competent official.[3] The Inter-American Coffee Agreement requires the issue for each coffee shipment of an official document certifying that the shipment is within the corresponding quota.[4] All the agreements require certain reports and statistical and other information to be communicated to the control authorities to enable them to keep in constant touch with the position, and the Rubber Agreement requires ample facilities to duly accredited agents of the Committee for the investigation of the manner in which the regulation is carried out in each territory. Further development of provisions regarding restrictions of shipments and local investigations of standards of enforcement may be desirable in future agreements.

A number of the existing control authorities have certain functions in regard to disputes arising out of the application of the agreements which they administer. The Sugar, Coffee and 1942 Tin Agreements all empower the control authorities to consider allegations of infringement made on behalf of other governments (by which is primarily meant charges that quotas have been exceeded) and, if an infringement is established, to make recommendations to governments regarding the measures to be taken in view of the infringement. There is no provision for the consideration of charges that a scheme is being administered to the detriment of consumer or labour interests. The creation of a general international commodity control organisation would render it possible to make provision for cases of this kind.

It was no doubt because it was expected that disputes concerning their application would be adjusted through the control authorities that the commodity control agreements have lagged behind other international instruments in making provision for the judicial settlement of questions involving their interpretation and of disputes about their application. The Sugar Agreement alone contains a provision for an appeal from the Sugar Council to an arbitral tribunal in certain circumstances, and this provision is of limited application.[5] It is of interest, however, that two American writers, Benjamin B. Wallace and Lynn R. Edminster, in arguing the case for providing an adjudicating agency for settling disputes about the interpretation of a suggested body of fair practices, applicable primarily to export controls administered by individual governments, have suggested that "something of a parallel to what is needed in the international sphere is afforded in the national sphere by the Federal Trade Commission of the United States".[6] This Commission adjudicates constantly upon "con-

[1] Article 7 (12); see p. 19.
[2] Article 4 (9) to (11). See, however, the criticism of these provisions in *loc. cit.*, p. 62.
[3] Article 9 and 10.
[4] Article 6; see p. 61.
[5] Article 51 (*c*).
[6] *Op. cit.*, pp. 340-341.

flicts of opinion as to what constitute fair practices in domestic commerce" and has built up "a body of rules that is essentially a quasi-judicial code of fair practices". Wallace and Edminster therefore proposed the establishment of a commercial division of the Permanent Court of International Justice along lines foreshadowed at the World Economic Conference of 1927.[1] This proposal would appear equally appropriate to disputes involving the interpretation or application of intergovernmental commodity control schemes. In the short-term quota agreements which have been customary hitherto disputes about interpretation are of limited importance. An opportunity to clarify the matter in dispute will occur when the agreement comes up for reconsideration; on such occasions, if the subject is still of substantial importance, it will be necessary to deal with it in a manner reasonably satisfactory to all the parties. If the current emphasis on buffer stocks should result in the conclusion of agreements valid for longer periods, questions of interpretation will be liable to assume greater importance; it would therefore seem desirable to provide for their judicial determination by the Permanent Court of International Justice or some other appropriate authority. What arrangements would be most appropriate can hardly be determined in detail until more is known of the nature of future international judicial arrangements. If decisions upon commodity arrangements are taken in advance of decisions concerning the future of the Permanent Court of International Justice, it would be possible to deal with the matter by including in the constituent instrument of the general commodity control organisation a provision empowering the organisation to make rules for the judicial determination of all disputes involving the interpretation or application of instruments relating to commodity controls.

The completely independent character of each of the existing commodity control agreements is reflected in considerable diversity in the structure, form and content of the agreements. To some extent this diversity results from differences of problem, policy and intention. In other aspects it is merely the inevitable result of the lack of any attempt at co-ordination. The Rubber Agreement has served as a precedent for the provisions of the 1942 Tin Agreement and to a lesser extent for those of the Coffee Agreement, and there are a number of resemblances between the Sugar Agreement and the 1942 Draft Wheat Agreement. The Tea Agreement and the beef arrangements depart furthest from any common pattern. The initiation of schemes through the suggested general commodity control organisation would facilitate the adoption of standard forms for different types of instruments relating to control schemes, standard form articles in regard to certain subjects for inclusion in all schemes, and uniform standards of good practice in the arrangement of instruments relating to control schemes.[2]

While the commodity controls were to be regarded as tentative experiments, the imprecision of the legal status of the control authorities was perhaps not of the first importance, but it would seem undesirable, when considering the

[1] *Final Report*, p. 35. See also LEAGUE OF NATIONS: *Memorandum relating to the Pacific Settlement of International Disputes concerning Economic Questions in General and Commercial and Customs Questions in Particular* (Series of League of Nations Publications, 1931, II. B. 1), and "Rules of Procedure drawn up by the Council with a View to facilitate the Peaceful and Rapid Settlement of Economic Disputes which might arise between Members of the League of Nations or non-Member States, 28 January 1932", in LEAGUE OF NATIONS: *Official Journal*, 1932, pp. 594-598.

[2] The organisation might also recommend models for national laws concerning commodity control on the lines suggested in *Planning*, No. 174, 29 July 1941, p. 16.

future of the controls, to continue to neglect the matter, especially in view of the shift of emphasis to buffer stocks. Buffer stock authorities will be engaged in legal transactions to a much greater extent than bodies administering quota schemes.

The legal status enjoyed hitherto by the control authorities is highly indeterminate. All these authorities appear to lack any defined status in either international or municipal law; although frequently involved in transactions governed by municipal law, they have not hitherto been regarded as possessing any corporate legal personality. None of the agreements purports to define the status in municipal law of the international control authority created by it, but almost all of them include provisions designed to remove some of the practical difficulties which would otherwise result from the fact that the control authorities have no definite legal character or status. The 1942 Tin Agreement provides that the International Tin Committee shall make such arrangements as may be necessary for office accommodation and may appoint and pay such officers and staff as may be required.[1] The Rubber Agreement gives the same powers to the International Rubber Regulation Committee[2], and, after indicating the functions of the Committee, provides that it "shall do all such other lawful things as may be necessary, incidental or conducive to the carrying out of its functions".[3] The International Sugar Council is authorised, in addition to the duties specifically assigned to it, to "exercise all the powers which may be necessary to carry out" the Sugar Agreement[4]; it is to "appoint a Secretary and take all other necessary measures to establish a Secretariat".[5] The International Wheat Council is intended to exercise "the powers specifically assigned to it under the Agreement and such other powers as are necessary for the effective operation of the Agreement and for the carrying out of its provisions"[6] and it is proposed to empower it to "appoint a Secretary and such other employees as it considers necessary and determine their powers, duties, compensation and duration of employment".[7] The powers of the Inter-American Coffee Board are to include, in addition to those specifically set forth in other provisions of the Agreement, the "general administration of the Agreement" and the power "to appoint any employees that it may consider necessary and determine their powers, duties, compensation and duration of employment". Apart, however, from these specific provisions regarding the engagement of staff, the agreements do not, unless the general language quoted is to be regarded as covering the matter, give the control authorities any wider powers to enter into legal transactions, conclude and discharge obligations, own property, or be a party to legal proceedings. This must necessarily cause increasing inconvenience as the functions of control authorities develop from the fixing of quotas and making of recommendations, the implementation of which is a matter for national action, to the assumption of responsibility for commercial transactions of considerable magnitude in connection with the disposal or handling before disposal of stocks, either through a subsidiary buffer stock authority or more directly. This consideration strengthens the case for some clarification

[1] Article 11 (*a*); see p. 99.
[2] 1938 revised text, Article 15 (*e*); see p. 127.
[3] 1938 revised text, Article 15 (*j*); see p. 128.
[4] Article 33 (*h*); see p. 37.
[5] Article 34; see p. 37.
[6] Article 7 (2); see p. 19.
[7] Article 7 (5); see p. 19.

of the legal status of the control authorities, probably involving the attribution to them of legal personality.[1]

Buffer stock authorities will be engaged in commercial transactions on a large scale. Some provision for the settlement of disputes with private parties arising out of these transactions therefore appears desirable. The tendency of legal evolution in recent years has been to limit State immunities when States enter into commercial transactions, as for instance by the ownership and operation of ships. On the other hand it would not seem desirable to regard the bodies administering such stocks as subject to the jurisdiction of the courts of any one country. One method of dealing with the matter would be to establish some international commercial court, in which individuals or commercial undertakings could appear as parties, to take jurisdiction of any disputes which may arise. It would be essential that the procedure of such a tribunal should be simple, expeditious, and relatively inexpensive and that there should be adequate provision for dealing with cases in the various parts of the world where they are likely to arise. Alternatively, provision could be made for arbitration in such cases under appropriate international rules. No provision for the settlement of disputes arising out of commercial transactions is contained in any of the existing intergovernmental agreements, but a number of producers' agreements contain arbitration clauses.[2] Waiver of immunity by the buffer stock authority might be an appropriate method of dealing with certain cases. How far the immunities of buffer stock authorities should extend to agents acting on their behalf would require special examination. The practical considerations of importance are that the procedure for dealing with disputes must fully respect the international character of the authorities and at the same time create the necessary basis of confidence between them and the commercial community with whom they must have constant dealings.

In certain other respects buffer stocks should enjoy immunities and facilities corresponding to those of other public international organisations and similar in principle to those enjoyed in each country by foreign States in virtue of international law and practice. The only existing intergovernmental commodity control agreement which contemplates any such status for an authority constituted by it is the 1942 Draft Wheat Convention, which provides that "consideration shall be given by each contracting government to the possibility of according to the funds of the Council and to the salaries paid by the Council to its employees who are nationals of other countries treatment in respect of taxation and of foreign exchange control no less favourable than that accorded by such government to the funds of any other government and to salaries paid by any other government to any of its accredited representatives who are its nationals".[3] It would clearly be inappropriate that funds subscribed by governments to finance the operations of an international organisation, constituted to regulate the production and marketing of a commodity of international importance in the interest of a large number of countries, should be subject to taxation levied in the interest

[1] For the issues involved, see Sir John Fischer WILLIAMS: *Chapters on Current International Law and the League of Nations*, pp. 477-500; "The Status of the League of Nations in International Law", and "The Legal Character of the Bank for International Settlements", in *The American Journal of International Law*, Vol. 24, pp. 665-673.

[2] *E.g.*, Article 22 of the International Merchant Bar Agreement of 18 July 1933; Ervin HEXNER: *The International Steel Cartel*, p. 318.

[3] Article 10 (6); see p. 21.

of a single State or to measures of exchange control[1] which might prevent the effective discharge by the control authority of its international responsibilities. It would therefore appear desirable to include in all future schemes similar provisions which might appropriately be less tentative in character.

Closely connected with the legal questions which should be considered in connection with the future of intergovernmental commodity control schemes are some of the problems presented by the financing of such controls.

The arrangements for the administrative budgets of the commodity control authorities have been relatively simple, for the sums involved have not been large. In most cases the administrative budgets are adopted by majority decision, since all decisions are taken by the control authority by a majority. The Coffee Agreement specifically provides that the total amount, manner and time of payment of contributions to the budget of the Inter-American Coffee Board shall be determined by the Board by a majority of not less than two-thirds of the votes.[2] Some of the other agreements also specifically recognise the importance of the prompt payment of contributions. The Sugar Agreement provides that contributions shall be made in such manner and at such times as the Sugar Council shall determine.[3] The Rubber Agreement provides that one-half of each annual contribution shall be paid immediately on receipt of the budget by the contracting governments and the balance of such contributions not later than six months after this date.[4] The establishment of a general commodity control organisation would permit of some centralisation of the financial arrangements of the control authorities. It would be a matter for consideration whether there should be a unified budget, or whether the expenses of particular controls should be borne by the States primarily interested in them. In any event, the maintenance of appropriate provision for the prompt payment of contributions would appear to be clearly desirable.[5]

Buffer stock arrangements necessarily involve financial operations on a much larger scale. The problem of financing them was discussed in the memorandum on buffer stocks prepared for the League of Nations Committee on Raw Materials in 1937. This memorandum argued that "no scheme for a buffer stock of any regulated commodity is likely to come into existence, unless some of the largest consumers or the Governments of the principal consuming countries decide to make a joint proposal for a buffer stock scheme to the body controlling the scheme and ask them to give that co-operation which, as has been pointed out above, they are under every obligation to give", and suggested that "the essential features of any such scheme would probably be that control should rest in a small body, possibly with an independent chairman, on which equal representation was given to producers and consumers, that the finance should be provided principally or entirely by the consumers, that the ownership of the stock on the dissolution of the arrangement should vest in them, and that the obligation to make supplies available as required should lie upon the producers'

[1] Concerning exchange control, see *Minutes of the Ninetieth Session of the Governing Body of the International Labour Office*, pp. 47-48.

[2] Article 13; see p. 63.

[3] Article 35; see p. 37.

[4] 1938 revised text, Article 16; see p. 129.

[5] On the whole subject reference may be made to C. Wilfred JENKS: "Some Legal Aspects of the Financing of International Institutions", in *Transactions of the Grotius Society*, Vol. 28, pp. 87-132.

representatives". The authors of the memorandum doubted whether, under the conditions of 1937, "a buffer stock of any commodity could be formed to-day under conditions which would afford reasonable guarantees that the contributors to it would eventually obtain a price equivalent to the price which they could secure by sale of their product over the period during which the buffer stock was accumulated".[1]

The question of the financing of buffer stocks must now be considered, of course, in the new perspective resulting from the governmental financing of commodity surpluses and reserve stocks during the war. The continuation of such financing for a period following the war will be a necessary condition of the establishment of effective buffer stocks. Although well-managed buffer stocks should, by reason of their operating systematically against the market, be not merely self-supporting but also profit earning, considerable sums will be required for the initial financing of adequate stocks and provision must be made against the possibility of loss on their operations. The financial burden involved for governments would not necessarily, however, involve an increase in their total liabilities. Certain governments already have substantial financial commitments in respect of commodity surpluses which they might, without substantial addition to the burden involved, continue in future in co-operation through international machinery rather than as purely national liabilities. Most of the supplies purchased by buffer stock authorities would not have to be paid for in U.S. dollars, and the financing of such stocks would not therefore involve exchange problems of such a character as to present insuperable difficulties for certain countries. The creation of a general commodity control organisation would also greatly facilitate the financing of stocks. An export levy or other per unit tax on controlled commodities; a commodity loan raised in the money market; loans from central banks in exchange for storage certificates[2]; advances from any stabilisation fund or development authority which may be established; and financial support from any more specialised machinery established to organise measures to counteract cyclical fluctuations are all possible sources of revenue which might be relied upon to supplement whatever financial contributions to a general commodity control organisation may be made directly by governments.

The nature of the staffs of the control authorities is a matter of the highest importance. It would seem essential that they should be exclusively international officials and that they should not seek or receive instructions from, or be likely to be susceptible to the exercise of any undue influence by any government, commercial interest or other person external to the authority administering the control.[3] Only so can effective guarantees be secured that the controls will be administered in the public interest and not on behalf of the producing groups whom circumstances are so apt to place in a position to exercise an unhealthy predominance. On the other hand, it will be essential that they should have had practical commercial experience. The problem of their recruitment and tenure will therefore be of a particularly complex character.

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[1] *Report of the Committee for the Study of the Problem of Raw Materials* (Series of League of Nations Publications, 1937, II. B. 7), pp. 57-62; for the full text of the relevant passages, see Appendix A, pp. 149-154.

[2] For this suggestion see J. M. KEYNES: "The Policy of Government Storage of Foodstuff and Raw Materials", in *The Economic Journal*, Vol. XLVIII, Sept. 1938, pp. 449-460.

[3] On this subject reference may be made to C. Wilfred JENKS: "Some Problems of an International Civil Service", in *Public Administration Review*, Vol. III, No. 2, Spring, 1943.

TEXTS OF AGREEMENTS

WHEAT

Final Act of the Conference of Wheat Exporting and Importing Countries

Opened for signature at London, 25 August 1933

Entered into force on date of signature[1]

The Governments of Germany, Austria, Belgium, Bulgaria, France, the United Kingdom of Great Britain and Northern Ireland, Greece, Hungary, Irish Free State, Italy, Poland, Roumania, Spain, Sweden, Czechoslovakia, Switzerland, the Union of Soviet Socialist Republics, and Yugoslavia, having accepted the invitation extended to them by the Secretary-General of the Monetary and Economic Conference on behalf of the Governments of Argentine, Australia, Canada and the United States of America to take part in a Conference to consider the measures which might be taken in concert to adjust the supply of wheat to effective world demand and eliminate the abnormal surpluses which have been depressing the wheat market and to bring about a rise and stabilisation of prices at a level remunerative to the farmers and fair to the consumers of breadstuffs, have agreed as follows:

ARTICLE 1

The Governments of Argentine, Australia, Canada and the United States of America agree that the exports of wheat from their several countries during the crop year August 1st, 1933, to July 31st, 1934, shall be adjusted, taking into consideration the exports of other countries, by the acceptance of export maxima on the assumption that world import demand for wheat will amount during this period to 560,000,000 bushels.

ARTICLE 2

They further agree to limit their exports of wheat during the crop year August 1st, 1934, to July 31st, 1935, to maximum figures 15 per cent. less in the case of each country than the average outturn on the average acreage sown during the period 1931-1933 inclusive after deducting normal domestic requirements. The difference between the effective world demand for wheat in the crop year 1934-35 and the quantity of new wheat from the 1934 crop available for export will be shared between Canada and the United States of America as a supplementary export allocation with a view to the proportionate reduction of their respective carry-overs.

[1] For reservations made by certain parties, see the footnote on p. 3.

ARTICLE 3

The Governments of Bulgaria, Hungary, Roumania and Yugoslavia agree that their combined exports of wheat during the crop year August 1st, 1933, to July 31st, 1934, will not exceed fifty million bushels. This undertaking is made on the understanding that the aggregate may be increased to a maximum of fifty-four million bushels if the Danubian countries find that such a supplementary quota is required for the movement of the exportable surplus of the 1933 crop.

ARTICLE 4

They further agree that their combined exports of wheat during the crop year 1934-1935 will not exceed a total of fifty million bushels and recognise that the acceptance of this export allocation will not allow of any extension of the acreage sown to wheat.

ARTICLE 5

The Government of the Union of Soviet Socialist Republics, while unable to give any undertaking in regard to production of wheat, agree to limit their exports for the crop year 1933-1934 to a figure which will be arrived at upon the completion of negotiations with the Governments of the overseas wheat exporting countries. They also agree that the question of their export of wheat during the crop year of 1934-1935 shall be the subject of further negotiations with the wheat exporting countries represented on the Advisory Committee.

ARTICLE 6

The Governments of the wheat-importing countries in signing this instrument:

I. Agree henceforth not to encourage any extension of the area sown to wheat and not to take any governmental measures, the effect of which would be to increase the domestic production of wheat;

II. Agree to adopt every possible measure to increase the consumption of wheat and are prepared to bring about the progressive removal of measures which tend to lower the quality of breadstuffs and thereby decrease the human consumption of wheat;

III. Agree that a substantial improvement in the price of wheat should have as its consequence a lowering of customs tariffs, and are prepared to begin such adjustment of customs tariffs when the international price of wheat reaches and maintains for a specified period an average price to be fixed. It is understood that the rate of duty necessary to assure remunerative prices may vary for different countries, but will not be sufficiently high to encourage their farmers to expand wheat acreage.

Appendix A contains the agreed definitions relating to the technical points mentioned in this paragraph;

IV. Agree that in order to restore more normal conditions in world trade in wheat the reduction of customs tariffs would have to be accompanied by modification of the general régime of quantitative restriction of wheat imports and accept in principle the desirability of such a modification. The exporting countries for their part agree that it may not be possible to make

substantial progress in these modifications in 1933-1934, but the importing countries are prepared to make effective alterations in 1934-1935 if world prices have taken a definitely upward turn from the average price of the first six months of the calendar year 1933. The objective of these relaxations of the various forms of quantitative restrictions will be to restore a more normal balance between total consumption and imports, and thereby to increase the volume of international trade in wheat. It is understood that this undertaking is consistent with maintaining the home market for domestic wheat grown on an area no greater than at present. It is obvious that fluctuations in the quantity and quality of the wheat harvest resulting from weather conditions may bring about wide variations in the ratio of imports to total consumption from season to season.

The obligations of the importing countries under this Agreement are to be interpreted in the light of the following declaration:

It is recognised that measures affecting the area of wheat grown and the degree of protection adopted are primarily dependent upon domestic conditions within each country, and that any change in these measures must often require the sanction of the legislature.

The intention of this Agreement is nevertheless that the importing countries will not take advantage of a voluntary reduction of exports on the part of the exporting countries by developing their domestic policies in such a way as to frustrate the efforts which the exporting countries are making, in the common interest, to restore the price of wheat to a remunerative level.

ARTICLE 7

The countries participating in the Conference agree to set up a Wheat Advisory Committee to watch over the working and application of this Agreement. The functions, organisation and financial basis of this Committee are set out in Appendix B.

Done at London, the twenty-fifth day of August, one thousand nine hundred and thirty-three, in a single copy which shall be deposited in the archives of the Secretariat of the League of Nations and of which authenticated copies shall be delivered to all Members of the League of Nations and non-member States represented at the Conference of Wheat Exporting and Importing Countries.[1]

[1] The signatures are to be regarded as affixed in the light of the statements made during the discussions by the representatives of the various countries: these statements are contained in the Minutes of the Conference, and are to be interpreted in the sense of paragraph IV of Article 6 of the Final Act. Minutes of Final Meeting, 141 *League of Nations Treaty Series*, p. 88.

The Bulgarian Government reserved the right to complete negotiations in progress and pending for the conclusion of commercial treaties and other arrangements ensuring privileged treatment for the exportation of wheat to third countries which had already extended the same privilege to three other Danubian countries.

The Government of the Irish Free State informed the Secretariat, by letter dated 14 September 1933, that it regretted not to be in a position to accept this Act which it had signed *ad referendum*.

The Czechoslovak Government informed the Secretariat on 21 September 1933 of its acceptance of the Act, its signature to which was originally *ad referendum*, calling attention at the same time to the declaration made by the Czechoslovak delegate at the Whaet Conference by which the Czechoslovak Government reserved the right to make further reservations on approval of its signature, and added that it agreed to the reduction of customs duties, provided that such reduction should not affect the maintenance of remunerative prices for home grown cereals, and that a decision regarding the remunerative level of prices could only be taken with due consideration of the conditions prevailing in Czechoslovakia.

Appendix A

1. "International price of wheat", as mentioned in Article 6, paragraph III, of the draft agreement, shall be understood to mean a duty-free gold price c.i.f. on a world market.

The price shall be calculated according to the method followed by the Food Research Institute of Stanford University, California (explained in Vol. 4, No. 8, of *Wheat Studies*). It is the average price of all parcels of imported wheat of all grades sold during each week in all the ports of Great Britain.

2. The Secretariat of the Wheat Advisory Committee set up by the Conference shall undertake the regular communication of indices of prices calculated as above to all Governments adhering to the Agreement.

3. The minimum average gold price calculated as indicated above to be maintained for a period of sixteen weeks before it will be necessary for importing countries to adjust their Tariffs shall be 12 gold francs per quintal (63.02 gold cents per bushel).

4. The period referred to in Article 6, paragraph III, of the Agreement, during which the average quotation for wheat is to be maintained before it will be necessary for importing countries to adjust their Tariffs shall be sixteen weeks.

5. Each country will decide upon its tariff adjustment in accordance with the principles enunciated in Article 6, paragraph III, of the draft agreement, and every considerable and lasting change in wheat prices shall be followed by an adjustment of Tariffs proportionate to such change.

Appendix B

Report of the Sub-Committee on the Constitution of a Wheat Advisory Committee

A Sub-Committee composed of representatives of Australia, Belgium, France, Germany, Greece, Hungary, Italy, Switzerland, the United Kingdom, and the United States met on August 22nd to consider whether any, and if so, what organisation should be set up in connection with the prospective Wheat Agreements. Mr. McDougall (Australia) was elected Chairman.

The present report contains a summary of the views exchanged in the Sub-Committee and the recommendations submitted by it to the Conference regarding the functions, composition and financial basis of the suggested Wheat Advisory Committee.

It is clear that the proposed body can only be temporary in character, as the agreements under which it may be set up are intended to deal with the immediate difficulties of the situation. No question arises of establishing any permanent committee entrusted with the task of supervising the production of and trade in wheat; it is simply proposed to set up a Committee to watch over the working and application of the agreements which may be arrived at. The Committee would be primarily advisory in character and would provide an opportunity for the representatives of Governments, fortified by the best available information, to review the way in which the several agreements were functioning. It would only take decisions in cases defined in the agreements.

The Committee's duties should be confined to the tasks outlined above, and should not extend to matters connected with the compilation of Statistics, except as provided in Appendix A.

With the object of avoiding any overlapping the Advisory Committee should work in close co-operation with the Economic Organisation of the League and the International Institute of Agriculture.

As the work of the proposed Committee would be concerned with business rather than policy, it should be small. It was recognised that the chief exporting countries—*viz.*, Argentine, Australia, Canada and the United States—should be separately represented, and that the Danubian Countries should be entitled to a representative, as would the U.S.S.R. It was regarded as essential that importing countries should be represented as well as exporting countries.

It was at first suggested that the importing countries might be represented by two or three members, to be named by the Economic Committee of the League of Nations. But it appeared from the discussion in the Sub-Committee that it would be preferable that the Committee should contain an equal number of representatives of importing and exporting countries. Subject to this it was agreed that the Committee should be given power to enlarge its membership if circumstances appeared to render such a course desirable.

Importing States to be represented might be selected according to one of two methods: either the importing countries participating in the Conference might make their selection while the Conference is still sitting, or the choice might be left to the Economic Committee of the League. It was felt that a decision on this matter should be left to the importing countries.

In any case, the members of the Committee should be appointed as representatives of States, and not in their personal capacity.

The Advisory Committee would be authorised, if it considered that circumstances rendered such action necessary, to convene a general meeting of the States parties to the Agreements.

Various suggestions were made regarding the chairmanship of the Advisory Committee. Some members thought that the League of Nations might be requested to ask some person of recognised standing and undoubted impartiality to accept the post of Chairman. Others thought that in view of the exceptional importance to the exporting countries of the wheat question, it might perhaps be desirable that the Chairman should be chosen from among their representatives. It was finally agreed that the appointment of Chairman should be left to the Advisory Committee itself, which might be empowered to elect a Chairman from among its members or, if it appeared practicable and desirable, to select some other person of recognised standing.

The Sub-Committee was anxious to keep expenditure on the lowest possible basis. The staff employed should be small in number and might consist of a highly competent secretary with a technical assistant and a shorthand-typist.

The cost of representation at meetings should be borne by the several Governments represented on the Committee. The Committee itself would only be responsible for cost of the staff, office expenses, and the travelling expenses of the staff in so far as that might prove necessary. It was considered that the annual appropriation for the Committee need not exceed a total of sixty thousand gold francs. The suggested basis of contribution was that each country accepting the Wheat Agreements should contribute four gold francs per 100,000 quintals

of the average quantity of wheat produced during a given period, and that the wheat-exporting countries should contribute a further eight gold francs per 100,000 quintals of wheat exported in an average year of the given base period.

The suggested basis of contributions towards the maintenance of the Advisory Committee are set out in the Annex to this Report.

The seat of the office of the Advisory Committee would be at London, but the Committee would be authorised to meet elsewhere if circumstances rendered it necessary.

ANNEX

BASIS OF CONTRIBUTIONS TO ADVISORY COMMITTEE

Country	Production 100,000 quintals Average 1928-29	Levy of 4 gold francs per 100,000 quintals	Net exports 100,000 quintals	Levy of 8 gold francs per 100,000 quintals Average 1928-29, 1931-32	Gold francs, total contribution
Canada	1,098	4,392	716	5,728	10,120
United States of America	2,379	9,516	350	2,800	12,316
Argentine	655	2,620	432	3,456	6,076
Australia	469	1,876	321	2,568	4,444
Roumania	327	1,308	38	304	1,612
Hungary	225	900	61	488	1,388
Yugoslavia	257	1,028	35	280	1,308
Bulgaria	138	552	12	96	648
Poland	197	788	5	40	828
U.S.S.R.	2,025	8,100	127	1,016	9,116
Lithuania	24	96	—	—	(96)
France	902	3,608	—	—	3,608
Italy	752	3,008	—	—	3,008
Spain	501	2,004	—	—	2,004
Germany	500	2,000	—	—	2,000
Czechoslovakia	146	584	—	—	584
Great Britain	121	484	—	—	484
Greece	46	184	—	—	(184)
Portugal	49	196	—	—	(196)
Sweden	74	296	—	—	296
Austria	35	140	—	—	(140)
Belgium	43	172	—	—	(172)
Denmark	30	120	—	—	(120)
Baltic States	15	60	—	—	(60)
Netherlands	17	68	—	—	(68)
Switzerland	11	44	—	—	(44)
					60,920[1]

[1] The importing countries have agreed that the minimum contribution shall be 200 gold francs.

Note of Agreement between the Oversea Wheat Exporting Countries[1]

The world wheat situation has altered to so considerable extent since the discussions between the four oversea exporting countries commenced that it is necessary to restate the position.

The basis of any plan agreed to between the oversea exporting countries is to bring about an adjustment of production so as to allow of the liquidation of existing surplus stocks within a period of two years.

The following data represents the best available indication of the present position:

(*a*) World import demand in 1933-34 is assumed to be 750 million bushels, but this figure may vary by 50 million bushels up or down;

(*b*) Exports from new crops in 1933-34 are estimated at:—

Canada:		
Crop from 395 to 400, say	400	
Domestic requirements	117	
Exportable surplus	283	
Argentina—no crop estimate possible, but on estimate of 3-year average and of yield:		
Crop		240,000,000
Domestic requirement		90,000,000
Exportable surplus		150,000,000
Australia—based as in the case of Argentina:		
Crop		192,000,000
Domestic requirement		50,000,000
Exportable surplus		142,000,000

It is estimated that other exporters will need 75,000,000 bushels. The position in regard to new export wheat may, therefore, be expected to be as follows:

Canada	283	million	bushels
Argentina	150	"	"
Australia	142	"	"
Other exporters	75	"	"
	650	"	"

The residual exports after allowing for the marketing of new wheat is therefore estimated at 100 million bushels which may, however, vary upwards or downwards by 50 million bushels according to the variation of the requirements of the importing countries.

The U.S.A. Position.

The U.S.A. 1933-34 crop is estimated at from 520 million bushels to 575, say 540, and the U.S.A. domestic requirements at 610, leaving a deficiency of 70

[1] This text, no doubt hastily drafted, is reproduced here (including footnotes) in its original form.—Ed.

million bushels. The above estimates allow of the following method of dealing with the 1933-34 situation:

(*a*) Export quotas are allotted to deal with new wheat 575 million bushels.

(*b*) The U.S.A. surplus stocks are 240 million and Canada at 140 million. The U.S.A. 1933-34 deficiency of 70 will reduce the surplus to 170. To bring about equality between the U.S.A. and Canada in regard to surplus an initial figure of 30 million bushels should be allotted to the U.S.A.

(*c*) This leaves a figure of 70 million bushels as a final residual subject to considerable fluctuations up or down. This should be divided equally between U.S.A. and Canada for the absorption of surplus stocks. The method of dealing with reductions in the world import demand will be discussed in the next paragraph. It is felt that any increase in the possibilities of reduction of surplus due to failure of 1933 crops to reach the estimate of 541 million bushels for U.S.A. and 400 million bushels for Canada should be utilised by each country and that no attempt should be made to allot such figures between the two countries. Any increase of the marginal surplus due to increased world import demand should be shared equally between U.S.A. and Canada.

(*d*) If world import demand were below 750 million bushels, it is suggested that each of the four countries should share the necessary diminution of exports on a basis proportionate to their exports. Thus, if the world imports were 25 million bushels less than in 1933-34, the diminution

Canada	47 per cent.	= a diminution of	11,700,000
Argentina	22 per cent.	= " " "	5,500,000
Australia	21 per cent.	= " " "	5,250,000
U.S.A.	10 per cent.	= " " "	2,500,000

In the event of Australia or the Argentine not being able to fulfil their respective export surpluses in 1933-34 the difference between actual exports and export quota shall be available, upon the advice of the Advisory Committee, firstly to enable the whole of the new wheat of the 1933-34 crop to be marketed by an increase in the allocation to any country with a larger exportable surplus than provided for in the quota and, secondly, in so far as such difference is not needed to cater for new wheat, to be equally divided between U.S.A. and Canada for the disposal of surplus stocks. If either Australia or the Argentine thus surrenders a part of its export quota, the quantity so surrendered shall be added to the export quota of that country for 1934-35.

During the second year of the scheme the surplus stock position will, on the basis of the foregoing estimates, be a total of 210 million bushels equally divided between U.S.A. and Canada.

Since an essential part of any scheme must be effective co-operation of the European importing countries, it is felt that even if higher prices cause some diminution of demand in the Far East, yet total world import demand should be taken as 800 million bushels instead of 750 million bushels.

Each of the four countries agree to bring into effect a reduction of production of wheat to the extent of 15 per cent.

The position of each country in 1934-35 is estimated to be as follows:

Australia. 15,000,000 acres at 12.8 bushels = 192,000,000 bushels less 15 per cent. = 163.4 bushels less domestic consumption 50,000,000 bushels leaves an export quota of 113,000,000 bushels.

Argentina. 20,000,000 acres at 12 bushels per acre = 240,000,000 less 15 per cent. = 214 million bushels, domestic consumption 90 million bushels = export quota 114,000,000.

Canada. 26,300,000 acres at 17.24 bushels per acre = 453,000,000 less 15 per cent. = 380,000,000 bushels. Domestic consumption 117 million and export quota of 263.

Other Exporting Countries. 75,000,000 bushels. The total of the above allocations amounts to:

Australia	113	million	bushels
Argentina	114	"	"
Canada	263	"	"
Other exporters	75	"	"
	565	"	"

U.S.A. is estimated in 1934-35 to have the following position: 62,400,000 acres at 13.1 = 816 million bushels; less 15 per cent. = 694. Domestic requirements 610 million bushels, and export quota of 84 million bushels.[1]

The addition of the U.S.A. export figure gives a total export from new 1934-35 crop of 649 million bushels.

With a world import demand of 800 million bushels this leaves a total of 151 million bushels to be divided between U.S.A. and Canada on an equal basis for the reduction of surplus stocks.

The deduction of 151 million bushels from the 204 million bushels surplus total at the end of 1933-34 leaves at the end of 1934-35 a total of 53 million bushels or 26.5 million bushels in each country.

This is the Agreement of 30th June, 1933.

* * *

While the foregoing statement represents the basis of agreement between the four great exporting countries, the changes which have taken place in the world wheat situation since June 30th, 1933, render necessary a series of adjustments:—

The main changes in the situation are as follows:—

1. Owing to highly favourable weather conditions in Europe and to reports of good crops of wheat in the extra European importing countries the world demand is now assumed to be 560,000,000 bushels in place of 750,000,000.

2. The relative failure of crops in North America have resulted in the following changes:

The Canadian crop is now estimated at 300 million bushels which after allowing for domestic requirements leaves an exportable surplus of 183,000,000 bushels. The figure of 75,000,000 bushels allowed to meet the requirements of other exporters has to be amended upwards to 100,000,000 bushels.

[1] The figure accepted by the U.S. was 90 million bushels.

The 1933 crop in the U.S.A. is now estimated at 500,000,000 bushels. The estimated surplus stocks in the U.S.A. are now taken as being 261,000,000 instead of 240, while those in Canada are taken as being 179,000,000 in place of 140,000,000.

In order to meet the altered situation the four oversea exporting countries are prepared tentatively to adjust their respective allocations in the following ways.

The U.S.A. will accept an export quota of 45,000,000[1] bushels being roughly 8½ per cent. of the estimated world import demand.

Canada will receive an export allocation of 200,000,000 bushels.

The position in regard to Argentina and Australia is as follows:—

These countries have been allotted export quotas for the crop years 1933-34 and 1934-35 of 258,000,000 bushels in the case of Argentina and 255,000,000 bushels in the case of Australia.

Since it is impossible to estimate the actual crops in the Southern Hemisphere for at least two months, and since present reports of crop growth are not wholly favourable in either country, Argentina and Australia are prepared to undertake not to export more than for Argentina 110,000,000 bushels and Australia 105,000,000 bushels of the above export quotas prior to July 31st, 1934.

The Argentine Delegation declared that they subscribed to this agreement on the understanding that the distribution of the surplus export of the harvest of 1933-34 was that already fixed under letter (*b*) of the Draft approved by the exporting countries during the Economic and Monetary Conference; but up to the 31st July, 1934, the exports would not exceed 110,000,000 bushels. The balance would be exported during the following months, and, if necessary, would be added to the harvest of 1934-35; which exportable balance is fixed at 108,000,000 bushels until the end of this Agreement.

This note of agreement between the Oversea Exporting Countries is initialled on the understanding that the export quota of the U.S.A. for the crop year 1933-34 is 47,000,000 bushels.

Memorandum of Agreement concerning Draft Wheat Convention

Initialled at Washington, 22 April 1942

Entered into force on 27 June 1942 in accordance with the minutes of the Final Session of the Washington Wheat Meeting, paragraph 8, infra *p. 25.*

1. Officials of Argentina, Australia, Canada and the United States, wheat exporting countries, and of the United Kingdom, a wheat importing country, met in Washington on July 10, 1941, to resume the wheat discussions which were interrupted in London by the outbreak of war in September 1939 and to consider what steps might be taken toward a solution of the international wheat problem.

2. The discussions at Washington, which extended over a period of many

[1] Originally typed as 47,000,000 but altered to 45,000,000 by Bennett on signing. See final paragraph.

months, have made it clear that a satisfactory solution of the problem requires an international wheat agreement and that such an agreement requires a conference of the nations willing to participate which have a substantial interest in international trade in wheat. It was also recognised that pending the holding of such a conference the situation should not be allowed to deteriorate. The Washington Wheat Meeting has recorded the results of its deliberations in the attached Draft Convention in order to facilitate further international consideration of the subject at such time as may be possible and to provide a basis for such interim measures as may be found necessary.

3. The Washington Wheat Meeting has recognised that it is impracticable to convene at the present time the international wheat conference referred to above. Accordingly, the five countries present at that meeting have agreed that the United States, so soon as after consultation with other countries it deems the time propitious, should convene a wheat conference of the nations having a substantial interest in international trade in wheat which are willing to participate and that the Draft Convention above mentioned should be submitted to that conference for consideration.

4. In the meantime there should be no delay in the provision of wheat for relief in war-stricken and other necessitous areas so soon as in the view of the five countries circumstances permit. Likewise it is imperative that the absence of control measures over the accumulation of stocks in the four countries now producing large quantities of wheat for markets no longer available should not create insoluble problems for a future conference. Accordingly, the five countries have agreed to regard as in effect among themselves, pending the conclusions of the conference referred to above, those arrangements described in the attached Draft Convention which are necessary to the administration and distribution of the relief pool of wheat and to the control of production of wheat other than those involving the control of exports.

5. If the conference contemplated above shall have met and concluded an agreement prior to the cessation of hostilities, no further action will be needed by the countries represented at the Washington meeting. However, if this is not the case, it will be necessary, in order to prevent disorganisation and confusion in international trade in wheat, to institute temporary controls pending the conclusions of the conference. Accordingly the five countries agree that in the period following the cessation of hostilities and pending the conclusion of a wheat agreement at the conference referred to the arrangements described in the attached Draft Convention which relate to the control of production, stocks and exports of wheat and to the administration thereof will be brought into effect among themselves. Those arrangements will come into effect on such date as may be unanimously agreed. Announcement of that date will be made within six months after the cessation of hostilities.

6. Pending the conclusions of the conference contemplated above, the five countries, on the cessation of hostilities or such earlier date as they may agree, will regard as in effect among themselves the arrangements described in the attached Draft Convention for the control of the prices of wheat. The determination of prices required to be made in accordance with those arrangements will be made by unanimous consent. If no determination of prices has been made on the cessation of hostilities, the five countries will, pending such determination

but for a period not exceeding six months, maintain as the export price of wheat the last price negotiated by the United Kingdom for a bulk purchase of wheat from the principal country of supply; equivalent f.o.b. prices will be calculated for wheats of the other exporting countries and will be adjusted from time to time to meet substantial changes in freight and exchange rates.

7. In taking any decisions under this Memorandum and the arrangements of the Draft Convention which it brings into operation each of the five countries will have one vote and a two-thirds majority will be required for decision except as otherwise provided herein.

8. The provisions of this Memorandum will be superseded by any agreement reached at the proposed wheat conference or by any arrangements which the five countries and other interested countries may make to deal with the period pending such a conference. In any event they are to terminate two years from the cessation of hostilities.

Draft Convention

Preamble

1. The prospects with regard to the production and marketing of wheat are such that accumulation of wheat surpluses threatens to result in grave post-war difficulties for the economies of the producing countries and hence, because of the interdependence of nations, for the economies of all countries. It is also to be expected that, unless appropriate action is taken, such accumulation will recur.

2. A solution of the problem thus presented must be regarded as an essential part of any program of world economic reconstruction and will call for co-operative action by all countries concerned in international trade in wheat. It will involve national and international measures for the regulation of wheat production in both exporting and importing countries, for the orderly distribution of wheat and flour in domestic and international trade at such prices as are fair to consumers and provide a reasonable remuneration to producers and for the maintenance of world supplies which shall be at all time ample for the needs of consumers without being so excessive as to create a world burden of unwanted surpluses.

3. Co-operative action is also necessary to meet the need for relief in the war-stricken areas of the world by the supply and distribution of gifts of wheat.

4. The benefits of abundant world supplies of wheat cannot be assured to consumers unless there is a substantial decrease in uneconomic incentives to high-cost production, a lowering of barriers to world trade and the charging of prices to consumers not substantially higher than the price of wheat in international trade.

5. In many countries the standard of living would be improved by increasing the consumption of wheat through a lowering of prices. In all countries the standard of living would be improved by stimulating the consumption of foods rich in vitamins, proteins and minerals. The increased production of such foods would offer a more valuable use for land which has at times been used uneconomically for high-cost production of wheat.

6. Producers of an international commodity such as wheat are directly affected by standards of living throughout the world, by international purchasing power and by prevailing policies and practices affecting international trade generally. There can be no basic solution of the problem of export surpluses without a general reduction of import barriers and no measure should be taken or maintained which has the effect of retarding such reduction or of preventing in any way the fullest possible development of international trade.

Accordingly the contracting governments have agreed as follows:

ARTICLE 1

Expansion of Trade

1. The contracting governments agree that an essential element of a solution of the world wheat problem is that consumers should have the opportunity and means of increasing their purchases of wheat from areas which are equipped to produce it economically. They agree that such opportunity and means depend not only on the lowering of barriers to the importation of wheat but also on making available to wheat importing countries increased outlets for the exportation of goods which they in turn are equipped to produce economically. They agree that this requires the adoption and pursuit of national and international policies aimed at a fuller and more efficient use among nations of human and natural resources and thereby a world-wide expansion of purchasing power.

2. Recognising therefore that much that is called for transcends the scope of a wheat agreement and requires action on a broad international basis, but that much also can be accomplished by national measures and by agreements with each other and with other countries, the contracting governments undertake to further in every way possible the attainment of the foregoing objectives.

3. The Council shall from time to time submit to the contracting governments a review of international trade in wheat and invite them to consider, in the light of the foregoing, what measures may be adopted for the expansion of such trade.

ARTICLE 2

Production Control

1. The Governments of Argentina, Australia, Canada and the United States of America shall adopt suitable measures to ensure that the production of wheat in their territories does not exceed the quantity needed for domestic requirements and the basic export quotas and maximum reserve stocks for which provision is hereinafter made.

2. Should nevertheless production in any country be found to have exceeded in any crop-year the quantity above prescribed, the government of that country shall before the end of that crop-year take such action as will result in the disappearance of the excess production within its territories before the end of the following crop-year or shall otherwise deal with such excess production as the Council may direct, except that if any part of the excess production is shown to the satisfaction of the Council to be due to a yield above the average of the preceding 20 years the government of the country concerned may carry that part

as provided in paragraph 3 (*a*) of Article 3 or deal with it in such other manner as may be agreed with the Council.

3. Pending the coming into force of paragraphs 1 and 2 of this article, the Governments of Argentina, Australia, Canada and the United States of America shall adopt or maintain positive measures to control production with the object of minimising the accumulation of excessive stocks.

ARTICLE 3

Stocks

1. The Governments of Argentina, Australia, Canada and the United States of America shall, subject to the provisions of paragraphs 2, 3, 4 and 5 of this article, ensure that stocks of old wheat held at the end of their respective crop-years are not less than 35, 25, 80 and 150 million bushels respectively, and not more than 130, 80, 275 and 400 million bushels respectively. Any stocks not in excess of the specified maximum are hereinafter called "reserve stocks".

2. Stocks of old wheat in any country may be permitted to fall below the specified minimum (*a*) if the new crop together with the carry-over from the previous crop-year is insufficient to meet domestic requirements and leave at the end of that crop-year the minimum reserve stocks specified, in which case those stocks may be reduced by the amount necessary fully to meet domestic requirements, and (*b*) in so far as the Council decides that exports from the minimum reserve stocks of that country are required fully to meet the world demand for imported wheat.

3. Stocks of old wheat may exceed the maximum by (*a*) the quantity of permitted excess stocks ascertained under paragraph 4 of this article and (*b*) the quantity of permitted surplus stocks ascertained under paragraph 5 of this article.

4. Such part of excess production in the first crop-year in which it occurs following the crop-year in which Article 4 comes into force as may be shown under paragraph 2 of Article 2 to be due to above average yields shall be permitted excess stocks at the end of that crop-year. The permitted excess stocks at the end of each succeeding crop-year shall be ascertained by the Council by deducting from the permitted excess stocks, if any, at the end of the preceding crop-year any quantity by which production in the crop-year then ending was less than the maximum prescribed in paragraph 1 of Article 2 or by adding thereto such part of any excess production in that crop-year as may be shown under paragraph 2 of Article 2 to be due to above average yields.

5. Stocks in excess of the maximum, as ascertained by the Council, at the end of the crop-year in which announcement is made of the date on which the provisions of Articles 2, 3 and 4 will come into effect shall be permitted surplus stocks, unless that announcement is made less than 45 days prior to the beginning of the seeding period for the next harvest in which case stocks in excess of the maximum at the end of the succeeding crop-year shall be permitted surplus stocks. Permitted surplus stocks at the end of each succeeding crop-year shall be ascertained by the Council by deducting from the permitted surplus stocks at the end of the preceding crop-year (*a*) any secondary or supplementary export quotas allocated in the crop-year then ending and (*b*) any quantity by which

production in that crop-year plus the permitted excess stocks at the end of the preceding crop-year was less than the maximum production prescribed in paragraph 1 of Article 2.

6. Should it be shown to the satisfaction of the Council that, owing to insufficient or defective storage facilities, any part of the permitted surplus stocks in any country has been destroyed or has been disposed of by governmental measures in a manner clearly constituting extraordinary use such part shall nevertheless be counted as permitted surplus stocks for the purposes of paragraphs 3 and 4 of Article 4 so long as any other permitted surplus stocks remain in that country.

7. The Council shall

(*a*) at its regular August meeting ascertain the permitted surplus stocks in Canada and the United States of America at the end of their preceding crop-years and estimate such stocks in Argentina and Australia at the end of their current crop-years

and

(*b*) at its regular January meeting ascertain the permitted surplus stocks in Argentina and Australia at the end of their preceding crop-years and estimate such stocks in Canada and the United States of America at the end of their current crop-years.

ARTICLE 4

Export Control

1. The contracting government of each exporting country shall adopt the measures necessary to ensure that net exports of wheat, including flour expressed in terms of its wheat equivalent, from its territories in each quota-year shall not, subject to the provisions of paragraph 11 of this article, exceed the basic, secondary and supplementary export quotas for which provision is hereinafter made. It is recognised in principle that, within the framework of this agreement, wheat from each exporting country should continue to find its way into its normal markets.

2. The basic export quotas for Argentina, Australia, Canada and the United States of America shall, subject to the provisions of paragraph 3 of this article, be 25, 19, 40 and 16 per cent. respectively of the Council's latest published estimate of the total volume of international trade in wheat and flour in each quota-year less (*a*) such basic export quotas for other exporting countries as may be agreed under Article 14 and (*b*) reasonable allowances, having due regard to exports in past years, for net exports from the territories of governments not parties to the agreement.

3. Should the residual quantity ascertained under paragraph 2 of this article exceed 500 million bushels in any quota-year, the excess shall be allocated to Argentina, Australia, Canada and the United States of America as secondary export quotas. Allocations made in the first half of the quota-year shall be in proportion to permitted surplus stocks as determined under paragraph 7 (*a*) of Article 3 and allocations made in the second half of the quota-year shall be in proportion to permitted surplus stock as determined under paragraph 7 (*b*) of Article 3. Should there be no permitted surplus stocks in any of those four

countries the excess shall be allocated to those countries as secondary export quotas in proportion to their basic export quotas.

4. If the Council is satisfied that any part of any country's export quota or of the allowance made for its exports for any quota-year will not be exported by that country in that quota-year, it shall, subject to the provisions of paragraph 6 of this article, re-allocate that part as supplementary export quotas to the other exporting countries in accordance with the procedure prescribed in paragraph 3 of this article for the allocation of secondary export quotas. Should there be no permitted surplus stocks in any of those countries that part shall, unless the Council otherwise decides, be re-allocated as supplementary export quotas to those of the other exporting countries which have percentage export quotas in proportion to those quotas.

5. No decision taken by the Council pursuant to paragraph 4 of this article shall prejudice the right of any country to export its full export quota within the quota-year to which it relates.

6. Should it be shown to the satisfaction of the Council that the failure of any country to ship any part of its export quota during the first quota-year is due to shortage of shipping, the amount of the supplementary export quotas allocated to other countries in respect of such part shall be deducted from the basic export quotas of those countries for the second quota-year and added to the aforementioned country's basic export quota for the second quota-year.

7. No export quota or part thereof shall be exported in any quota-year other than that to which it relates, except as otherwise provided in this article. Should it nevertheless be shown to the satisfaction of the Council that, owing to unavoidable delay in the arrival or departure of ships, part of an export quota had not been shipped at the end of the quota-year that part may be shipped in the following quota-year but shall be deemed to have been shipped in the quota-year to which it relates.

8. No export quota or part thereof shall be ceded, transferred or loaned by any country except as provided in this article or with the unanimous approval of the contracting governments of exporting countries.

9. When it appears that any country is approaching the limit of its export quota, the Chairman of the Council on the recommendation of the Executive Committee shall request the government of that country to control loadings for export during the remainder of the quota-year and to telegraph each week to the Council the gross exports and gross imports of wheat and of wheat flour from and into its territories during the preceding week.

10. When the Chairman of the Council after consultation with the Executive Committee finds that any country has exported its export quota for any quota-year he shall immediately make a declaration to that effect. The contracting government of the exporting country concerned shall thereupon announce that the exportation of wheat or flour from its territories will not be permitted after seven days from the date of the Chairman's declaration and the contracting government of each importing country shall not permit the importation into its territories of wheat or flour shipped from that exporting country during the current quota-year more than seven days after the date of the Chairman's declaration.

11. Should it be found that, owing to practical difficulties of closely controlling shipments, exports from any country have exceeded its export quota,

that country shall not be deemed to have infringed the provisions of paragraph 1 of this article so long as the excess is not more than 5 per cent. of the quota, but the amount of that excess up to 3 per cent. of the quota and three times the amount of that excess above 3 per cent. of the quota shall be deducted from that country's export quota for the following quota-year.

12. The contracting governments recognise that international trade in wheat should be distributed on a fair and equitable basis among all countries which export wheat and they agree that the effective operation of the agreement should not be impaired by abnormal exports from countries that have not acceded to it. Accordingly the contracting governments shall co-operate in taking, on the advice of the Council, such practicable measures as may be necessary to attain this end.

ARTICLE 5

Price Control

1. The Council shall fix and publish prior to the coming into force of Article 4 and thereafter at each regular August meeting a basic minimum price and a basic maximum price of wheat, c.i.f. United Kingdom ports, and schedules of prices, c.i.f. and/or f.o.b., equivalent thereto for the various wheats sold in world markets. These prices shall take effect on such date as may be determined by the Council and shall remain in force until the effective date of the prices fixed by the Council at its next regular August meeting but shall be subject to such adjustments as the Council may find necessary to meet substantial changes in freight or exchange rates or as may be made in accordance with the provisions of paragraph 3 of this article.

2. The prices fixed under paragraph 1 of this article shall be such as will in the opinion of the Council (*a*) return reasonably remunerative prices to producers in exporting countries, (*b*) be fair to consumers in importing countries, (*c*) be in reasonable relationship to prices of other commodities and (*d*) make appropriate allowance for exchange rates and transportation costs.

3. Should the Council so decide the basic minimum and maximum prices of wheat and the schedules of prices equivalent thereto shall be adjusted at monthly or other intervals to allow for carrying charges.

4. The Governments of Argentina, Australia, Canada and the United States of America shall not, after the coming into force of paragraph 1 of this article, sell or permit the sale of wheat for export, or to millers for producing flour for export, at prices below the minimum equivalents fixed by the Council under paragraph 1 or 3 of this article.

5. The Governments of Argentina, Australia, Canada and the United States of America shall ensure that wheat for export is at all times on sale at f.o.b. prices not in excess of the maximum equivalents fixed by the Council under paragraph 1 or 3 of this article.

ARTICLE 6

Relief Pool

1. The Governments of Argentina, Australia, Canada, the United Kingdom and the United States of America shall establish a pool of wheat which will be available for intergovernmental relief in war-stricken countries and other neces-

sitous areas of the world, where circumstances in the view of those governments make such relief practicable.

2. The Governments of Canada, the United Kingdom and the United States of America shall give to the pool, as and when required by the Council, 25, 25 and 50 million bushels respectively of wheat, or its equivalent in whole or part in flour, f.o.b. seaboard port in the country of origin.

3. The Governments of Argentina, Australia, Canada and the United States of America shall, as and when required by the Council, give to the pool in addition to the contributions prescribed in paragraph 2 of this article a quantity of wheat or its equivalent in whole or part in flour, f.o.b. seaboard port, to be determined by them in consultation with the Council and on such basis as may be agreed among them.

4. The Council shall be responsible for the administration of the relief pool and shall, wherever possible, arrange for the distribution of relief wheat through such intergovernmental relief body as may be set up and given general responsibility for the distribution of relief. Should the Council decide to make relief wheat or flour available to any necessitous area in which the intergovernmental relief body has not the organisation necessary for the distribution of such wheat or flour the Council shall arrange with the appropriate authorities to distribute such wheat or flour in that area. Any arrangements for the distribution of relief wheat shall be such as to minimise, so far as the provision of sufficient relief permits, the reduction of the effective demand for wheat on sale.

5. The United Kingdom Government may, if so agreed by the Council after consultation with the intergovernmental relief body, contribute transportation of relief wheat or flour in lieu of part or all of its contribution under paragraph 2 of this article.

6. Any contributing government shall, if the Council after consultation with the intergovernmental relief body so requests and upon such terms of replacement as may be agreed with the Council, make, pending the arrival of contributions by other governments, advances of such wheat or flour as that government may consider practicable to release for immediate relief.

7. Should the Council consider or be advised by the intergovernmental relief body that the quantity of relief wheat contributed under paragraphs 2, 3 and 5 of this article appears likely to prove insufficient, the Council shall make recommendations to the contracting governments regarding additional contributions.

8. The Council shall instruct the Executive Committee (*a*) to facilitate the transfer of relief wheat and flour from the national wheat-handling organisations of the contributing governments to the intergovernmental relief body, (*b*) to maintain effective liaison between the national wheat-handling and shipping organisations of the contributing governments and international shipping and transport controls and (*c*) generally to consult with the intergovernmental relief body regarding all transactions relating to the relief pool.

9. Should the Council receive, at any time after the completion of the relief to which the provisions of paragraphs 1 to 8 of this article relate, an appeal for relief wheat or flour from any government to relieve famine in any area within the jurisdiction of that government, the Council shall investigate the possibilities of meeting such an appeal and report to the contracting governments its findings together with its recommendations.

ARTICLE 7

The Council

1. This agreement shall be administered by an International Wheat Council consisting of one or more delegates of each contracting government.

2. The Council shall have the powers specifically assigned to it under the agreement and such other powers as are necessary for the effective operation of the agreement and for the carrying out of its provisions.

3. The Council may, by unanimity of the votes cast, delegate the exercise of any of its powers or functions to such persons or bodies as it thinks fit.

4. The Council shall elect, for such periods and upon such conditions as it may determine, a Chairman and a Vice Chairman, who need not be delegates of contracting governments.

5. The Council shall appoint a Secretary and such other employees as it considers necessary and determine their powers, duties, compensation and duration of employment.

6. The seat of the Council shall be in London unless the Council should otherwise determine.

7. The Council shall meet in January and August of each year and at such other times as it may determine. The Chairman shall convene a meeting of the Council if so requested (*a*) by the Executive Committee or (*b*) by the delegates of five contracting governments or (*c*) by the delegates of contracting governments with a total of not less than . . votes.

8. Notices of all meetings shall be despatched so as to ensure receipt by delegations of contracting governments at least fourteen days in advance of the date fixed for the meeting.

9. Any contracting government may designate the delegation of any other contracting government to represent it and to vote on its behalf at any meeting of the Council or on any particular question. The terms of any such delegation of authority shall be communicated in writing by the delegating government to the Chairman of the Council.

10. The Council may take decisions, without holding a meeting, by correspondence between the Chairman and the delegations of the contracting governments, unless any delegation objects. Any decisions so taken shall be communicated forthwith to all the delegations and shall be recorded in the minutes of the next meeting of the Council.

11. The Council shall make at the earliest practicable date all possible arrangements with international shipping controls to facilitate the exportation of wheat.

12. The Council shall instruct the Executive Committee (*a*) to co-operate with bodies engaged in the task of improving human nutrition, (*b*) to investigate the possibilities of increasing wheat consumption and (*c*) to examine and report upon any proposals made to the Council by any contracting government designed to facilitate the attainment of the objectives of the agreement.

13. The Council shall ascertain and make public the carry-over of wheat in Argentina, Australia, Canada and the United States of America at the end of each of their respective crop-years.

14. The Council shall, upon the request of any contracting government of an exporting country, investigate the possibility of meeting the needs of that

country for wheat storage facilities to maintain in a good state of preservation such stocks of wheat as may accumulate prior to the coming into force of Article 4. The Council shall report to the contracting governments its findings together with its recommendations.

15. The Council shall at its regular August meeting make and publish, with such detail as it considers desirable, an estimate of the total volume of international trade in wheat and flour in the current quota-year and shall from time to time review that estimate and publish such revised estimates as it may make.

16. The Council shall publish an annual report on the operation of the agreement which shall include a summary of relevant statistics and such other material as the Council may determine. The Council may authorise the publication of such other reports as it considers appropriate. Reports shall be published in English and in any other languages that the Council may determine.

17. Pending the establishment of the Executive Committee under Article 8, the Council shall itself perform the functions assigned by the agreement to that committee.

18. The Council may arrange to take over the assets and liabilities of the Wheat Advisory Committee upon the dissolution of that body on such terms as may be agreed with it.

ARTICLE 8

The Executive Committee

1. The Council shall, when it considers it desirable to do so, establish an Executive Committee which shall work under its general direction.

2. The Chairman of the Executive Committee shall be appointed by the Council for such period and upon such conditions as it may determine. He need not be a delegate of a contracting government to the Council or a member of the Committee.

3. The Secretary of the Council shall be the Secretary of the Executive Committee.

4. In addition to the specific duties for which provision is made in this agreement, the Executive Committee shall be charged with the general duty of keeping under review the working of the agreement and of reporting to the Council from time to time on the manner in which the provisions of the agreement are being carried out.

5. The Executive Committee may be convened at any time by its Chairman.

6. The decisions of the Executive Committee shall be taken by a simple majority of the total votes held by its members.

ARTICLE 9

Reports to the Council

1. Each contracting government shall make to the Council such reports as the Council may from time to time request on the action which that government has taken to carry out the provisions of this agreement.

2. Each contracting government shall upon request telegraph each month to the Council the gross exports and gross imports of wheat and of wheat flour

from and into its territories in the preceding month, and shall supply such other information as the Council may from time to time request for the purposes of the agreement.

ARTICLE 10

Finance

1. The contracting governments shall share proportionally to the votes which they hold in the Council any expenses incurred by the Council in administering this agreement.

2. The Council shall at its first meeting approve its budget for the period prior to the first day of the month of August after its first regular January meeting and assess the contribution to be paid by each contracting government for that period.

3. The Council shall at each regular January meeting approve its budget for the following August-July period and assess the contribution to be paid by each contracting government for that period.

4. The initial contribution of any government acceding to the agreement after the first meeting of the Council shall be assessed proportionally to the number of its votes in the Council and to the number of full months between its accession and the beginning of the first August-July period for which it is assessed under the provisions of paragraph 3 of this article, but the assessments already made upon other governments shall remain unaltered.

5. The Council shall publish an audited statement of all moneys received and paid out during the period referred to in paragraph 2 of this article and during each August-July period thereafter.

6. Consideration shall be given by each contracting government to the possibility of according to the funds of the Council and to the salaries paid by the Council to its employees who are nationals of other countries treatment in respect of taxation and of foreign exchange control no less favourable than that accorded by such government to the funds of any other government and to salaries paid by any other government to any of its accredited representatives who are its nationals.

7. The Council shall determine the disposal, on the termination of the agreement, of any funds which remain after meeting its obligations.

ARTICLE 11

Date upon which the Agreement Comes into Force[1]

ARTICLE 12

Duration of the Agreement

This agreement shall remain in force for four years after the last day of the month of July following the date upon which it comes into force. The Council shall enquire of the contracting governments at least six months before the agree-

[1] The text of this article to be determined when further international consideration of the subject is possible.

ment is due to expire whether they desire to continue it and shall report to the contracting governments the results of such enquiry together with its recommendations.

ARTICLE 13

Relation to Other Agreements

1. So long as this agreement remains in force it shall prevail over any provisions inconsistent therewith which may be contained in any other agreement previously concluded between any of the contracting governments.

2. Should any contracting government be party to an agreement with a non-contracting government containing any provision inconsistent with this agreement, that contracting government shall take all reasonable steps to procure the necessary amendment of such agreement at the earliest date which it deems practicable.

ARTICLE 14

Accessions

This agreement shall at any time be open to accession by the government of any country on the terms contained therein so far as they are applicable to that government and on such other terms not inconsistent therewith as may be agreed with the Council. It shall accede as the government either of an exporting country or of an importing country as may be agreed with the Council and if it accedes as the government of an exporting country it shall have such basic export quota as may be agreed with the Council.

ARTICLE 15

Withdrawals

1. The contracting government of any country which considers its national security endangered as a result of hostilities may apply to the Council for the suspension of any of its obligations under Articles 2, 3, 4 and 5 of this agreement. If the application is not granted within 30 days after the date thereof, such government may within 15 days after the end of that period withdraw from the agreement on written notice to the Council.

2. If it is shown to the satisfaction of the Council that the Government of Argentina, of Australia, of Canada or of the United States of America has failed to carry out its obligations under paragraph 1 of Article 4 or paragraph 4 of Article 5, the contracting government of any exporting country may within 90 days withdraw from the agreement on 30 days' written notice to the Council.

3. If the Government of Argentina, of Australia, of Canada or of the United States of America withdraws from the agreement, the agreement shall thereupon terminate, unless the Council, by three-fourths of the total votes held in the Council, decides to maintain the agreement with whatever modifications it may deem necessary.

ARTICLE 16

Territories

1. The rights and obligations under this agreement of the Government of Argentina apply to the customs territory thereof; those of the Government of Australia to Australia and her territories; those of the Government of Canada to the customs territory thereof; those of the Government of the United Kingdom of Great Britain and Northern Ireland to Great Britain and Northern Ireland; and those of the Government of the United States of America to the customs territory thereof.

2. In the event of the government of any other country acceding to the agreement under Article 14, the Council shall agree with the said acceding government as to the territories to which the rights and obligations of the said acceding government under the agreement shall apply.

ARTICLE 17

Definitions

For the purposes of this agreement:

1. "Bushel" means sixty pounds avoirdupois.

2. "Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat.

3. "Carry-over" means the aggregate of the stocks in any country, as ascertained by the Council under paragraph 13 of Article 7, of old wheat at the end of the crop-year held (*a*) in all elevators, warehouses and mills, (*b*) in transit or at railroad sidings and (*c*) on farms, except that in the case of Canada "carry-over" means in addition the stocks of wheat of Canadian origin held in bond in the United States of America.

4. "Council" means the International Wheat Council for which provision is made in Article 7.

5. "Crop-year" means in respect of Argentina and Australia, the period from December 1 to November 30; in respect of Canada, the period from August 1 to July 31; and in respect of the United States of America, the period July 1 to June 30.

6. "Domestic requirements" means all use of wheat and flour during any crop-year within the territories of each contracting government for human and animal consumption, for industrial purposes, and for seed, and waste.

7. "Equivalent", with reference to the measurement of flour in terms of wheat, means a quantity calculated in the ratio of such number of pounds of flour to 100 pounds of wheat as the Council shall determine.

8. "Executive Committee" means the Executive Committee established by the International Wheat Council under Article 8.

9. "Exporting country" means Argentina, Australia, Canada, the United States of America or any country that may accede as such to the agreement under Article 14.

10. "Export quota" means basic export quota together with any secondary or supplementary export quota allocated under Article 4.

11. "Extraordinary use" means use which the Council is satisfied would not have taken place but for the governmental measures referred to in paragraph 6 of Article 3.

12. "Gross exports" means the total quantity of wheat, including flour expressed in terms of its wheat equivalent, shipped from the territories of any government, except that in the case of Canada "gross exports" means the overseas clearances of Canadian wheat from seaboard ports in Canada and the United States of America, plus imports of wheat from Canada into the United States of America for consumption and for milling in bond, plus flour expressed in terms of its wheat equivalent shipped from Canadian territories.

13. "Gross imports" means the total quantity of wheat, including flour expressed in terms of its wheat equivalent, imported into the territories of any government.

14. "Importing country" means the United Kingdom or any country that may accede as such to the agreement under Article 14.

15. "Net exports" means gross exports minus gross imports.

16. "Net imports" means gross imports minus gross exports.

17. "New crop" means wheat harvested not more than two months prior to the beginning of the current crop-year.

18. "Old wheat" means wheat harvested more than two months prior to the beginning of the current crop-year.

19. "Quota-year" means the period ending July 31 following the date upon which the agreement comes into force and thereafter the period from August 1 to July 31.

20. "Seaboard port" means any sea or river port at which a seagoing ship of 6,000 tons gross can load.

21. "Shipped" means transported in any manner.

22. "Territories" means territory, or group of territories, to which the rights and obligations of the agreement apply in accordance with the provisions of Article 16.

23. "The beginning of the seeding period for the next harvest" means in respect of Argentina, May 1; in respect of Australia and Canada, April 1; and in respect of the United States of America, September 1.

24. "Total volume of international trade in wheat and flour" means the aggregate of the net export from each country of the world.

25. "Wheat Advisory Committee" means the committee established under the Final Act of the Conference of Wheat Exporting and Importing Countries held in London at the Offices of the High Commissioner for Canada, from August 21 to 25, 1933.

26. "Yield" means quantity of production per unit of sown area.

Minutes of the Final Session of the Washington Wheat Meeting

Washington, 22 April 1942

The officials of the five countries participating in the Washington Wheat Meeting record as follows their understanding regarding certain provisions of the Memorandum of Agreement entered into pursuant to that meeting:

1. The arrangements referred to in paragraph 4 of the Memorandum, relating to the relief pool of wheat and to the control of production, means the following provisions of the Draft Convention attached thereto: paragraph 3 of Article 2 (Production Control), Articles 6 (Relief Pool), 7 (The Council) except paragraph 6, 10 (Finance), 17 (Definitions) and, should the Council at any time so decide, Article 8 (The Executive Committee).

2. The arrangements referred to in paragraph 5 of the Memorandum, relating to the control of production, stocks and exports and to the administration thereof, mean the following provisions of the Draft Convention, in addition to Articles 7 (except paragraph 6), 8, 10 and 17 referred to above: paragraphs 1 and 2 of Article 2 (Production Control), Article 3 (Stocks), Article 4 (Export Control) except the provisions of paragraphs 10 and 12 relating to the obligations of importing countries since those provisions are not regarded as essential to the interim measures contemplated in the Memorandum, Article 9 (Reports to the Council) and Article 16 (Territories).

3. The words "cessation of hostilities" in the Memorandum mean the earliest date at which none of the five countries is engaged in substantial belligerent operations.

4. The words "arrangements described in the attached Draft Convention" in paragraph 6 of the Memorandum mean the provisions of Article 5 of the Draft Convention.

5. The words "equivalent f.o.b. prices" which will be calculated for wheats of the other exporting countries under paragraph 6 of the Memorandum mean the prices of Argentine, Australian and United States wheats which will be ascertained by the unanimous vote of the Council as equivalent to the last price negotiated by the United Kingdom for a bulk purchase of wheat from Canada.

6. The seat of the Council will be in Washington during the period in which the Memorandum of Agreement is in force, unless the Council should otherwise determine.

7. The Minutes of the Washington Wheat Meeting, together with the reports of its committees, will be available for the information of the Council during the period in which the Memorandum of Agreement is in force.

8. The English texts of the Memorandum of Agreement and of the present minutes have been initialled by Anselmo M. Viacava, Edwin McCarthy, Charles F. Wilson, Harold F. Carlill, and Leslie A. Wheeler, officials of Argentina, Australia, Canada, the United Kingdom and the United States, respectively, as competent experts in a position to reflect the views of their respective governments. The Memorandum, the Draft Convention and the present minutes will be transmitted in English and Spanish by the Government of the United States to the other four governments for their approval. So soon as the approval of the five governments has been notified to each of them the provisions of the Memorandum of Agreement will be deemed to come into effect and the Memorandum of Agreement together with the Draft Convention attached thereto and the present minutes will be made public.

SUGAR

Agreement concerning the Regulation of Production and Marketing of Sugar

Opened for signature at London, 6 May 1937

In force as from 1 September 1937[1]

The Governments of: the Union of South Africa, the Commonwealth of Australia, Brazil, Belgium, the United Kingdom of Great Britain and Northern Ireland, China, the Republic of Cuba, Czechoslovakia, the Dominican Republic, France, Germany, Haiti, Hungary, India, the Netherlands, Peru, Poland, Portugal, the Union of Soviet Socialist Republics, the United States of America, Yugoslavia,

In pursuance of the recommendation of the World Monetary and Economic Conference of 1933 that negotiations should continue with a view to establishing and maintaining an orderly relationship between the supply and demand for sugar in the world market;

Considering that the present situation of the sugar market renders it both possible and necessary for the Governments concerned to collaborate to this end;

Bearing in mind the principle laid down by the above-mentioned Conference that any international agreement for the regulation of production and marketing should be equitable both to producers and consumers;

Have agreed as follows:

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[1] See the Preamble to the Protocol of 22 July 1942, p. 45 below, which also gives a list of the governments having ratified.

The texts of the earlier intergovernmental agreements concerning drawbacks and bounties on sugar are available as follows:

Convention regulating the Drawbacks on Sugar, and Protocol. Paris, 8 November 1864 (54 *British and Foreign State Papers*, p. 29).

Protocol concerning the Convention of November 8, 1864, regulating the Drawbacks on Sugar. Paris, 4 July, 1866 (9 de CLERCQ: *Recueil des traités de la France*, p. 558).

Protocol recording the Agreement relative to the Application in France of the Convention of November 8, 1864. The Hague, 21 August, 1868 (59 *British and Foreign State Papers*, p. 490).

Convention for the Suppression of Bounties on the Exportation of Sugar, annexed Declaration and Protocol. London, 30 August, 1888 (79 *British and Foreign State Papers*, p. 250; 15 MARTENS: *Nouveau recueil général des traités*, 2nd Series, p. 60).

Convention relative to Bounties on Sugar, and Protocol. Brussels, 5 March, 1902 (95 *British and Foreign State Papers*, p. 6; 31 MARTENS: *op. cit.*, 2nd Series, p. 272).

Additional Act to the Sugar Convention of March 5, 1902, and Declaration. Brussels, 28 August, 1907 (100 *British and Foreign State Papers*, p. 482; 1 MARTENS: *op. cit.*, 3rd Series, p. 874).

Protocol concerning the Adherence of Russia to the Sugar Convention of March 5, 1902. and the Additional Act of August 28, 1907. Brussels, 19 December, 1907 (1 MARTENS: *op. cit.*, 3rd Series, p. 880).

Protocol Prolonging the International Union Established by the Sugar Convention of March 5, 1902. Brussels, 17 March, 1912 (105 *British and Foreign State Papers*, p. 392; 6 MARTENS: *op. cit.*, 3rd Series, p. 7).

CHAPTER I

Definitions

ARTICLE 1

For the purposes of the present Agreement:

(1) "Ton" means a metric ton of 1,000 kilogrammes.
"Long ton" means a ton of 2,240 lb. avoirdupois.
"Short ton" means a ton of 2,000 lb. avoirdupois.

(2) "Quota year" means the period from September 1st to August 31st.

(3) "Sugar" shall be deemed to include sugar in any of its commercial forms, except the product sold as final molasses, and also except the so-called "Goela Mangkok" sugar produced by primitive methods by natives of Java for their own account, to which sugar the Government of the Netherlands East Indies does not extend its legislative measures.

The sugar equivalent of exports of the product known as "fancy molasses" from Barbados shall, however, be charged to the export quota of the British Colonial Empire.

The respective export quotas of sugar referred to in this Agreement shall, in the case of cane-sugar producing countries, mean and refer to the nature and the types of sugar heretofore exported by such countries; and, in the case of beet-sugar producing countries, shall mean raw sugar *tel quel*, white sugars of the latter countries to be converted to a raw basis at the rate of nine parts white to ten parts raw. Such quantities shall, in all cases, mean net weight excluding the container.

(4) "Net imports" means total imports after deducting total exports.

(5) "Net exports" means total exports after deducting total imports.

(6) "Exports to the free market" shall include all net exports from the countries to which export quotas for the free market are or may be allotted under Article 19, with the exception of:

(*a*) Exports from the Republic of Cuba to the United States of America under any import quota allotted by the United States of America to Cuba; provided that such sugar is not re-exported from the United States of America to any country except Cuba, and further provided that any sugar exported from Cuba to the United States of America under a quota allotted under paragraph (*a*) of Article 9 shall be included in the exports of Cuba to the free market;

(*b*) Exports from any country to the United States of America under paragraph (*c*) of Article 9 of this Agreement;

(*c*) Exports from the Union of Soviet Socialist Republics to Mongolia, Sin-Kiang and Tannu Tuva;

(*d*) Exports from French Colonies to France, Algeria and other French Colonies and from France to Algeria, and French Colonies;

(*e*) Exports from the Commonwealth of the Philippines to the United States of America;

(*f*) Sugar sent from Belgium to Luxemburg, which in virtue of the Belgo-Luxemburg Economic Union does not rank as an export.

(7) "The Council" means the International Sugar Council to be set up under the present Agreement.

CHAPTER II

General Undertakings

ARTICLE 2

The Contracting Governments agree that it is their policy so to direct the arrangements made under the present Agreement as always to assure consumers of an adequate supply of sugar on the world market at a reasonable price not to exceed the cost of production, including a reasonable profit, of efficient producers.

ARTICLE 3

The Contracting Governments shall take all the legislative or administrative measures necessary for the execution of the present Agreement. The texts of such measures shall be communicated to the Secretariat of the Council.

ARTICLE 4

While recognising that all Government measures relating to agrarian policy and to State assistance to the sugar industry are governed by the internal conditions of each country and in many cases require the approval of Parliament, the Contracting Governments agree that it is desirable that:

(*a*) If and when prices on the free market rise, all necessary steps should be taken to prevent the rise in world prices from leading on the one hand to an increase of internal prices for consumers such as would be likely to check consumption, and on the other hand to a rise of wholesale prices (beyond the level required to secure a fair return for growers and producers) to such a point as to stimulate excess production not justified by the requirements of the market, thus defeating the object of the present Agreement;

(*b*) In sugar exporting countries whose internal prices are not directly affect d by a rise in the world price of sugar, all necessary steps should be taken to prevent the increase in the returns received from sugar production for export from causing the same difficulty by stimulating excessive and unjustified production.

ARTICLE 5

The Contracting Governments agree that, as far as possible, favourable consideration should be given to all proposals having for their object:

(*a*) The reduction of disproportionate fiscal burdens on sugar;

(*b*) The encouragement and support of all efforts to promote increased consumption of sugar in countries in which consumption is low by means of suitable publicity campaigns or by other effective means both on the national and, where considered appropriate, on the international plane;

(*c*) Appropriate action to check the abuses resulting from the substitution for sugar of substances having no comparable food value;

(*d*) The search for new and alternative uses for sugar, within the framework of national activities.

ARTICLE 6

The Council shall:

(*a*) Make a full study, acting if it considers it desirable in conjunction with appropriate international organisations such as the International Institute of Agriculture, of the various forms of State assistance in order in particular to formulate proposals for carrying out the principle laid down in Article 4, taking into account the varying conditions under which sugar production is carried on, and, in particular, the conditions of agricultural production;

(*b*) Enquire into the effect on the free market of direct or indirect premiums granted to sugar-producing industries in general;

(*c*) Examine the possibility of promoting between white-sugar exporting countries reciprocal agreements to respect their national markets;

(*d*) Collect available information in regard to the matters dealt with in Article 5;

(*e*) Submit the results of enquiries made in regard to the matters dealt with in this article for the consideration of Contracting Governments.

ARTICLE 7

The Contracting Governments undertake to supply all available statistics and information requested by the Council or the Executive Committee and to comply with any other reasonable request made by those bodies within the scope and provisions of the present Agreement.

CHAPTER III

Obligations of Countries not Exporting to the Free Market

ARTICLE 8

In order to contribute, so far as they are each concerned, to the maintenance and if posssible the expansion of the free market for sugar, the Governments hereinafter specified accept for the period of the present Agreement the specific obligations set forth in the succeeding articles of this chapter.

ARTICLE 9

(*a*) The Government of the United States undertakes, with respect to the United States, its territories and possessions, except the Commonwealth of the Philippines, to permit during each calendar year a net importation from foreign countries not enjoying preferential duty rates (*i.e.*, the quantity by which imports from such countries exceed total exports to the world market, it being understood that supplies from the Commonwealth of the Philippines and re-exports of Cuban sugar from the United States are not to be included in reckoning net importation) of a quantity of sugar which shall be a proportion of the quantity

needed to meet the requirements of consumers in continental United States at least equal to the proportion allotted to such foreign countries during the calendar year 1937 in accordance with General Sugar Quota Regulations, Series 4, No. 1, issued by the United States Department of Agriculture on December 12th, 1936. If the quota of the Commonwealth of the Philippines should be reduced below an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar, the Government of the United States further undertakes to permit a net importation (as defined above) from foreign countries of a net quantity of sugar equal to the amount of such reduction.

(*b*) Furthermore, in the allocation of import quotas to foreign countries as provided above, the Government of the United States undertakes that the percentage so allotted to countries parties to the present Agreement shall not in the aggregate be less than the percentage allotted to those countries at the time of the signature of the Agreement.

(*c*) The Government of the United States reserves the right to increase the net imports of sugar (as defined above) from foreign countries not enjoying preferential duty rates over and above the minimum import quotas to be allocated to them under the provisions of paragraphs (*a*) and (*b*) above, such excess not to be chargeable to the export quotas of such foreign countries and not to be included in reckoning the net importation for the purposes of paragraph (*a*).

ARTICLE 10

(*a*) The Government of the Commonwealth of the Philippines undertakes, so long as the United States maintains a quota for Philippine sugar of not less than an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar per calendar year, not to export sugar to countries other than the United States, its territories and possessions, until additional export quotas are allotted under Article 20 of the present Agreement. In the event of such additional quotas being allotted, the Commonwealth of the Philippines will be entitled to export to the free market during the period for which such additional quotas are in force an amount equal to 4 per cent. of the aggregate of such additional quotas.

(*b*) In the event of a reduction in the quota for Philippine sugar for importation into the United States below a quantity equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar per calendar year, the Commonwealth of the Philippines shall be allotted a basic export quota for the free market equal to the quantity by which such quota in the United States is reduced, plus the 4 per cent. above mentioned.

(*c*) The Government of the Commonwealth of the Philippines will not claim any quota for export to the free market because of any change which may take place during the period of the present Agreement in the tariff conditions under which Philippine sugar is admitted into the United States, and in return the Contracting Governments agree not to claim, in virtue of any most-favoured-nation rights granted to them by the Government of the United States, the benefit of any advantages with respect to sugar which may be accorded to, or agreed upon with, the Philippines by the Government of the United States during the period of the present Agreement.

ARTICLE 11

The Government of the United Kingdom undertakes, subject to the provisions of Article 14 below:

(*a*) To maintain in operation during the period of the present Agreement those provisions of the Sugar Industry (Reorganisation) Act, 1936, designed to limit the annual production of sugar in Great Britain to a standard quantity of 560,000 long tons of white sugar (*i.e.*, approximately 618,000 metric tons raw value);

(*b*) That, during the period of the present Agreement, the total exports from the British Colonial Empire shall be limited to a basic figure of 965,254 metric tons per quota year.

ARTICLE 12

The Government of the Commonwealth of Australia undertakes, subject to the provisions of Article 14 below, to limit exports from Australia to a basic figure of 406,423 metric tons per quota year during the period of the present Agreement.

ARTICLE 13

The Government of the Union of South Africa undertakes, subject to the provisions of Article 14 below, to limit exports from the Union to a basic figure of 209,000 metric tons per quota year during the period of the present Agreement

ARTICLE 14

(*a*) The Government of the United Kingdom, the Government of the Commonwealth of Australia and the Government of the Union of South Africa reserve the right respectively to increase the standard quantity for production in Great Britain and the basic quotas for exports of the Colonial Empire, Australia and South Africa, specified above, proportionately to any increase in requirements over and above the consumption requirements for the year ending August 31st, 1937, of the United Kingdom plus the aggregate of the net import requirements for that year of each of the other parts of the British Empire.

Provided that there shall be reserved for exporters to the free market a percentage of the increase so calculated not less than the percentage of the aforesaid requirements supplied by the exporters to the free market in the year ending on August 31st, 1937.

(*b*) The Governments of the United Kingdom, the Commonwealth of Australia and the Union of South Africa, in consultation with the Council, shall determine before the commencement of each quota year the estimated amount of the increase in requirements as aforesaid for that year, and the said Governments will thereupon notify the Council what amount of such estimated increase will be added to the standard quantity referred to in Article 11 (*a*) above or the export quotas referred to in Articles 11 (*b*), 12 and 13 as the case may be, and what amount will be available for exporters to the free market.

(*c*) The Governments of the Commonwealth of Australia and of the Union of South Africa agree not to claim any increase of their basic quotas, as fixed in Articles 12 and 13 respectively, in the year commencing September 1st, 1937,

without prejudice to their rights to their full share in the increase in future years of the aforesaid requirements as compared with the year ending August 31st, 1937, and their shares of the increase of requirements in the year commencing September 1st, 1937, shall be made available for exporters to the free market.

(*d*) If in any year the actual increase of requirements calculated as aforesaid exceeds or falls short of the estimate made as provided in paragraph (*b*) of this article, a correction shall if necessary be made by deduction from or addition to the quotas for the next succeeding year.

ARTICLE 15

The provisions of Articles 22, 23 and 25 shall apply to the export quotas fixed by Articles 11, 12 and 13 above, and these quotas shall also be subject to the rules of paragraph (*a*) of Article 24 regarding notification of inability to utilise quotas, in the same way as if the said quotas were quotas for export to the free market. In the event of such notification of inability to utilise quotas the parts not to be utilised may be redistributed among the other territories referred to in Articles 11, 12 and 13.

ARTICLE 16

(*a*) The Government of India undertakes to prohibit exports of sugar by sea elsewhere than to Burma during the period of the present Agreement.

(*b*) In the event of re-export of Indian sugar by sea from Burma rendering the Government of India's contribution to the present Agreement ineffective, the Government of India will take up the matter with the Government of Burma with a view to reaching arrangements which will render the Government of India's contribution effective.

ARTICLE 17

The Government of China will use its best endeavours, so far as circumstances permit, to the end that the sugar import requirements of the Chinese market shall not decrease during the period of the present Agreement.

ARTICLE 18

The Government of the Netherlands, in respect of its territory in Europe, undertakes to refrain from net exports of sugar; it reserves the right to cover the requirements of its home market by its home production and imports from other parts of the Kingdom.

The Government of the Netherlands, in respect of Netherlands Guiana, undertakes to refrain from net exports of sugar to countries outside the Kingdom of the Netherlands.

CHAPTER IV

Export Quotas for the Free Market

ARTICLE 19

(*a*) The Contracting Governments shall have the basic export quotas for the free market which are set out below:

Country	Basic quota (metric tons)
Belgium (including Belgian Congo)	20,000
Brazil	60,000
Cuba	940,000
Czechoslovakia	250,000[1]
Dominican Republic	400,000
Germany	120,000
Haiti	32,500
Hungary	40,000
Netherlands (including overseas territories)	1,050,000
Portugal (including overseas possessions)	30,000
Peru	330,000
Poland	120,000
Union of Soviet Socialist Republics (excluding exports to Mongolia, Tannu Tuva and Sin-Kiang)	230,000
Total	3,622,500

[1] Czechoslovakia will receive the following extra allotments:
Year beginning—
September 1st, 1937: 90,000 metric tons.
September 1st, 1938: 60,000 " "
September 1st, 1939: 25,000 " "
it being understood that Czechoslovakia will take steps to reduce its acreage to correspond to those figures.

(*b*) It is further provided that 47,500 tons for the free market shall be placed in reserve. This reserve quota, if needed, will be at the disposal of those Governments which, while they have no separate quotas, have before signing the present Agreement, taken measures to balance their production and consumption, and have not been habitual exporters, in order that they may be able in any particular year to export an unexpected surplus of output.

Yugoslavia shall in any case have a claim on the reserve up to 12,500 tons during each year of the Agreement.

France will be entitled to place upon the free market a possible surplus of production whether home or colonial, up to the balance of the reserve after deducting any amount utilised by Yugoslavia.

If in any year France does not utilise the balance of the reserve after deducting the amount of 12,500 tons available for Yugoslavia, the exports of Yugoslavia may be increased up to a maximum of 15,000 tons.

(*c*) If there shall be allotted to the Commonwealth of the Philippines, under the provisions of Article 10, a basic export quota, that quota shall be subject in all respects to the same provisions as the export quotas set out in paragraph (*a*) of this article.

(*d*) In the event of a non-signatory Government acceding to the present Agreement in accordance with Article 49 a basic export quota may be assigned to it in agreement with the said Government by the Council acting by unanimity of the votes cast.

ARTICLE 20

If the Council shall at any time decide by three-fifths of the votes cast that, having regard to the requirements of the market, additional supplies are desirable, it shall allot additional quotas to all the countries concerned for such period (not exceeding one year) as it may decide, the additional quotas for each country being proportional to the basic quota of that country. The Council shall at the

same time make a corresponding proportionate increase in the reserve quota. Yugoslavia shall have a claim on such increase in the reserve quota proportionate to its claim on the original amount of the reserve. Furthermore, the Council shall, in accordance with Article 10, allot to the Commonwealth of the Philippines an export quota equal to 4 per cent. of the aggregate of the additional quotas allotted, including the increase in the reserve quota.

ARTICLE 21

(*a*) The Council shall be empowered for the year beginning September 1st, 1937, and/or the year beginning September 1st, 1938, to reduce export quotas by a uniform percentage not exceeding 5 per cent. if, after a survey of the probable requirements of the market for the year in question, it decides that such reduction is necessary. For this purpose, export quotas shall be deemed to be the basic quotas after deducting any part of such quotas released under Article 24 (*a*) or adding any special allocations made under Article 24 (*b*) for the years in question.

(*b*) In subsequent years, it shall be open to the Council to recommend at any time whether, and to what extent, a reduction would be desirable, but such reduction shall come into force only if all the members of the Council representing countries entitled to basic quotas or to participation in the reserve, consent to it.

ARTICLE 22

Each Contracting Government to which an export quota has been or may be allotted undertakes to ensure that net exports from its territories to the free market for any given quota year shall not exceed the export quota in force for it in that year under the provisions of the present Agreement.

ARTICLE 23

If in any year of the Agreement a Contracting Government should not export its quota or any part of it, it shall not thereby acquire any right to an increase of its quota in the following year.

Nevertheless, if the Government of Czechoslovakia proves to the satisfaction of the Executive Committee that, owing to a low or high water level or the presence of ice on the Elbe, Czechoslovakia has been unable to export her full quota in any quota year, the Czechoslovak Government may be permitted to export the deficiency during the first three months of the next quota year, in addition to her quota for that year.

ARTICLE 24

(*a*) Each Contracting Government shall notify the Council, as soon as possible, if it does not propose to make use of its export quota, or any part of it, in any quota year, so that the quantities which will not be used may be redistributed (i) among the other Contracting Governments which notify the Council that they are in a position to use them and (ii) to the reserve quota. Subject to paragraph (*b*) below, this redistribution shall be made *pro rata* according to the basic quotas.

(*b*) The Council shall in any given quota year have power to use up to 25

per cent. of the quotas available for redistribution or up to 50,000 metric tons of such quotas, whichever shall be the larger amount, to meet proved cases of special hardship. Nevertheless, if in a particular year the amount available for redistribution should be less than 30,000 tons, the Council shall have power, should a proved case of special hardship arise, to allot to meet the necessities of that case an amount up to 30,000 tons. The excess of this amount over the amount available for redistribution shall constitute an increase of the supplies to the free market and the quotas of other Contracting Governments shall not be affected.

(*c*) The Governments of the following countries have given notice that during the quota year beginning on September 1st, 1937, they will not make use of the parts of their export quotas herein indicated:

	Tons
Belgium	5,000
Germany	70,000
Hungary	20,000
Poland	20,000
Union of Soviet Socialist Republics	11,500

The French Government has given notice that during the above-mentioned quota year the reserve quota may be reduced by 22,500 tons.

ARTICLE 25

Neither the basic quotas nor the export quotas for a particular year nor any additional quotas may be ceded by one Contracting Government to another.

CHAPTER V

Stocks

ARTICLE 26

(*a*) While the Contracting Governments fully realise that due regard must be had to the necessity of maintaining adequate reserve supplies to meet unexpected demands, they agree that it is undesirable that excessive stocks of sugar which would weigh on the market should be accumulated in their respective countries.

(*b*) Those Contracting Governments to which export quotas have been or may be allotted under the present Agreement, undertake so to regulate their production that the stocks in their respective countries shall not exceed, for each country, on a fixed date in each year to be agreed with the Council, an amount equal to 25 per cent. of its annual production.

(*c*) Nevertheless, the Council may if it considers that such action is justified by special circumstances allot to any country a stock in excess of 25 per cent. of its production.

(*d*) On account of its special situation in connection with exports to the United States and the requirements of Contract No. 4 on the New York Sugar Exchange, the Republic of Cuba may have at the end of each calendar year as stocks (1) for the United States an amount not to exceed 30 per cent. of its export quota to that country, (2) for the free market, an amount not to exceed

300,000 metric tons, provided that a system of control is maintained by the Government of the Republic of Cuba, by means of identity certificates or otherwise, which ensures that such stocks are used for those purposes.

(*e*) Having regard to the special conditions of production in the Netherlands East Indies, that territory shall be permitted to have a stock not exceeding 500,000 tons on April 1st in each year.

(*f*) Hungary shall be permitted to have a stock of 30 per cent. of its annual production.

ARTICLE 27

Those Contracting Governments to which free market export quotas have been allotted agree in respect of their cane-producing territories to regulate sugar production in those territories, unless prevented from doing so by drought, flood or other adverse conditions, so that stocks shall equal, on a fixed date in each year to be agreed with the Council, an amount not less than 10 per cent. of their respective export quotas for such year, provided nothing in this article shall be construed as requiring any country to produce in excess of its basic export quota specified in Article 19 during either of the years 1937/38 or 1938/39.

ARTICLE 28

The Council shall in due course determine what shall be regarded as "stocks" of sugar for the purpose of Articles 26 and 27.

CHAPTER VI

Establishment of an International Sugar Council

ARTICLE 29

The present Agreement shall be under the administration of:

(*a*) A General Council, which shall be known as the International Sugar Council and shall be composed of delegates representing the Contracting Governments;

(*b*) An Executive Committee of nine members.

ARTICLE 30

The seat of the Council and of the Executive Committee shall be in London.

ARTICLE 31

Each Contracting Government shall appoint a delegation to the Council. Each delegation shall consist of not more than three members and its composition may be changed by giving formal notice to the Chairman of the Council. Each delegation may be accompanied by not more than three advisers. Each delegation shall appoint one of its members to cast the vote of the delegation.

ARTICLE 32

The Council shall elect from amongst its members a Chairman and a Vice-Chairman who shall hold office for such period as it may determine.

ARTICLE 33

The Council shall have the following powers and duties:

(*a*) The general administration of the present Agreement, without prejudice to the powers which the Agreement gives to the Executive Committee;

(*b*) To elect its Chairman and Vice-Chairman and any other officers that it may consider necessary, determine their powers and duties and fix their terms of office;

(*c*) To estimate, at least twenty days before the beginning of each quota year, the requirements of consumption of the free market for that year;

(*d*) To appoint such permanent or temporary committees as it considers advisable for the proper working and administration of the present Agreement, and to determine their functions and duties;

(*e*) To approve the annual budget of expenses and fix the amounts to be contributed by each Contracting Government in accordance with the principles laid down in Article 35;

(*f*) To obtain such statistics and other data as it considers necessary for the execution of the present Agreement, and to publish such information as it may consider desirable;

(*g*) To endeavour to secure the accession of non-signatory Governments whose participation it considers desirable;

(*h*) In general, to exercise all the powers which may be necessary to carry out the present Agreement.

ARTICLE 34

The Council shall appoint a Secretary and take all other necessary measures to establish a Secretariat which shall be entirely free and independent of any other national or international organisation or institution.

ARTICLE 35

The expenses of delegations to the Council and of the members of the Executive Committee shall be defrayed by their respective Governments. All other expenses necessary for the administration of the present Agreement, including those of the Secretariat, shall be met by annual contributions of the Contracting Governments made in such manner and at such times as the Council shall determine, and shall not, except with the express consent of all the Contracting Governments, exceed £12,500 in any year. The contribution of each Government shall be proportionate to the number of votes to which its delegation is entitled.

ARTICLE 36

(*a*) The Council shall meet at least once a year. It may be convened at any time by its Chairman. The Chairman shall immediately convene a meeting of the Council if either the Executive Committee or five Contracting Governments so request. Notice of all meetings shall be despatched so as to ensure receipt by the Contracting Governments at least twenty days in advance of the date fixed for the meeting.

(*b*) The necessary quorum for a meeting of the Council shall be secured if not less than one-third of the Contracting Governments are represented. One

or more Contracting Governments may by a written notification to the Chairman appoint the delegation of another Contracting Government to represent them and to vote on their behalf at any meeting of the Council.

(*c*) The Council may take decisions without holding a meeting, by correspondence between the Chairman and the delegations of the Contracting Governments provided that no delegation makes objection to this procedure. Any decision so taken shall be communicated to all the delegations as soon as possible, and shall be set forth in the Minutes of the next meeting of the Council.

ARTICLE 37

(*a*) The votes to be exercised by the respective delegations on the Council shall be as follows:

Exporting countries:	
Union of South Africa	2
Australia	3
Belgium	1
Brazil	2
Cuba	10
Czechoslovakia	3
Dominican Republic	3
France	3
Germany	4
Haiti	1
Hungary	1
Netherlands	9
Peru	3
Philippines	1
Poland	2
Portugal	1
Union of Soviet Socialist Republics	5
Yugoslavia	1
Total	55
Importing countries:	
China	5
India	6
United Kingdom	17
United States	17
Total	100

(*b*) In the event of a non-signatory Government acceding to the present Agreement in accordance with the provisions of Article 49, the Council shall decide what number of votes shall be allotted to that Government.

(*c*) In the event of any Government in the group either of exporting countries or of importing countries failing to ratify the Agreement or subsequently withdrawing from it, the votes allotted to the delegation of that Government shall be distributed, *pro rata*, between the other countries in the same group, and if any non-signatory Government should accede to the Agreement, the votes allotted to it shall be deducted *pro rata* from the other countries in the same group, so that the proportion of 55 votes for the exporting countries and 45 votes for the importing countries shall be maintained. For the purposes of this paragraph, any acceding Government to which an export quota is not allotted shall be included as an importing country.

ARTICLE 38

Except where otherwise provided, decisions of the Council shall be taken by a simple majority of the votes of the Contracting Governments represented at the meeting.

ARTICLE 39

(*a*) The Executive Committee shall consist of:

(i) Three representatives of Governments of importing countries;
(ii) Three representatives of Governments of cane-sugar producing countries;
(iii) Three representatives of Governments of beet-sugar producing countries.

(*b*) The representatives of the above-mentioned groups of countries shall, subject to the provisions of paragraph (*c*) of this article, be as follows:

(i) For the importing countries, the Government of the United Kingdom of Great Britain and Northern Ireland, and the Government of the United States of America shall be represented for the whole period of the Agreement, and the Governments of the other countries referred to as importing countries in Article 37 shall select annually one of their number, who shall appoint the third member for this group.

(ii) For the cane-sugar producing countries, the Government of the Republic of Cuba and the Government of the Netherlands shall be represented for the whole period of the Agreement, and the Governments of the following countries shall be represented for the years indicated:

Year commencing:
September 1st, 1937: The Commonwealth of Australia;
September 1st, 1938: The Dominican Republic;
September 1st, 1939: Peru;
September 1st, 1940: The Union of South Africa;
September 1st, 1941: Brazil.

(iii) For the beet-sugar producing countries, the Governments of the following countries shall be represented for the periods indicated;

Year commencing:
September 1st, 1937: Czechoslovakia, Germany, the Union of Soviet Socialist Republics;
September 1st, 1938: Czechoslovakia, Germany, the Union of Soviet Socialist Republics;
September 1st, 1939: Czechoslovakia, France, Poland;
September 1st, 1940: Belgium, Germany, the Union of Soviet Socialist Republics.
Six months commencing September 1st, 1941:
France, Hungary, Poland.
Six months commencing March 1st, 1942:
France, Poland, Yugoslavia.

(*c*) The Chairman of the Council shall *ex officio* be a member of the Executive Committee and, during his term of office, the Government of which he is a representative shall not be entitled to appoint any further representative on the Executive Committee under paragraph (*b*) of this article.

ARTICLE 40

The Executive Committee shall exercise any powers which the Council may delegate to it, except:

(1) The power of reducing quotas under Article 21;

(2) The power of allotting additional quotas under Article 20;

(3) The power of determining the conditions on which any non-signatory Government may accede to the Agreement under Article 49;

(4) The powers to be exercised under Articles 44 and 51.

ARTICLE 41

Whenever the Executive Committee considers that the export quotas fixed for a quota year are not sufficient to cover the requirements of consumption or that a sudden and excessive rise of price is probable, it shall make to the Council by telegraph such recommendations as it thinks necessary for the release of additional quotas under Article 20 and shall request a decision by telegraph. If approval of the recommendations is not given by telegraph within five days by delegations exercising the necessary majority of votes provided for in Article 20, the Chairman shall immediately summon a meeting of the Council.

ARTICLE 42

(*a*) The Executive Committee shall meet whenever its Chairman considers it advisable or whenever the request is made by any two members.

(*b*) The presence of five members shall be necessary to constitute a quorum. Decisions shall be taken by a majority of the votes cast.

(*c*) Each member of the Executive Committee shall have one vote with the exception of the representatives of the Governments of the United States of America and of the United Kingdom, who shall have two votes each.

(*d*) The Chairman of the Committee shall have a deciding vote in case of equality of votes.

(*e*) Any member of the Committee may by a notification in writing appoint another member to represent him and vote on his behalf.

CHAPTER VII

Miscellaneous Provisions

ARTICLE 43

The present Agreement shall apply to all the territories of each of the Contracting Governments including colonies, oversea territories, protectorates and territories under suzerainty or mandate.

ARTICLE 44

(*a*) If any Contracting Government alleges that any other Contracting Government has failed to comply with the obligations of the present Agreement a special meeting of the Council shall be called to decide whether any infringement of the Agreement has taken place, and, if so, what measures shall be recommended to the Contracting Governments in view of the infringement. If the Council shall decide that it is desirable that the other Contracting Governments shall prohibit or restrict the import of sugar from the country which has infringed the Agreement, the taking of such measures shall not be deemed to be contrary to any most-favoured-nation rights which the offending Government may enjoy.

(*b*) Any decision of the Council under this Article shall be taken by three-fourths of the votes cast.

ARTICLE 45

If during the period of the present Agreement it should be considered or should be shown that the attainment of its objects was being hindered by countries not party thereto, a special meeting of the Council shall be called to decide what measures should be recommended to the Contracting Governments.

ARTICLE 46

Should the Council at any time be satisfied that, as the result of a material increase in the exportation or use of sugar syrups, liquid sugar, edible molasses or any other kind of sugar mixtures, those products are taking the place of sugar to such an extent as to prevent full effect being given to the purposes of the present Agreement, it may resolve that such products or any of them shall be deemed to be sugar, in respect of their sugar content, for the purposes of the Agreement; provided that the Council shall, for the purpose of calculating the amount of sugar to be charged to the export quota of any country, exclude the sugar equivalent of any quantity of such products which has normally been exported from that country prior to the coming into force of the Agreement.

ARTICLE 47

The present Agreement shall be ratified and the instruments of ratification shall be deposited as soon as possible with the Government of the United Kingdom of Great Britain and Northern Ireland, which will notify the fact of each deposit to the Governments which have signed the Agreement.

ARTICLE 48

(*a*) The present Agreement shall come into force on September 1st, 1937, if at that date it has been ratified by all the signatory Governments.

(*b*) If, by the above-mentioned date, the instruments of ratification of all the signatories have not been deposited, the Governments which have ratified the Agreement may decide to put it into force among themselves.

ARTICLE 49

(*a*) The present Agreement shall, until June 30th, 1937, remain open for signature on the part of any Government represented at the Conference at which

the Agreement has been drawn up. The right to effect such signature after this day's date shall be dependent on the signatory Government also signing the Protocol attached hereto.

(*b*) The present Agreement shall, at any time after its entry into force, be open to accession by the Government of any metropolitan territory other than a Government which has signed the Agreement, provided that the conditions of such accession shall first be agreed upon with the Council by the Government desiring to effect it.

ARTICLE 50

(*a*) Subject to the provisions of Article 51, the present Agreement shall remain in force for a period of five years from the date of its entry into force and shall not be subject to denunciation.

(*b*) The Contracting Governments shall decide at least six months before the expiration of the present Agreement whether it shall be continued for a further period and, if so, on what terms. In the event of unanimity not being attained, the Governments which desire to maintain the Agreement shall be entitled to do so as between themselves.

ARTICLE 51

The Contracting Governments shall have the right to withdraw from the Agreement in the following circumstances and subject to the following conditions:

(*a*) Any Contracting Government may, if it becomes involved in hostilities, apply for the suspension of its obligations under the Agreement. If the application is denied, such Government may give notice of withdrawal from the Agreement.

(*b*) If any Contracting Government into whose territories there is a net import of sugar shall allege that, owing to the operation of the present Agreement, there is an acute shortage of supplies or an abnormal rise in world prices, it may request the Council to take measures to remedy such situation, and if the Council declines to do so the Government concerned may give notice of withdrawal from the Agreement.

(*c*) If, during the period of the present Agreement, by the action of any country (whether the Agreement applies to it or not) such adverse changes occur in the relation between supply and demand on the free market as may substantially diminish the market possibilities of the suppliers of that free market, any Contracting Government affected may state its case to the Council. If the Council does not agree that the complaint of that Government is well-founded, that Government shall have the right to submit the case to the judgement of three arbitrators, subjects of countries not parties to the Agreement, to be nominated by the Council at its first meeting after the entry into force of the Agreement. If either the Council or the arbitrators declare the case to be well-founded the Government concerned may give notice of withdrawal from the Agreement.

(*d*) The Council shall take a decision within sixty days on any matters submitted to it in accordance with the preceding paragraphs of this article;

failure to do so within that time shall give the Government which has submitted the matter to the Council the right to give notice of withdrawal from the Agreement.

(*e*) In the event of any Government giving notice of withdrawal from the Agreement in accordance with the provisions of this article, any of the other Contracting Governments shall have the right at any time during the ensuing three months also to give notice of withdrawal.

(*f*) All notices of withdrawal given under this article shall be sent to the Government of the United Kingdom of Great Britain and Northern Ireland, by whom they will be communicated to all the other Contracting Governments and to the Council; and withdrawal shall take effect three months after the date of receipt of such notice by the Government of the United Kingdom.

(*g*) Any decision taken by the Council under this article shall require three-fourths of the votes cast.

In faith whereof the undersigned, duly authorised thereto, have signed the present Agreement.

Done in London this sixth day of May, one thousand nine hundred and thirty-seven.

In accordance with the procedure followed by the World Monetary and Economic Conference, in continuation of which the International Sugar Conference was called, the present Agreement has been prepared in the French and English languages. It will also be drawn up in German and Russian. The four texts shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be communicated to all the signatory Governments, the four texts being equally authentic.

Pending the signature of the other texts, the signatures appended to the English text shall take effect as from to-day.

Protocol to the Agreement concerning the Regulation of Production and Marketing of Sugar

Signed at London, 6 May 1937

1. At the moment of signing the Agreement regarding the Regulation of the Production and Marketing of Sugar of to-day's date, the signatory Governments agree that the Government of the United Kingdom of Great Britain and Northern Ireland shall take between this date and the assumption of its duties by the Provisional Council referred to below any steps necessary as transitional measures, including the convening of the first session of the said Provisional Council, which shall be held in London as soon as possible, the preparation of the agenda for that session, and the making of all necessary arrangements.

2. The said Governments agree to appoint, as soon as possible, representatives who shall constitute a Provisional Council, which shall exercise all the functions of the International Sugar Council to be set up under that Agreement,

and which shall be subject in all respects to the provisions of Chapter VI of the said Agreement, provided that no decisions of such a Provisional Council shall be binding on the signatory Governments prior to the coming into force of the Agreement.

3. Within a period of forty days from the date of its signature of the Agreement, each signatory Government will communicate to the Government of the United Kingdom a statement as to its position in regard to ratification.

4. If any Government is unable for constitutional reasons to obtain the necessary parliamentary authority for ratification before September 1st, 1937, the signatory Governments agree to accept provisionally as equivalent to ratification for the purposes of bringing the Agreement into force on that date a declaration by that Government that it will provisionally accept the obligations of the Agreement as from that date and will ratify it as soon as possible. Should the ratification of such Government not be deposited before January 1st, 1938, the Contracting Governments shall have the right to decide whether or not the Agreement is to be maintained in force.

5. Each signatory Government undertakes to ensure that so far as its territories are concerned the situation as regards production, export and import of sugar shall not be modified in a manner contrary to the aims of the Agreement during the period between the date of its signature and the date of entry into force of the Agreement. Any infringement of this undertaking shall be equivalent to a violation of the Agreement.

6. The signatory Governments take note of the following declaration, which was made to the Conference by the delegate of the Government of Canada:

> I desire to make a brief statement regarding the position of the Government of Canada. After an examination of the Convention, necessarily hurried, the Government of Canada regret that they have not found it possible to authorise signature at the present time. They are, of course, sympathetic with the aim of the Conference of averting uneconomic production, but the position of Canada at this Conference as an importer and consumer of sugar is so different from that of almost all the other countries represented that they desire a further period of time to study the effect of the specific proposals of the Convention on that position; and in the light of that study to decide whether it would be possible to accede later. At the same time, the Government of Canada reiterate the assurance already given that they do not propose to stimulate the production of sugar in Canada during the term of this Agreement by subsidy, increased protection, special remission of taxes, or by any other similar measures.

7. The present Protocol shall enter into force for each signatory Government on the date of signature.

In faith whereof the undersigned, duly authorised thereto, have signed the present Protocol.

Done in London this sixth day of May, nineteen hundred and thirty-seven.

In accordance with the procedure followed by the World Monetary and Economic Conference, in continuation of which the International Sugar Conference was called, the present Agreement has been prepared in the French and

English languages. It will also be drawn up in German and Russian. The four texts shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be communicated to all the signatory Governments, the four texts being equally authentic.

Pending the signature of the other texts, the signatures appended to the English text shall take effect as from to-day.

Protocol to enforce and to prolong after August 31, 1942, the International Agreement regarding the Regulation of Production and Marketing of Sugar

Signed at London, 22 July 1942

Entered into force on date of signature[1]

Whereas an Agreement regarding the Regulation of Production and Marketing of Sugar (hereafter referred to as the Agreement) was signed in London on the 6th May, 1937; and

Whereas Article 48 of the Agreement provides as follows:—

"(*a*) The present Agreement shall come into force on the 1st September, 1937, if at that date it has been ratified by all the signatory Governments;

(*b*) If by the above-mentioned date the instruments of ratification of all the signatories have not been deposited, the Governments which have ratified the Agreement may decide to put it into force among themselves"; and

Whereas the ratifications of all the signatories were not deposited by the 1st September, 1937; and

Whereas the Agreement has been ratified by the Governments of the following countries:—

Union of South Africa,
Commonwealth of Australia,
Brazil,
Belgium,
United Kingdom of Great Britain and Northern Ireland,
Cuba,
Czechoslovakia,
Dominican Republic,
Germany,
Haiti,
Hungary,
India,
Netherlands,
Peru,
Poland,
Portugal,
Union of Soviet Socialist Republics,
United States of America; and

Whereas it seems desirable that the said Agreement should be put in force between those Governments which have ratified it,

Now, therefore, the undersigned being duly authorised by their respective Governments have agreed as follows:—

[1] The protocol was signed on behalf of the Governments of Union of South Africa, Commonwealth of Australia, Brazil, Belgium, United Kingdom of Great Britain and Northern Ireland, Cuba, Czechoslovakia, Dominican Republic, Haiti, Netherlands, Peru, Portugal, Union of Soviet Socialist Republics, United States of America, and Commonwealth of the Philippines.

ARTICLE 1

The Agreement shall be regarded as having come into force in respect of the Governments signatories of the present Protocol, on the 1st September, 1937.

ARTICLE 2

After the 31st August, 1942, the Agreement shall continue in force among the said Governments for a period of two years from that date.

ARTICLE 3

The present Protocol shall bear this day's date and shall remain open for signature until the 31st August, 1942. It shall take effect in respect of each signatory Government on the date of signature.

In witness whereof the undersigned, being duly authorised thereto by their respective Governments, have signed the present Protocol.

Done in London on the 22nd day of July, 1942, in a single copy which shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, and of which certified copies shall be furnished to the signatory Governments.

TEA

The International Tea Agreement, 1933-1938

Superseded in 1938 by the International Tea Agreement, 1938-1943[1]

This Agreement made the Ninth day of February One thousand nine hundred and Thirty-three Between The Indian Tea Association (London) of 21, Mincing Lane in the City of London and The South Indian Association in London also of 21, Mincing Lane aforesaid of the first part The Ceylon Association in London of 6, Laurence Pountney Hill in the City of London of the second part (the parties of the first and second parts being representatives of the majority of the India and Ceylon tea growers) and Vereeniging voor de thee-cultuur in Nederlandsch Indie of Amsterdam and Nederlandsch Indische Vereeniging voor de thee-cultuur of Batavia of the third part Whereas it has been thought necessary and advisable that steps should be taken with a view to regulating the export of tea from tea producing countries in order to restore the equilibrium between supply and demand And Whereas the parties hereto with a view to bringing about such regulation have approached or caused to be approached growers of tea in the said tea producing countries And Whereas an overwhelming majority of such growers have expressed their approval of the provisions of Clauses 1 to 6 set out hereafter Now It Is Hereby Agreed as and subject as follows:—

1. Exports of tea from the producing countries shall be regulated in order to restore equilibrium between supply and demand.

2. The Governments of the respective countries are to undertake to prohibit exports of tea in excess of the quotas agreed upon being the figure or figures of regulation referred to in Clause 4.

3. The standard upon which regulation is based shall be fixed on the maximum exports of tea from each producing country reached in any of the three years One thousand nine hundred and twenty-nine One thousand nine hundred and thirty or One thousand nine hundred and thirty-one.

4. The commencing degree of regulation for the first year of regulation shall be Eighty-five per centum of the standard export. A Committee shall be set up representing tea growers interested which Committee taking into due consideration stocks and the price of tea shall fix on or prior to the thirty-first December of each year the figure of regulation for the following year of regulation.

5. The Agreement regulating exports shall be for a period of five years.

6. Existing tea areas must not be extended during the said period of five years except in special cases where the existence of an estate would otherwise be

[1] See pp. 52 to 58.

imperilled and no further areas must be sold or leased out for tea cultivation and no planting of tea must take place on land now carrying other products. Under no circumstances shall any such extensions and new plantings exceed one-half of one per centum of the present total planted tea area of each territory and the respective Governments are to make a binding regulation to the above effect.

7. For the purposes of this Agreement:

"Tea" shall include any kind of tea.

"Producing Countries" shall mean India (including Burma and all independent Native States) Ceylon and Sumatra Java and the other Islands in the Netherlands East Indies.

"Year of Regulation" shall mean First April to the succeeding Thirty-first March.

"The Standard" referred to in Clauses 3 and 4 in respect of all and each of the producing countries has been ascertained to be and shall be as follows:—

India	382,594,779	lbs.	avoirdupois
Ceylon	251,522,617	"	"
Netherlands East Indies ..	173,597,000	"	"
Total	807,714,396	"	"

"Export" means gross exports, *i.e.*, the net weight of all exports without deduction of imports.

In Clause 6:—

(*a*) "Existing tea areas" and "present total planted tea area" means the tea areas or area existing or planted on the Thirty-first day of March One Thousand nine hundred and thirty-three.

(*b*) "Estate" means a tea producing property worked and managed as a separate unit, whether owned singly or with other estates.

(*c*) "Territory" is synonymous with "producing country".

8. This Agreement is provisional only and its conclusion and carrying out is and must be subject—firstly:

(*a*) to the approval and continued approval of each of the Governments of the producing countries and to the passing and enforcing of such enactments ordinances and/or provisions as are necessary: and secondly

(*b*) to such arrangements or agreement as may be thought advisable for the purpose of constituting and setting up a Committee or other body representative of the combined interests of growers of tea in the various producing countries (hereinafter called the International Committee and being the Committee contemplated by Clause 4 hereof), and

(*c*) to the satisfactory settlement and defining of the powers duties and functions of the International Committee.

As Witness the hands of the parties.

.....

Memorandum of Recommendations

Memorandum of the Recommendations agreed at a Meeting held in London on the 30th March 1933 to be made by us the undersigned who are representatives of the Associations parties to the provisional Tea Export Regulating Agreement (which we will simply refer to as "the Agreement").

These recommendations are as follows:—

1. That the first year of Regulation under the Agreement shall commence from or as from 1st April 1933 and end on the 31st March 1934 and that from or as from the said 1st April 1933 all exports of tea shall be subject to export licence or if the necessary legislation has not been passed by the respective Governments by the said 1st April 1933 shall be deemed to form part of the respective quantities which the producing countries are entitled to export in such year by virtue of Clause 4 of the Agreement.

2. That as far as possible the production of each of the three producing countries, *i.e.*, India, Ceylon and the Netherlands East Indies shall be adjusted so that it will not in any year of regulation exceed its local consumption plus the quantity it is entitled to export.

3. That the figure of regulation to be fixed by the International Committee (hereafter called the Committee) as mentioned in Clause 4 of the Agreement shall be so fixed by unanimous vote.

4. If the Committee are not by the 30th November able to agree as to the figure of regulation for the year of regulation following the said 30th November, the difference between them shall be referred for decision, either to an arbitrator to be appointed by the unanimous vote of the Committee, or failing this, to a neutral arbitrator to be appointed by the President for the time being of the International Chamber of Commerce, and the figure so arrived at by such arbitrator or neutral arbitrator shall be adopted by the Committee and shall be the figure fixed by them for such year of regulation. Such arbitrator or neutral arbitrator shall sit in London and shall act upon such information and statistics as may be furnished to him by the voting members of the Committee or their alternates.

The figure at which the arbitrator or neutral arbitrator arrives shall not be higher or lower than the highest or lowest suggested figure of regulations submitted to him by such voting members or their alternates.

The figure to be decided by the arbitrator or neutral arbitrator and adopted as above must be so decided and adopted by not later than the end of the 31st day following the said 30th November.

4(*a*) That in fixing the figure of regulation, due regard shall be had to the fact that it is not the intention of the parties to this Agreement that the operation of this scheme should cause prices to rise exorbitantly.

5(*a*) That licences to export tea from any tea producing country shall be ordinary or special licences, and each shall be dated as of the day of issue.

5(*b*) That an ordinary licence shall cover teas reaching any port in such tea producing country for shipment or sale, and shall remain in force or be avail-

able up to the end of the year of regulation in which it is issued but not afterwards (except for purposes of exchange as in the next sub-clause mentioned).

5(*c*) That a special licence shall cover teas the subject matter of an ordinary licence which are not exported by the end of the year of regulation for which such ordinary licence is available, shall be issued not later than the 14th day after the end of the year of regulation last mentioned and only in exchange for such ordinary licence, and shall remain in force or be available up to the 30th June next following the end of such year of regulation but not afterwards.

5(*d*) That the amount of tea exported or treated as exported from any producing country in any year of regulation shall mean not only the quantities of tea actually exported under ordinary licences from such country in such year of regulation, but also such quantities of tea as are exported therefrom under special licences up to the 30th June next following the end of such year of regulation.

Not later than 30 days after the close of each year of regulation, the licensing authorities shall publish the total quantities of tea exported from each producing country under ordinary licence during such year of regulation, and the total quantities of tea for which special licences have been issued which are in force or available up to the 30th June next following the end of such year of regulation.

5(*e*) That if the amount of tea exported or treated as exported from any producing country in any year of regulation shall be less than the quantity it is entitled to export (hereafter called the allotted quota), the deficiency subject to the following proviso shall not be added to nor affect the following year's quantity of such producing country provided always that the Committee should be given power at the request of such producing country to determine whether, and if so, the extent to which *force majeure* (other than weather or climatic conditions) has prevented the allotted quota being exported, and if the Committee so determine, then the extent to which they so determine shall be added to the quantity which such producing country is entitled to export in the following year of regulation.

6. That each of the producing countries shall furnish the Committee with official Government statistics of their respective countries immediately after the publication thereof showing the area under tea, the total quantities of all teas exported, re-exported and imported in each month during the period covered by the Agreement, and as far as possible the destination of these exports and re-exports and the origin of the imports.

7. That the Committee may specify the forms to be used for the furnishing of the statistical information above mentioned.

8(*a*) That the members of the Committee shall consist of representatives of the producing countries.

8(*b*) That each producing country shall appoint their own representatives to be members of the Committee.

8(*c*) That the members representing a producing country shall designate in writing to the Chairman of the Committee one of their number who shall at meetings of the Committee, cast the votes of such producing country and shall also designate in the same manner an alternate to act in the absence of the member so designated.

8(*d*) That the seat of the Committee shall be at London, at which place an office is to be maintained during the term of the Agreement.

8(*e*) That the number of votes which the respective producing countries shall be entitled to cast at each meeting of the Council through their respective members designate or their alternates shall be as follows:—

India	38
Ceylon	25
Netherlands East Indies	17

9(*a*) That the unanimous vote of the Committee shall be required to modify, alter or repeal any resolution of the Committee which has been adopted upon the condition that it shall not be modified, altered or repealed except by such unanimous vote.

9(*b*) That any arrangement or agreement contemplating the admission to the tea export regulating scheme of any tea growing territory other than the said producing countries shall require the unanimous vote of the Committee.

10. That the governments of the producing countries shall during the period of the scheme prohibit the export of tea seed.

We would further advise for the purpose of enabling the Committee to supervise the operations as between the three producing countries of what is desired and is indicated by the foregoing recommendations, that:

11. The Committee should have the following powers (some of which as hereinbefore mentioned have already been provided or partly provided for)—

(*a*) The fixation of the figure of regulation for the year of regulation other than the first year.

(*b*) The collection of statistics and information respecting areas under tea, production, exports, consumption and stocks in the producing countries as well as in all other countries.

(*c*) The study of the progress or retrogression of tea consumption and the reasons therefor.

(*d*) The study of ways and means for the increase of the consumption of tea in the world.

(*e*) The recommendation of measures for the improvement development and/or control of production and consumption of tea.

(*f*) The publication, at regular intervals, of accurate statistics regarding the world situation of tea, and to suggest steps to be taken respecting the adjustment of production with actual needs and exports and to improve the method of selling and marketing.

(*g*) The consideration and discussion with producers in other tea growing territory of measures of mutual interest with a view to agreement or arrangement as contemplated by 9 (*b*) above.

(*h*) The election of one of the members of the Committee as Chairman and the appointment of Secretary, as well as statisticians, attorneys, accountants and such additional staff as may be necessary to carry on the work of the Committee, subject at all times to the control of the Committee.

Dated this ninth day of February, 1933.

The International Tea Agreement, 1938-43[1]

This Agreement made the 25th day of August 1938 between *The Indian Tea Association (London)* of 29 Mincing Lane in the City of London and *The South Indian Association in London* of 29 Mincing Lane aforesaid of the first part *The Ceylon Association in London* of 11 Idol Lane in the said City of London of the second part *The Vereeniging voor de Thee Cultuur in Nederlandsch Indie of Amsterdam* and *The Nederlandsch Indische Vereeniging voor de Thee Cultuur of Batavia* of the third part and the *International Tea Committee* of 6-8 Fenchurch Buildings Fenchurch Street in the said City of London of the fourth part Whereas this Agreement is supplemental to an Agreement dated the 18th November 1936 and made between the same parties (hereafter called the First Agreement) And whereas since the First Agreement was entered into it has been arranged that certain provisions of such Agreement and of Annex "A" thereto shall be varied as hereinafter mentioned Now with a view to giving effect to such arrangement It is hereby Agreed and Declared that as from the First day of July 1938 the First Agreement and Annex "A" thereto shall be varied to read and shall read as set out in the Schedule hereto.

As witness the hands of the Parties.

The Indian Tea Association (London)

as agents, together with the South Indian Association in London for and on behalf of the majority of the Indian tea growers above referred to.

The South Indian Association in London

as agents, together with the foregoing Indian Tea Association (London) for and on behalf of the majority aforesaid.

The Ceylon Association in London

for and on behalf of the majority of the Ceylon tea growers above referred to.

Vereeniging voor de Thee Cultuur in Nederlandsch Indie

On behalf of
Nederlandsch Indische Vereeniging voor de Thee Cultuur of Batavia (Java)

For and on behalf of the
International Tea Committee.

The Schedule

This Agreement made on the 18th day of November 1936 Between *The Indian Tea Association (London)* of 21 Mincing Lane in the City of London and *The South Indian Association in London* of 21 Mincing Lane aforesaid of the first part *The Ceylon Association in London* of 11 Idol Lane in the said City of London

[1] For the legislation giving effect to this scheme, see the International Tea Exports Regulation Scheme, 1938-43, The International Tea Agreement, 1938-43, and Connected Legislation, published by the International Tea Committee.

of the second part *The Vereeniging voor de Thee Cultuur in Nederlandsch Indie of Amsterdam* and *The Nederlandsch Indische Vereeniging voor de Thee Cultuur of Batavia* of the third part and the *International Tea Committee* of 29 Mark Lane in the said City of London of the fourth part Whereas the parties of the first second and third parts represent the majority of tea growers in India, Ceylon and the Netherlands East Indies And whereas by the Agreement dated the 9th day of February 1933 and made between the parties of the first second and third parts (hereafter called the original Agreement) provision was made for the regulation of the export of tea from, and the limitation of extension of tea areas in, the producing countries therein mentioned for a period of 5 years commencing from the 1st April 1933 (hereafter called the original period) in order to restore equilibrium between supply and demand. And whereas pursuant to and for the purposes of the original Agreement the International Tea Committee were set up And whereas pursuant to the Memorandum of Recommendations dated also the 9th February 1933 and signed by representatives of the parties of the first second and third parts (hereinafter in Clause 12 referred to as the said Recommendations) the International Tea Committee were given power (*inter alia*) to study the progress of and ways and means for increasing the consumption of tea and to recommend measures for the improvement, development and/or control of the production and consumption of tea And whereas the International Tea Committee, having prior to the date of this Agreement studied the whole position pursuant to their powers and having considered all relevant factors, have come unanimously to the conclusion that equilibrium as contemplated by the original agreement cannot be fully achieved by the end of the original period and that the continuance of regulation is necessary And whereas the Associations representative of growers of tea in the producing countries aforementioned have expressed their approval of such continuance And whereas the conclusion of this Agreement and the carrying out of its terms are subject to the approval and continued approval of each and all of the Governments of the producing countries hereinafter defined and to the passing and/or continuance of and enforcing of such enactments ordinances and/or amendments thereof or other provisions by such Governments as are necessary And whereas for the purposes of this Agreement and of the Annex hereto the following expressions shall have the following respective meanings:—

"The new period of regulation" means the period 1st April 1938 to 31st March 1943;
"Tea" shall include any kind of tea;
"Producing countries" shall mean (*a*) India that is India as defined by section 311 (1) of the Government of India Act 1935 and is therefore exclusive of Burma which is defined in such section (*b*) Ceylon and (*c*) Netherlands East Indies (which shall include Java, Sumatra and the other Islands in the Netherlands East Indies);
"Year of Regulation" shall mean the period 1st April to the succeeding 31st March;
"The Committee" shall mean the International Tea Committee;
"Exports" shall mean total exports from a producing country of tea produced in that country and shall include such tea when exported as ships' stores or by parcel post but shall not include tea when exported by way of samples which are made up as packages not exceeding 8 oz. each in weight or re-exports of tea.

Now it is hereby agreed as follows:—

1. Regulation of exports of tea from the producing countries shall be continued for the new period of regulation.

2. The standard of each producing country upon which regulation of exports

is fixed shall continue to be based on the maximum exports of tea from each of the producing countries in any one of the three years 1929 1930 or 1931 and accordingly has been ascertained to be and shall respectively be as follows:—

(*a*)	India	383,242,916	lbs. avoirdupois.
(*b*)	Ceylon	251,588,012	" "
(*c*)	Netherlands East Indies	173,597,000	" "
	Total	808,427,928	" "

3. The figure of regulation (*i.e.* the permissible exportable quantity) for each of the second third fourth and fifth years of the new period of regulation shall for each of the producing countries be such percentage of the ascertained standard as the Committee shall respectively fix either on the 28th February preceding each of such years or as near thereto (and whether before or after) as a meeting of the Committee to fix such figure can conveniently be held, always provided that when, in its view, necessity arises, the Committee shall have the power to alter such figure of regulation during the year for which it has been fixed.

4. No exports of tea from any of the producing countries[1] shall be permitted during the new period of regulation without a licence. Subject to the following proviso the exports of tea from any of the producing countries in any year of regulation shall not exceed the said figure of regulation for that year Provided always that tea, for the export of which licences have been or can be acquired during a year of regulation (hereafter in this clause called such year) but which has not been exported by midnight of the 31st of March of such year, may pursuant to special licences to be issued by not later than the following 14th of April be exported up to but not after the 31st of May next following (when such special licences shall become invalid). Exports under such special licences shall be treated as exports of such year.

5. During the new period of regulation:—

(*a*) If production of tea in any of the producing countries is greatly in excess of the amount which it is entitled to export plus its requirements for local consumption such country shall without delay take all such steps as it may deem necessary to restrict such excess production.

(*b*) The Governments of the producing countries shall be asked to cooperate with each other to prevent smuggling, evasion and other abuses of regulation.

(*c*) The export from any of the producing countries of seeds, roots, stumps, cuttings, buds, or any living portion of a tea plant which may be used to propagate it, shall be prohibited but this prohibition shall not apply to any such seeds etc. exported from any one to any other of the producing countries which seeds etc. are required for scientific purposes by a scientific Institution in any one of such producing countries provided that a licence to export the same be obtained from such other producing country and that such licence specifies the name and address of the scientific Institution requiring the same.

[1] Burma is, or is about to be, separated from India. In view of this separation the export of tea without licence from India to Burma, which has taken place during the existing Tea Regulation Agreement of the 9th February, 1933, must, as from 1st April, 1938, cease: in other words no tea as from the date last mentioned shall be exported from India to Burma except under licence.

6. During the new period of regulation the infilling or supplying of vacancies on land planted with tea on 31st March 1938 shall be permitted. Replanting of tea shall also be permitted (*a*) upon land planted with tea at the 31st March 1938 from which the original bushes have been uprooted or (*b*) upon land planted with tea on 31st March 1936 from which the original bushes have been uprooted since such 31st March 1936 and which at the 31st March 1938 is lying fallow in accordance with usual planting practice, but the replacing of tea areas by planting new areas shall not be permitted.

7. (1) During the new period of regulation—

(*a*) The prohibition of the sale or lease of further areas for tea cultivation and/or of the planting of tea on unplanted land or on land carrying other products shall continue;

(*b*) Tea areas existing on the 31st March 1938 shall not be extended in any producing country, except for such experimental or other special purposes and on such conditions, as its Government may consider necessary, and with the express permission of such government.

(2) Under no circumstances, except in the case of either of the two provisoes next hereafter mentioned, shall any such extensions in any producing country exceed, during the new period of regulation, one-half of one per cent. of the total tea areas existing in such producing country on the 31st day of March 1938.

Provided first that owners of tea areas in any producing country, which areas after the 31st of March 1933 and up to the end of the new period of regulation (*a*) have been or will have been permanently destroyed by subsidence, flood, river erosion, earthquake or other Acts of God, or (*b*) have been or will have been taken over by the Government or Local Authorities and no longer carry tea, may, on satisfying the controlling authority as to the loss of tea areas sustained by them, be permitted by their Government to replace such areas to an equal extent, on land not planted with tea, without such replacements being included within the one-half of one per cent. above mentioned. And provided secondly that the planting of nurseries may also be permitted in any producing country by its respective Government on land not planted with tea, without such land being included within the said one-half of one per cent. but on the express condition that the total area of nurseries so planted in such producing country shall not be greater in extent at the end of the new period of regulation than that which was similarly planted on the 31st day of March 1933.

(3) For the purposes of this clause and the preceding Clause 6 the expression "land planted with tea" and "tea areas existing" mean areas planted in tea in regular upkeep and registered in the producing countries as such.

8. The Governments of the producing countries shall be asked to levy cesses therein, for the purpose of propaganda in the joint interests of their tea producers, at rates to be mutually agreed upon between the parties to this Agreement.

9. The Governments of the producing countries shall be asked to furnish to the Committee all reasonable assistance to enable the Committee, properly and efficiently, to discharge their duties, such assistance to include all necessary statistical information particularly as regards exports of tea, tea plantings and matters the subject matter of this Agreement and its Annex.

10. The powers functions duties and procedure of the Committee, the voting capacity of the representatives of the producing countries, and the basis on which their expenses shall be defrayed shall be in accordance with the provisions scheduled to this Agreement as Annex A thereto.

11. The terms on which any other tea growing country[1] may be admitted to the regulation scheme and the formal admission of such other tea growing country shall be dealt with by agreement supplemental to this Agreement.

12. Notwithstanding anything hereinbefore contained tea which is actually exported in the first year of the new period of regulation—

either (*a*) pursuant to and within the time limited by special licences under Clause 5 (*c*) of the said recommendations

or (*b*) pursuant to determination of the Committee under Clause 5(*e*) of the said recommendations

shall not, for the purposes of this Agreement, be treated as exported in such first year.

ANNEX "A"

(Referred to in Clause 10 of the foregoing Agreement)

1. (*a*) The Committee (that is the International Tea Committee) shall be composed of not less than 6 and not more than 15 members.

(*b*) Of such members not less than two and not more than five shall be appointed to represent each of the producing countries. In the case of each producing country such members shall be appointed by its Government, one member without consultation, and the others after consultation, between such Government and the tea growers of that country.

2. Votes on behalf of each of the producing countries shall be cast, either by a member representing it, whose name has been specifically indicated to the Chairman of the Committee by its Government, or, by an alternate member specifically indicated as aforesaid to act and vote in the absence of such member.

3. The first business of the Committee shall be to elect from its members a Chairman and a Deputy-Chairman.

4. The seat of the Committee shall be in London, where an office is to be maintained during the term of the Agreement.

5. The number of votes which the producing countries through their respective voting members shall be entitled to cast at any meeting of the Committee shall be as follows:—

India	38
Ceylon	25
Netherlands East Indies	17

6. The unanimous vote of the Committee shall be required to modify, alter or repeal any resolution of the Committee, which has been adopted upon the condition that it shall not be modified, altered or repealed except by such unanimous vote.

[1] In view of the separation of India and Burma, the latter will be an "other tea growing country" and in such circumstances this clause will cover the future admission of Burma in the same way as it does any tea growing country other than India, Ceylon and the Netherlands East Indies.

7. Any recommendation, arrangement, or agreement proposing or providing for the admission to the tea regulation scheme of any tea growing country other than the producing countries, shall require the unanimous vote of the Committee.

8. The figure of regulation to be fixed by the Committee as mentioned in Clause 3 of the Agreement shall be so fixed by unanimous vote.

9. With a view to co-ordination and in order to secure a permanent improvement of the tea producing industry the Committee shall have the following powers:—

(*a*) To consult and cause to be consulted the Governments of each of the producing countries and the Associations representative of the tea growers therein with a view to considering whether, after the new period of regulation, regulation of exports should be further continued and if deemed necessary or advisable to make recommendation to that effect and to indicate the terms on which such further continuance should take place.

(*b*) The consideration and discussion, with actual and/or potential producers of tea in, and the Governments of, any other tea growing country, of measures of mutual interest with a view to agreement or arrangement affecting, or providing for the admission of such other tea growing country to the Tea Regulation Scheme.

(*c*) The collection of statistics and information respecting areas under tea, production, exports, consumption and stocks of tea in all other countries, as well as in the producing countries, and the publication thereof at regular intervals.

(*d*) The study of the progress or retrogression of the world's tea production and consumption and the reasons therefor.

(*e*) The study of ways and means for the increase of the consumption of tea in the world.

(*f*) The recommendation of measures for the improvement development and/or control of production and consumption of tea and for the improvement of the method of selling and marketing.

10. The Committee shall appoint a Secretary, as well as such statisticians, attorneys, accountants and such additional staff as may be necessary to carry on the work of the Committee subject at all times to the control of the Committee.

11. Before the end of January (including January 1938) preceding each year of regulation the Committee shall draw up their budget for the forthcoming year of regulation showing, under appropriate headings and in reasonable detail, the estimates of the expenses of the Committee for that year. The budget shall be communicated to the appropriate authorities of each of the producing countries and shall show the share of the expenses falling upon each such producing country in accordance with the ratio laid down in Clause 12 of this Annex.

As soon as possible after the end of each year of regulation, the Committee shall also cause to be drawn up and audited, by a duly qualified chartered accountant, a statement of account showing the money received and expended during such year and shall publish it in their annual report.

12. Each of the producing countries shall defray its share of the said expenses of the Committee in the same ratio as its ascertained standard figure,

specified in Clause 2 of the Agreement, bears to the total of the ascertained standard figures therein mentioned.

13. None of the foregoing provisions of this Annex shall be revoked or amended except by the unanimous vote of the Committee and with the approval of the Governments of the producing countries except that the Committee may draw up, put into force, modify or abrogate rules for the conduct of its business and procedure as may from time to time be necessary, so long as such rules shall not conflict with or alter the foregoing provisions of this Annex.

COFFEE

Inter-American Coffee Agreement

Signed at Washington, 28 November 1940

Entered into force 16 April 1941[1]

The Governments of Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru, the United States of America and Venezuela,

Considering

that in view of the unbalanced situation in the international trade in coffee affecting the economy of the Western Hemisphere, it is necessary and desirable to take steps to promote the orderly marketing of coffee, with a view to assuring terms of trade equitable for both producers and consumers by adjusting the supply to demand,

Have accordingly agreed as follows:

ARTICLE 1

In order to allocate equitably the market of the United States of America for coffee among the various coffee producing countries, the following quotas are adopted as basic annual quotas for the exportation of coffee to the United States of America from the other countries participating in this agreement:

Producing country	Bags of 60 kilograms net or equivalent quantities
Brazil	9,300,000
Colombia	3,150,000
Costa Rica	200,000
Cuba	80,000
Dominican Republic	120,000
Ecuador	150,000
El Salvador	600,000
Guatemala	535,000
Haiti	275,000
Honduras	20,000
Mexico	475,000
Nicaragua	195,000
Peru	25,000
Venezuela	420,000
Total	15,545,000

[1] See the Protocol of 15 April 1941, p. 67 below.

The Agreement entered into force on this date for Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Peru and the United States of America.

It entered into force for Ecuador on 29 April 1941, the Dominican Republic on 30 April 1941, Nicaragua on 13 May 1941, Venezuela on 14 August 1941 and Cuba on 31 December 1941; see the Proclamation by the President of the United States of America of 27 February 1942, *United States Treaty Series 979*.

For the control of the quotas for the United States market, the official import statistics compiled by the United States Department of Commerce shall be used.

ARTICLE 2

The following quotas have been adopted as basic annual quotas for the exportation of coffee to the market outside the United States from the other countries participating in this agreement:

Producing country	Bags of 60 kilograms net or equivalent quantities
Brazil	7,813,000
Colombia	1,079,000
Costa Rica	242,000
Cuba	62,000
Dominican Republic	138,000
Ecuador	89,000
El Salvador	527,000
Guatemala	312,000
Haiti	327,000
Honduras	21,000
Mexico	239,000
Nicaragua	114,000
Peru	43,000
Venezuela	606,000
Total	11,612,000

ARTICLE 3

The Inter-American Coffee Board provided for in Article 9 of this agreement shall have the authority to increase or decrease the quotas for the United States market in order to adjust supplies to estimated requirements. No such increase or decrease shall be made oftener than once every six months nor shall any change at any one time exceed 5 per cent. of the basic quotas specified in Article 1. The total increase or decrease in the first quota year shall not exceed 5 per cent. of such basic quotas. Any increase or decrease in the quotas shall remain in effect until superseded by a new change in quotas, and the quotas for any quota year shall be calculated by applying to the basic quotas the weighted average of the changes made by the Board during the same year. Except as provided in Articles 4, 5 and 7, the percentage of each of the participating countries in the total quantity of coffee which these countries may export to the United States market shall be maintained unchanged.

The Board shall also have the authority to increase or decrease the export quotas for the market outside the United States to the extent that it deems necessary to adjust supplies to estimated requirements, maintaining unchanged the percentage of each of the participating countries in the total quantity of coffee to be exported to that market, except as provided in Articles 4, 5 and 7. Nevertheless, the Board shall not have the authority to distribute these quotas among determined countries or regions of the market outside the United States.

ARTICLE 4

Each producing country participating in this agreement undertakes to limit its coffee exports to the United States of America during each quota year, to its respective export quota.

In the event that, due to unforeseen circumstances, a country's total exports of coffee to the United States of America exceed in any quota year its export quota for the United States market, that quota for the following year shall be decreased by the amount of the excess.

If any producing country participating in this agreement has exported in any quota year less than its quota for the United States market, the Board may increase that country's quota for the immediately following quota year by an amount equal to the deficiency for the preceding quota year, up to the limit of 10 per cent. of the quota for such previous year.

The provisions of this article shall also apply to the export quotas for the market outside the United States.

Any exportation of coffee to the market outside the United States which may be lost by fire, inundation or any other accident, before arriving at any foreign port, shall not be charged against the quota of the respective country corresponding to the date of shipment, provided that the loss is duly established before the Inter-American Coffee Board.

ARTICLE 5

In view of the possibility of changes in the demand for coffee of a particular origin in the market outside the United States, the Board is empowered, by a two-thirds vote, to transfer, on the request of any participating country, a part of that country's quota for the United States market to its quota for the market outside the United States in order to bring about a better balance between supply and demand in special types of coffee. In such cases, the Board is authorised to make up the resulting deficiency in the total quota for the United States market by increasing the quotas of the other producing countries participating in this agreement in proportion to their basic quotas.

ARTICLE 6

Each producing country participating in this agreement shall take all measures necessary on its part for the execution and operation of this agreement and shall issue for each coffee shipment an official document certifying that the shipment is within the corresponding quota fixed in accordance with the provisions of this agreement.

ARTICLE 7

The Government of the United States of America shall take all measures necessary on its part for the execution and operation of this agreement and shall limit, during each quota year, the entry for consumption into the United States of America of coffee produced in the countries listed in Article 1 to the quotas as established in the said article or as modified pursuant to other provisions of this agreement, it being understood that notice of any modified quotas will be communicated by the Board to the Governments of the countries participating in this agreement.

The Government of the United States of America also undertakes to limit the total entry for consumption of coffee produced in countries other than those

listed in Article 1 of this agreement to a basic annual quota of 355,000 bags of 60 kilograms net or equivalent quantities. The quota on such coffee shall be increased or decreased by the same proportion and at the same time as the global quota of the participating countries for the United States market.

In the event that due to unforeseen circumstances any quota is exceeded during any quota year, that quota for the following year shall be decreased by the amount of the excess.

ARTICLE 8

In the event that there should be foreseen an imminent shortage of coffee in the United States market in relation to its requirements, the Inter-American Coffee Board shall have the authority, as an emergency measure, to increase the quotas for the United States market, in proportion to the basic quotas, up to the quantity necessary to satisfy these requirements even though in this manner the limits specified in Article 3 may be exceeded. Any member of the Board may request such an increase and the increase may be authorised by a one-third vote of the Board.

When, owing to special circumstances, it may be necessary for the purposes of the present agreement to reduce the quotas for the United States market by a percentage greater than that established in Article 3, the Inter-American Coffee Board shall also have the authority to exceed the percentage of reduction beyond the limits established by the said Article 3, provided that this is approved by the unanimous vote of the Board.

ARTICLE 9

The present agreement shall be under the administration of a Board, which shall be known as the "Inter-American Coffee Board", and which shall be composed of delegates representing the Governments of the participating countries.

Each Government shall appoint a delegate to the Board upon approval of the agreement. In the absence of the delegate of any participating country, his Government shall appoint an alternate who shall act in place of the delegate. Subsequent appointments shall be communicated by the respective Governments to the Chairman of the Board.

The Board shall elect from among its members a Chairman and a Vice-Chairman who shall hold office for such period as it may determine.

The seat of the Board shall be in Washington, D.C.

ARTICLE 10

The Board shall have the following powers and duties in addition to those specifically set forth in other articles of this agreement:

(*a*) The general administration of the present agreement;

(*b*) To appoint any employees that it may consider necessary and determine their powers, duties, compensation and duration of employment;

(*c*) To appoint an Executive Committee and such other permanent or temporary committees as it considers advisable, and to determine their functions and duties;

(*d*) To approve an annual budget of expenses and fix the amount to be contributed by each participating Government, in accordance with the principles laid down in Article 13;

(*e*) To seek such information as it may deem necessary to the proper operation and administration of this agreement; and to publish such information as it may consider desirable;

(*f*) To make an annual report covering all of its activities and any other matters of interest in connection with this agreement at the end of each quota year. This report shall be transmitted to each of the participating Governments.

ARTICLE 11

The Board shall undertake, as soon as possible, a study of the problem of coffee surpluses in the producing countries participating in this agreement, and shall also take appropriate steps with a view to working out satisfactory methods of financing the storage of such surpluses in cases where such action is urgently needed to stabilise the coffee industry. Upon request, the Board shall assist and advise any participating Government which may desire to negotiate loans in connection with the operation of this agreement. The Board is also authorised to render assistance in matters relating to the classification, storage and handling of coffee.

ARTICLE 12

The Board shall appoint a Secretary and take all other necessary measures to establish a Secretariat which shall be entirely free and independent of any other national or international organisation or institution.

ARTICLE 13

The expenses of delegates to the Board shall be defrayed by their respective Governments. All other expenses necessary for the administration of the present agreement, including those of the Secretariat, shall be met by annual contributions of the Governments of the participating countries. The total amount, manner and time of payment shall be determined by the Board by a majority of not less than two thirds of the votes. The contribution of each Government shall be proportionate to the total of its respective basic quotas, except that the Government of the United States of America will accept as its contribution an amount equal to 33 1/3 per cent. of the total required contribution.

ARTICLE 14

Regular meetings of the Board shall be held on the first Tuesday of January, April, July and October. Special meetings shall be called by the Chairman at any other time at his discretion, or upon written request of delegates representing not less than five of the participating Governments, or 15 per cent. of the quotas specified in Article 1, or one third of the votes established in Article 15. Notice of all special meetings shall be communicated to the delegates not less than three days before the date fixed for the meeting.

The presence of delegates representing not less than 75 per cent. of the total votes of all the participating Governments shall be necessary to constitute a quorum for a meeting. Any participating Government may, through its delegate, by written notice to the Chairman, appoint the delegate of another participating Government to represent it and to vote on its behalf at any meeting of the Board.

Except as otherwise provided in this agreement, decisions of the Board shall be taken by a simple majority of the votes, it being understood that, in every case, the computation shall be calculated on the basis of the total votes of all the participating Governments.

ARTICLE 15

The votes to be exercised by the delegates of the participating Governments shall be as follows:

Brazil	9
Colombia	3
Costa Rica	1
Cuba	1
Dominican Republic	1
Ecuador	1
El Salvador	1
Guatemala	1
Haiti	1
Honduras	1
Mexico	1
Nicaragua	1
Peru	1
United States of America	12
Venezuela	1
Total	36

ARTICLE 16

The official reports of the Board to the participating Governments shall be written in the four official languages of the Pan American Union.

ARTICLE 17

The participating Governments agree to maintain, in so far as possible, the normal and usual operation of the coffee trade.

ARTICLE 18

The Board is authorised to appoint advisory committees in the important markets, to the end that consumers, importers and distributors of green and roasted coffee, as well as other interested persons, may be given an opportunity to express their views concerning the operation of the program established under this agreement.

ARTICLE 19

If the delegate of any participating Government alleges that any participating Government has failed to comply with the obligations of the present agree-

ment, the Board shall decide whether any infringement of the agreement has taken place, and, if so, what measures shall be recommended to correct the situation arising therefrom.

ARTICLE 20

The present agreement shall be deposited with the Pan American Union at Washington, which shall transmit authentic certified copies thereof to the signatory Governments.

The agreement shall be ratified or approved by each of the signatory Governments in accordance with its legal requirements and shall come into force when the instruments of ratification or approval of all the signatory Governments have been deposited with the Pan American Union. As soon as possible after the deposit of any ratification the Pan American Union shall inform each of the signatory Governments thereof.

If, within ninety days from the date of signature of this agreement, the instruments of ratification or approval of all the signatory Governments have not been deposited, the Governments which have deposited their instruments of ratification or approval may put the agreement into force among themselves by means of a protocol. Such protocol shall be deposited with the Pan American Union, which shall furnish certified copies thereof to each of the Governments on behalf of which the protocol or the present agreement was signed.

ARTICLE 21

As long as the present agreement remains in force, it shall prevail over provisions inconsistent therewith which may be contained in any other agreement previously concluded between any of the participating Governments. Upon the termination of the present agreement, all the provisions which may have been temporarily suspended by virtue of this agreement shall automatically again become operative unless they have been definitely terminated for other reasons.

ARTICLE 22

The present agreement shall apply, on the part of the United States of America, to the customs territory of the United States. Exports to the United States of America and quotas for the United States market shall be understood to refer to the customs territory of the United States.

ARTICLE 23

For the purpose of this agreement the following definitions are adopted:

(1) "Quota year" means the period of twelve months beginning October 1, and ending September 30 of the following calendar year.

(2) "Producing countries participating in this agreement" means all participating countries except the United States of America.

(3) "The Board" means the Inter-American Coffee Board provided for in Article 9.

ARTICLE 24

Subject to the eventuality covered by Article 25, the present agreement shall remain in force until October 1, 1943.

Not less than one year prior to October 1, 1943, the Board shall make recommendations to the participating Governments as to the continuation or otherwise of the agreement. The recommendations, if in favor of continuation, may suggest amendments to the agreement.

Each participating Government shall signify to the Board its acceptance or rejection of the recommendations referred to in the immediately preceding paragraph within six months after the date of the receipt of such recommendations. This period may be extended by the Board.

If said recommendations are accepted by all the participating Governments, the participating Governments undertake to take such measures as may be necessary to carry out said recommendations. The Board shall draw up a declaration certifying the terms of said recommendations and their acceptance by all the participating Governments, and the present agreement shall be deemed to be amended in accordance with this declaration as from the date specified therein. A certified copy of the declaration together with a certified copy of the agreement as amended shall be communicated to the Pan American Union and to each of the participating Governments.

The same procedure for making amendments or for the continuation of the agreement may be followed at any other time.

ARTICLE 25

Any of the participating Governments may withdraw from the present agreement after prior notification of one year to the Pan American Union which shall promptly inform the Board. If one or more participating Governments representing 20 per cent. or more of the total quotas specified in Article 1 of this agreement withdraw therefrom, the agreement will thereupon terminate.

ARTICLE 26

In the event that because of special and extraordinary circumstances the Board should believe that the period fixed by Article 24 for the duration of this agreement might be reduced, it shall immediately notify all the participating Governments which, by unanimous agreement, may decide to terminate this agreement prior to October 1, 1943.

TRANSITORY ARTICLE

All coffee entered for consumption into the United States of America between October 1, 1940, and September 30, 1941, both inclusive, shall be charged against the quotas for the first quota year.

All coffee exported to the market outside the United States between October 1, 1940, and September 30, 1941, both inclusive, shall be charged against the quotas for the first quota year.

Done at the City of Washington, in English, Spanish, Portuguese, and French, the twenty-eighth day of November 1940.

Protocol to the Inter-American Coffee Agreement

Entered into force 16 April 1941[1]

Whereas:

The second and third paragraphs of Article 20 of the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, provide that:

> The agreement shall be ratified or approved by each of the signatory Governments in accordance with its legal requirements and shall come into force when the instruments of ratification or approval of all the signatory Governments have been deposited with the Pan American Unions. As soon as possible after the deposit of any ratification the Pan American Union shall inform each of the signatory Governments thereof.
>
> If, within ninety days from the date of signature of this agreement, the instruments of ratification or approval of all the signatory Governments have not been deposited, the Governments which have deposited their instruments of ratification or approval may put the agreement into force among themselves by means of a protocol. Such protocol shall be deposited with the Pan American Union which shall furnish certified copies thereof to each of the Governments on behalf of which the protocol or the present agreement was signed.

And whereas ninety days have elapsed since the date of signature of the said agreement without the instruments of ratification or approval of all the signatory Governments having been deposited with the Pan American Union;

The Governments of Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Peru and the United States of America which have deposited their respective instruments of ratification or approval with the Pan American Union, being desirous of bringing the said agreement into force among themselves, have agreed as follows:

ARTICLE 1

The parties to the present protocol agree to proceed immediately to put into force among themselves the Inter-American Coffee Agreement, signed at Washington on November 28, 1940.

ARTICLE 2

The present protocol is operative as regards each contracting party on the day following the date of signature by such party.

Pending the deposit with the Pan American Union of the instruments of ratification or approval by all the signatory Governments of the said agreement of November 28, 1940, the present protocol shall remain open for signature by each signatory of the Inter-American Coffee Agreement on or after the date on which it shall deposit its instrument of ratification or approval thereof.

ARTICLE 3

The present protocol, signed in one original in the English, Spanish, Portuguese and French languages, all of which texts are equally authentic, shall be deposited with the Pan American Union at Washington, which shall transmit certified copies thereof to all the signatories of the Inter-American Coffee Agreement.

[1] See Article 2.

Declaration by the Inter-American Coffee Board Providing for the Continuation of the Inter-American Coffee Agreement for a Period of One Year from October 1, 1943.

Whereas the Inter-American Coffee Board, in its resolution adopted September 2, 1942, recommended to the participating Governments the continuation without any change of the Inter-American Coffee Agreement for a period of one year from October 1, 1943;

Whereas all the participating Governments have expressed their acceptance of the aforesaid resolution, as evidenced by official communications received from the Governments of Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru, the United States of America, and Venezuela;

The Inter-American Coffee Board, in accordance with the provisions of Article 24 of the aforesaid Agreement,

Declares:

That the Inter-American Coffee Agreement, subscribed to in the City of Washington, D.C., the 28th day of November, 1940, shall be deemed to be renewed and in effect, without any change whatsoever, for all the signatory Governments, for a period of one year from the first of October, 1943.

As provided for in Article 24 a certified copy of this Declaration shall be sent to the Pan American Union and to each of the Governments participating in the Agreement.

The original of this Declaration shall be deposited in the Pan American Union, as an appendix to the Inter-American Coffee Agreement and to the Protocol to same.

Done at Washington, D.C., in English, Spanish, Portuguese and French, this twelfth day of May, 1943.

BEEF

Scheme for an International Beef Conference to Regulate the Supply of Beef to the United Kingdom Market

The following scheme is the subject of notes exchanged between His Majesty's Government in the United Kingdom and the Governments of Australia, New Zealand, Ireland, the Argentine Republic, Brazil and Uruguay:

(For the purpose of this document beef includes fresh, chilled, frozen, salted and canned beef and veal, edible offals thereof and live cattle ready for slaughter.)

1. There will be an International Conference whose business it will be (subject to the provisions hereinafter contained) to arrange for regulating the supply of beef to the United Kingdom market from overseas. The Conference will consist of persons nominated by the Governments of the United Kingdom and such other Empire and such foreign countries substantially interested in the supply of beef to the United Kingdom market as are parties to the scheme, to represent interests which are concerned in the production of such beef. The United Kingdom Government will be responsible for the representation of countries whether Empire or foreign who, being small suppliers, ask to be represented by the United Kingdom.

2. The Chairman of the Conference will be appointed by His Majesty's Government in the United Kingdom.

3. The main object of the Conference will be to ensure in the interests of producers and consumers alike an orderly adjustment of supply to demand having due regard among other things to the seasonality of supplies of beef from all sources including home production and the potentialities of production of the several producing countries.

4. The Conference will make recommendations with regard to the total quantities of beef and of the various classes of beef to be exported from time to time to the United Kingdom, and to the proportions of those totals to be exported from each country, subject to the following provisions:

(*a*) Aggregate exports of beef to the United Kingdom during the first three years of the operation of the scheme will not, unless otherwise specially agreed by the Conference and subject to the provisions of (*d*) below, exceed recent levels. Out of this aggregate the United Kingdom Government will reserve for the countries who are small suppliers of beef to the United Kingdom a quantity based on their shipments in recent years.

(*b*) The Conference will not propose any limitation of the extent to which Empire countries export beef in the chilled instead of in the frozen form.

(*c*) The Conference may, during the first three years of the operation of the scheme, recommend a reduction of the total shipments of chilled beef from foreign countries, provided that the reduction from one year to another shall not exceed 2 per cent. of the quantity shipped in the year 1935, and that the reduction in the third year shall not exceed 5 per cent. of that quantity. Any such reduction will not be regarded as constituting a claim by foreign countries to increased exports of frozen beef.

(*d*) The Conference will not propose any reduction of shipments of fat cattle from the Irish Free State below the number which His Majesty's Government in the United Kingdom agreed to admit in the year 1936.

(*e*) It is understood that it may become necessary for the Conference to make special provision for increased shipments of fat cattle and/or beef from the Irish Free State, Canada and the Union of South Africa.

5. Recommendations under paragraph 4 reached unanimously by the Conference will be communicated by overseas representatives to their Governments or other competent authorities with a view to shipments being regulated in accordance with such recommendations.

6. The Conference may make reports and suggestions to participating Governments on such matters as the quality and grading of any particular kind or description of beef coming on to the United Kingdom market and may consider and report on the possibility of promoting the improvement and extension of the market for beef in the United Kingdom and elsewhere. It will make such arrangements as will ensure that representations on behalf of United Kingdom consumers are brought to its notice.

7. The Conference may accept such other duties as the participating Governments may invite it to undertake.

8. There will be an Empire Council consisting of the nominees of Empire countries on the Conference for the purpose of considering matters affecting the well-being of the Empire beef trade, including the Empire aspect of any questions that come up for consideration by the Conference.

9. The expenses of the Conference and of the Council respectively will be apportioned annually between the Governments of the countries participating therein in proportion to the total supply of beef from each of those countries to the United Kingdom market in the most recent year for which statistics are available.

The notes referring to the scheme exchanged between the Secretary of State for Dominion Affairs and the High Commissioner for the Commonwealth of Australia record agreement upon the following arrangements:

1. His Majesty's Governments in the United Kingdom and in the Commonwealth of Australia take note of the Scheme for the control of beef supplies to the United Kingdom market which is annexed to this letter, and undertake to co-operate to ensure the effective working of the International Conference for which provision is made therein.

2. His Majesty's Government in the United Kingdom undertake not to regulate quantitatively the imports into the United Kingdom from Australia of the kinds of beef covered by the Scheme except (*a*) in pursuance of a request

to that effect from His Majesty's Government in the Commonwealth of Australia, or (*b*) when it appears to them to be necessary to do so in order to make effective a recommendation of the Conference under paragraph 4 of the Scheme, or (*c*) in cases where for any period the Conference have not made any recommendation under paragraph 4 of the Scheme.

In the event of His Majesty's Government in the United Kingdom deciding to regulate imports from Australia in the circumstances described in (*c*) above, the two Governments will enter into consultations regarding the application to beef imported from Australia of the rights of Australia under any general Trade Agreement which may be in force between the two Governments.

3. The arrangements set out herein shall come into force with effect from the 1st January, 1937, and shall remain in force until the expiration of six months after the date on which either Government shall have given to the other notice of termination of them.

4. In the event of notice to terminate these arrangements being given by either Government, or paragraph 4 of the Constitution of the International Conference being brought under review, the two Governments will consult together as to the future application to beef of the provisions of any general Trade Agreement which may be in force between the two Governments.[1]

There are corresponding provisions in the notes exchanged with the Minister of Finance for New Zealand[2] *and the High Commissioner for Ireland.*[3]

The notes exchanged with the Government of the Argentine Republic embody the following agreement:

(1) The Government of the United Kingdom and the Argentine Government take note of the Scheme for the control of beef supplies to the United Kingdom market which is annexed hereto, and undertake to co-operate to ensure the effective working of the International Conference for which provision is made therein.

(2) The Government of the United Kingdom undertakes not to regulate quantitatively the imports into the United Kingdom from the Argentine of the kinds of beef covered by the Scheme except (*a*) in pursuance of a request to that effect from the Government of the Argentine, or (*b*) when it appears to the United Kingdom Government to be necessary to do so in order to make effective a recommendation of the Conference under paragraph 4 of the Scheme (in which case it is understood that the Argentine Government will not claim any rights with regard to prohibitions or restrictions to which Argentine goods may be entitled under any other agreement for the time being in force between the Governments of the United Kingdom and the Argentine), or (*c*) in cases when for any period the Conference have not made a recommendation under paragraph 4 of the Scheme.

(3) For the purposes of this Agreement and of the Scheme annexed hereto, the term "foreign country" in relation to the United Kingdom does not include any territory under the sovereignty, suzerainty, protection or mandate of His

[1] *British Parliamentary Papers*, 1938-1939, Vol. XX, *Accounts and Papers*, Vol. V, Cmd. 5943, pp. 7-8.
[2] *Ibid.*, pp. 3-6.
[3] *Ibid.*, pp. 9-10.

Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India.

(4) It is understood that nothing in this Agreement shall prejudice the guarantees given to the Argentine Government under the provisions of Article 1 of the Trade Agreement between the two Governments signed on the 1st December, 1936.

(5) The present Agreement shall come into force on the 1st January, 1937. It shall remain in force until the expiration of six months after the date on which either contracting Government shall have given to the other notice of termination through the diplomatic channel.[1]

Corresponding agreements are embodied in the notes exchanged with the Government of Brazil[2] *and with the Government of Uruguay.*[3]

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[1] *British Parliamentary Papers*, 1938-1939, Vol. XXVII, *Accounts and Papers*, Vol. XII, *State Papers*, Cmd. 5941, pp. 3-6.
[2] *Ibid.*, pp. 6-8.
[3] *Ibid.*, pp. 8-9.

TIN

Agreement on the International Tin Control Scheme

Signed at London, 28 February 1931

Superseded by the Agreement of 27 October 1933[1]

1. The scheme is intended to secure a fair and reasonable equilibrium between production and consumption with the view of preventing rapid and severe oscillations of price.

2. All the tonnage figures given in the following clauses are in terms of metallic tin (one ton equals 2,240 lbs.).

3. The scheme, when approved by the authorities concerned, is to be administered by an International Committee representing the four Governments.

4. Each Government will appoint a Delegation to represent it on the Committee, consisting of not more than three Members, but each Delegation will act as a single unit. The Composition of each Delegation may be changed from time to time by the Government concerned.

5. Each Government will associate with its Delegation such technical advisers as it may consider desirable, and may change the number and the composition of this advisory staff from time to time.

6. It is contemplated that the scheme shall continue in operation for two years from the 1st March, 1931, and that it may then be extended for a further period if all the Governments, parties to the scheme, so decide.

7. If any of the participating Governments make a proposal to the Committee for an increase or decrease of the quotas, and if within six months unanimous agreement is not reached with regard to such a proposal, the Government which made the demand will be at liberty to withdraw from the scheme. In the event of such a withdrawal the other participating Governments may immediately abandon the scheme.

8. Each of the four countries will be allotted a standard tonnage and a percentage quota based on the agreed figure of production in 1929.

9. The world production in 1929 is agreed by the four Governments at the following figures:—

Malaya	69,366 tons
Nigeria	10,412 "
Bolivia	46,338 "
Netherlands East Indies	35,730 "
Siam	9,939 "
Burma	2,443 "
The Rest	12,190 "
Total	186,518 tons[2]

[1] See pp. 75 to 79 below.

[2] There appears to be an error of 100 tons in these figures.—Ed.

10. It is agreed that the quotas of production and export under the scheme shall be based on the agreed output of 1929 in the following ratios:—

Malaya	37.19 per cent.
Netherlands East Indies, Bolivia and Nigeria	49.6 per cent.

11. The initial quotas are agreed as follows on the basis of a world production of 145,000 tons, which has been accepted by the four Governments as the basic world production to be aimed at in the first instance under the scheme:—

Malaya	53,925 tons	(37.19 per cent.)
Bolivia	34,260 "	(23.63 " ")
Netherlands East Indies	29,910 "	(20.63 " ")
Nigeria	7,750 "	(5.34 " ")

The percentages based on these initial quotas were agreed as the ratios applicable to all alterations of the basic tonnage.

12. It is agreed that these initial quotas shall remain fixed for a period not being less than six months.

Note It was, however, pointed out that these initial quotas may prove to be too high or too low. While any change in a shorter period than three months is ruled out, it was felt that the desirability of altering the initial quotas within the first period of six months may be demonstrated: and it was decided to recommend that the participating Governments should accord authority to their Delegations to propose such an alteration should urgent circumstances require it.

13. The participating Governments agree to control production so that it shall correspond as closely as possible throughout the year to their export quota.

14. The participating Governments agree that their exports for any one year, calculating from the first March, shall not exceed their export quota for the year, and shall be distributed as uniformly as possible throughout that period. They also agree that their exports at the end of each quarter, and the running total of exports for all the quarters which have elapsed, shall not exceed their proportionate quota of exports, taken on the full year's figure. If the quotas are altered during the year, the necessary adjustments will be made.

15. Each Government will be responsible for allotting its national quota among its individual producers, for effectively controlling its production accordingly, and for limiting, and effectively controlling, its export quota to the agreed amount.

16. It is the accepted policy of the participating Governments that alterations of the quotas shall be made as seldom as possible. They agreed that no change shall be made until at least three months have elapsed from the date of the preceding change.

17. Each Government will compile detailed figures of its production and export for each month and will telegraph them monthly within ten days after the close of each month to the International Committee.

18. The Committee will consider these official figures of production and export, and from time to time in conformity with the preceding decisions make such definite suggestions for alterations in the aggregate production and export in the four countries, as may seem to it necessary. Any increase or decrease in authorised production and export accepted by the Governments concerned will be allotted to each country in proportion to its agreed percentage ratio.

19. Each Government will be responsible for the expenses of its own Delegation and Advisers. Any common expenditure will be divided equally among the participating Governments.

20. Bolivia, Malaya and Nigeria will pass legislation to enable their Governments to exercise the necessary control over production and export. It is agreed that, in the special circumstances in the Netherlands East Indies, where there is only one small independent producer, the steps necessary to control production and export can be taken by executive order without legislation. The Netherlands East Indies Government guarantees that it will enforce effective control of production and export by executive orders.

21. The Governments of Siam and Burma will be invited to adhere to the scheme. Siam will be invited to appoint a Delegation to the International Committee.

22. It was decided to leave to the International Committee questions regarding the statistics it will require and the publicity to be given to its proceedings.

23. It was agreed that international co-operation in scientific research into problems connected with the tin industry was desirable; that research designed to stimulate consumption of tin was a most desirable adjunct to the International Scheme, and that the International Committee when formed should give this matter its early attention.

24. It was agreed to appoint a sub-committee consisting of Monsieur J. van den Broek, Senor R. M. Vargas and Sir J. Campbell to determine various matters of procedure and machinery for the International Committee.

The foregoing is accepted as an accurate record of the decisions reached by the meeting held in London on Friday 27th February, 1931.

Agreement for the International Tin Control Scheme

Signed at London, 27 October 1933

Entered into force 1 January 1934 and expired on 31 December 1936[1]

1. *Object.*—The Scheme is intended to secure a fair and reasonable relation between production and consumption with a view to prevent rapid and severe oscillations of price and to ensure the absorption of surplus stock.

2. *Period.*—The Scheme shall continue in operation for three years from the 1st January, 1934, and may be extended for a further period or periods if all the signatory Governments and the Government of Siam so decide. Any such extension shall be considered at least twelve months before the date on which the Scheme would otherwise cease to operate.

3. *Administration.*—(*a*) The Scheme shall be administered by a Committee representing the signatory Governments and Siam, to be known as the International Tin Committee.

[1] The original parties to the scheme were Bolivia, Malay States, Netherlands East Indies, Nigeria and Siam. On 10 July 1934 the International Tin Committee announced that French Indo-China, Belgian Congo, Ruanda Urundi, Portugal and Cornwall (for three important producers) had adhered to the scheme.

(*b*) The following are the signatory Governments:

(1) Bolivia.
(2) The Malay States.
(3) The Netherlands East Indies.
(4) Nigeria.

4. *Additional participants.*—It shall be competent for the Committee to invite any Government or Association to join the Scheme and to admit it as a participant on such terms as the Committee deem equitable.

5. *Composition of Committee.*—(*a*) Each signatory Government and the Government of Siam shall appoint a delegation consisting of not more than three members to represent it on the Committee, but each delegation shall act as a single unit. The composition of each delegation may be changed from time to time.

(*b*) The Committee may invite any participating Government or Association to appoint not more than two representatives to the Committee.

6. *Advisers.*—Each signatory Government and the Government of Siam may associate with its delegation such advisers not exceeding two in number as it may consider desirable and may change such advisers from time to time. The Committee may invite such other persons as it may think fit to attend its meetings in an advisory capacity.

7. *Chairman and Vice-Chairman.*—The Committee shall appoint a Chairman and a Vice-Chairman for such period as it may think fit. The Chairman and Vice-Chairman shall not be chosen from the same delegation.

8. *Language.*—The proceedings of the Committee shall be conducted in English.

9. *Expenditure.*—The Committee may engage such secretarial, clerical or other assistance as it may require and may incur other necessary expenditure. Expenditure incurred by the Committee shall be divided equally amongst the signatory Governments and Siam, less any amounts which other participating Governments or Associations may agree to contribute. Each Government shall be responsible for the expenditure incurred by its delegation and advisers.

10. *Standard tonnages and quotas.*—(*a*) Each signatory Government shall be allotted a standard tonnage in terms of metallic tin and a quota based thereon.

(*b*) The agreed standard tonnages are as follows:

	Tons
Bolivia	46,490
The Malay States	71,940
The Netherlands East Indies	36,330
Nigeria	10,890
Total	165,650

(*c*) The Government of Siam agrees that its annual export of metallic tin, calculated on the basis that the ore exported contains 72 per cent. of metal, shall not exceed 9,800 tons; provided that, if and when the export quotas of the signatory Governments reach 65 per cent. of the agreed standard tonnages, any percentage increase in the export quotas over the said 65 per cent. shall be applicable to Siam, *pari passu*, as a percentage of 9,800 tons.

(*d*) *Quota period.*—A quota period shall be a quarter (*i.e.* three calendar months) commencing on the 1st day of January, April, July and October of each year.

(*e*) *Fixation of quota.*—The Committee shall, from time to time, recommend to the signatory Governments the percentage of standard tonnages, that is to say, the quotas, which may be produced and exported during a quota period provided that no change in the quotas shall normally be made until at least three months have elapsed from the date of the immediately preceding change. Changes in the quotas shall be made as seldom as possible.

(*f*) *Unanimity respecting quota.*—All recommendations of the Committee regarding changes in the quotas must represent the unanimous decision of the delegations present representing the signatory Governments.

11. *Unit of production.*—(*a*) All figures shall be expressed in tons of metallic tin, one ton equalling 2,240 lb. avoirdupois.

(*b*) *Basis of calculation.*—Except as provided in Clause 10 (*c*) above the basis to be used in calculating exports of tin in the form of ore shall be the "true tin assay" of the tin ore exported. By "true tin assay" is meant the assay before any deductions are made by the smelters.

The value of the assay shall be adopted to the nearest one-tenth of a unit. if the figure in the second decimal place is a 5, the adoption shall be made by taking the first decimal figure.

(*c*) The tonnage of metallic tin exported in that form shall be calculated by converting the ore from which the tin was derived into metallic tin on the basis of the "true tin assay".

12. *Control of production.*—Each signatory and participating Government and Association agrees to control its production so that it shall correspond as closely as possible throughout the year to its permitted export.

13. *Control of export.*—Each signatory and participating Government and Association agrees in principle that:

(*a*) Its exports for any year, calculating from the 1st January, shall not exceed its permitted export for the year;

(*b*) Its exports shall be distributed as uniformly as possible throughout the year;

(*c*) Its exports at the end of each quota period and the running total of exports for all the quota periods which have elapsed shall not exceed its permitted export.

14. *Correction of over-export.*—Each signatory and participating Government and Association agrees that if, in any quota period, its export quota is exceeded, due to any cause other than change in the "true tin assay" of the ore exported, it will liquidate such excess in the next quota period.

15. *Distribution of quota.*—Each signatory and participating Government and Association shall be responsible for allotting its quota among its individual producers, for effectively controlling its production accordingly, and for limiting and effectively controlling its export in accordance with its quota.

16. *Legislation.*—Each signatory Government other than the Netherlands East Indies Government will legislate to enable it to exercise the necessary control over production and export. In the special circumstances in the Netherlands East Indies the steps necessary to control production and export will be taken

by executive order without legislation. The Netherlands East Indies Government guarantees that it will enforce effective control of production and export by executive orders. Copies of all such legislation and in the case of the Netherlands East Indies of executive orders shall be furnished to the Committee.

17. *Statistics.*—(*a*) Each signatory and participating Government and Association agrees to telegraph, within 15 days of the end of each month, its figures of production and export and of the assay value used in their determination.

(*b*) Each signatory and participating Government (except the Government of Siam), and each Association, agrees to furnish the average "true tin assay" of the ore exported (or in the case of metallic tin of the ore from which such tin was derived) during each half-year commencing 1st January and 1st July; such figures shall be furnished not later than six months after the expiry of each half year.

(*c*) Each signatory and participating Government and Association agrees to provide such additional statistics as will enable the Committee to estimate world's production and stocks.

18. *Excesses due to change in assay value.*—On receipt of the detailed figures specified in Clause 17 (*b*) the excesses, due to change in assay value, shall be determined, and each signatory and participating Government (except the Government of Siam) and each Association agrees that it will liquidate any excess so determined in not more than nine months after the end of the period under review.

19. *Extension of present scheme. Determination of balances at end of present scheme.*—(*a*) The signatory Governments and Siam agree that the present Scheme shall continue in force until 31st December, 1933, and that within six months from that date the total export of each signatory Government for the whole period of the present scheme, shall be calculated finally in metallic tin on the true assay basis.

The total exports so determined shall be compared with the permissible exports and any excesses or shortages shall be brought forward for adjustment.

(*b*) *Adjustment.*—Excesses whether due to changes in the assay value or to any other cause shall be adjusted during the first year of this Scheme. Shortages may be adjusted during the same period.

20. *Outside production.*—If all the signatory Governments and Siam are satisfied that the estimated production of all other countries has, over a period of six consecutive months, exceeded 25 per cent. of the estimated world production during that period, or fifteen thousand tons of metallic tin, whichever is the less amount, it shall be competent for any signatory Government or Siam to give six months' notice of its intention to withdraw from the Scheme. In the event of such a withdrawal the other signatory Governments and Siam may immediately abandon the Scheme.

21. *Withdrawal.*—If no change was made in the quotas at the beginning of a current quota period and if the total visible supply as determined by the Statistical Bureau of the International Tin Committee at the end of the last quota period differs from the visible supply at the beginning of the quota period immediately preceding the last quota period by at least 5,000 tons, any one of the signatory Governments may propose an increase or decrease of the quotas by an

amount which during two quota periods shall not exceed such determined difference in the visible supply, and if within three months unanimous agreement is not reached with regard to such a proposal the Government which made the proposal shall be at liberty to withdraw from the Scheme. In the event of such a withdrawal the other signatory Governments and Siam may immediately abandon the Scheme.

22. *Research.*—The signatory Governments agree that the continuance of international co-operation in research into problems connected with the tin industry and the stimulation of consumption of tin is a most desirable adjunct to this Scheme.

Signed at London on the 27th day of October, 1933.

Supplementary Agreement to the Agreement for the International Tin Control Scheme

Signed at London, 27 October 1933

Entered into force 1 January 1934

1. It is agreed that the Netherlands East Indies may in the year 1934, export 355 tons of metallic tin more than its quota under the scheme and that in the year 1934 Bolivia will export 300 tons of metallic tin less, and Nigeria 55 tons of metallic tin less, than their respective quotas. These tonnages are not to be treated as excesses and shortages in terms of the scheme.

2. It is agreed that to give effect to the above adjustments and to facilitate the regulation of the excesses referred to in Clause 19 a special fixed quota of 6,626 tons shall be allotted to the four signatory Governments for production and export in equal monthly quantities during the year 1934, in the following proportions:

	Tons
Bolivia	1,559
The Malay States	2,878
The Netherlands East Indies	1,808
Nigeria	381
	6,626

3. In order to determine the amount of the special fixed quota which each signatory Government may produce and export there shall be deducted from the above tonnages all excesses, however caused, that may be outstanding at 31st December, 1933, on the termination of the present Scheme.

Signed at London on the 27th day of October, 1933.

Agreement for the Tin Buffer Stock Scheme

Signed at The Hague, 10 July 1934

Entered into force on date of signature and expired on 31 December 1935

1. The Governments of Bolivia, the Malay States, the Netherlands East Indies and Nigeria (hereinafter described as the signatory Governments) agree to form a buffer stock and to place their contributions of tin at the disposal of the International Tin Committee, upon the understanding that such stock will be used as an adjunct to the International Tin Control Scheme, and will be operated upon by a buffer stock committee appointed for this purpose by the delegations of the signatory Governments.

2. Each delegation shall have the right to nominate a member of the Buffer Stock Committee, which shall consist of four members. One of these shall be the Chairman of the International Tin Committee, who shall be Chairman of the Buffer Stock Committee.

3. When operating on the buffer stock, and when dealing with the proceeds derived from the sale of tin from the buffer stock, the Buffer Stock Committee shall act in accordance with such general instructions as the International Tin Committee may, from time to time, issue for their guidance.

4. All decisions of the Buffer Stock Committee must represent the unanimous decision of the four members.

5. The Buffer Stock Committee shall have authority to incur such expenditure, and to appoint such staff, as it may consider necessary.

6. The buffer stock shall be contributed by means of a special quota (hereinafter called the buffer quota) which shall be apportioned among the signatory Governments in the proportion of their standard tonnages.

7. The buffer stock shall be 8,282 tons of metal. This total shall be divided among the signatory Governments in proportion to their standard tonnages. The buffer stock shall be produced and delivered as metal to the International Tin Committee as soon as possible. Delivery shall be made not later than the 31st December, 1934, unless it can be shown that non-delivery has been caused by circumstances beyond the control of the signatory Government.

8. All tin contributed to the buffer stock shall be of a quality which complies with the requirements of the London Metal Exchange as specified in Class A of the "Special Rules for Standard Tin" as follows:

(1) Straits, Australian, Banca, Billiton or English refined Tin of Good Merchantable quality.

(2) Other Refined Tin of Good Merchantable quality, assaying not less than 99.75 per cent.

9. Subject to the provisions of Clause 8, any signatory Government or contributor shall have the right to contribute to the buffer stock either tin of its own particular brand *ex* local smelter or warehouse (at Singapore, Penang, Batavia, Amsterdam, Arnhem, Liverpool or London) or London Metal Exchange warrants for Standard Tin.

10. Any signatory Government or contributor shall have the right at any

time to exchange such part of its original contribution as may remain in the buffer stock for London Metal Exchange warrants for Standard Tin.

11. The Buffer Stock Committee is empowered to sell any tin for the time being in the buffer stock and to employ the proceeds for the purchase of tin, but the net proceeds derived from any particular brand over and above the comparable price for Standard Tin shall be paid on realisation to the signatory Government or contributors who produced it.

12. The Scheme shall expire on 31st December, 1935, unless the signatory Governments unanimously agree to continue it.

13. Any signatory Government may, after the 31st March, 1935, give three months' notice of withdrawal from the Scheme. In the event of withdrawal all tin and/or cash representing its contribution to the buffer stock (after deducting or making provision for its share of the agreed working expenses) shall be released to the withdrawing Government or contributors.

14. On the expiration of the Scheme, or in the event of notice of withdrawal being given by any signatory Government, or by Siam under articles 20 or 21 of the Control Agreement, all tin and/or cash representing the buffer stock (after deducting or making provision for its share of the agreed working expenses) shall immediately be released to the signatory Governments or contributors in the proportions in which the buffer stock was contributed.

15. All tin released under clauses 13 and 14 shall be "free" tin: *i.e.*, such tin may be freely marketed.

16. The Buffer Stock Committee shall report to the International Tin Committee, from time to time, regarding its operations; normally, it will report to the International Tin Committee once a month.

Signed at The Hague on the 10th day of July, 1934.

Agreement on the International Tin Control Scheme

Signed at Brussels, 5 January 1937[1]

Entered into force as from 1 January 1937 and expired on 31 December 1941

Objects

1. The Scheme is intended to regulate the production in, and export from, producing territories, with the object of adjusting production to consumption, preventing rapid and severe oscillations of price, and maintaining reasonable stocks.

Definitions

2. "Standard Tonnage" means the annual rate of permissible export of metallic tin when the quota is 100 per cent.

"Quota" means the percentage of the standard tonnages which may be exported.

[1] The Agreement was signed on behalf of Belgian Congo, Bolivia, French Indo-China, Malay States, Netherlands East Indies, Nigeria and Siam.

"Quota period" means a quarter (*i.e.*, three calendar months) commencing on the 1st day of January, April, July and October of each year.

Period

3. (*a*) The Scheme shall come into operation on the 1st January 1937, and shall remain in force until the 31st December 1941. Not more than twelve calendar months and not less than nine calendar months prior to the 31st December 1941, the International Tin Committee shall make a recommendation as to the continuance or otherwise of the Scheme. The recommendation if in favour of continuation may suggest amendments to the Scheme.

(*b*) Each delegation shall signify to the International Tin Committee the acceptance or rejection by its territory of the recommendation referred to in the immediately preceding paragraph, within three calendar months after the date of the making of such recommendation.

(*c*) If a recommendation in favour of the continuation of the Scheme is accepted by all the territories, the necessary measures shall be taken to carry out the said recommendation.

(*d*) If the said recommendation is not accepted by all the territories a special meeting of the International Tin Committee shall be called to consider the situation.

(*e*) Unless a recommendation to continue the Scheme is accepted under paragraph (*b*) above, or unless an agreement for continuation is concluded, following the special meeting referred to in paragraph (*d*) above, the Scheme shall terminate on the 31st December 1941.

Administration

4. The Scheme shall be administered by a Committee to be known as the International Tin Committee. Each territory may appoint a delegation to the Committee. Each delegation shall consist of not more than three members, and its composition may be changed by formal intimation to the Chairman. Members may be nominated as alternates to substantive members of delegations.

Advisers

5. Each territory may associate with its delegation such advisers, not exceeding two in number, as it may consider desirable, and may change such advisers. The Chairman may, at the request of any delegation, invite any other person to attend a meeting in an advisory capacity.

Consumers' Representation

6. The Committee shall, within one month of its first meeting, invite a representative of tin consumers in each of the two largest tin consuming countries to attend its meetings and to tender advice to the Committee regarding world stocks and consumption.

Chairman and Vice-Chairman

7. The Committee shall appoint a Chairman and a Vice-Chairman for such periods as it may think fit.

Meetings

8. (*a*) Meetings shall be convened by the Chairman. Not more than three calendar months shall elapse between two consecutive meetings.

(*b*) An extraordinary meeting shall be held at any time, at the request of any delegation, within seven days of the receipt of the request by the Chairman.

(*c*) If no delegation entitled to vote opposes, decisions of the Committee can be taken, without a meeting, by correspondence between the Chairman and all delegations entitled to vote. Notice of any decision taken shall be given to all delegations as soon as possible. Such decision shall be recorded in the Minutes of the next meeting.

Language

9. The proceedings of the Committee shall be conducted in English.

Expenditure

10. The Committee may engage such secretarial, clerical or other assistance as it may require, and may incur any other necessary expenditure. Expenditure incurred by the Committee shall be divided amongst the territories in proportion to their standard tonnages reckoned to the nearest thousand tons. Each territory shall be responsible for the expenditure incurred by its delegation.

Standard Tonnages

11. A standard tonnage in terms of metallic tin shall be allotted to each territory.

The standard tonnages for the territories are as follows:

	Tons
Belgian Congo	13,200
Bolivia	46,490
French Indo-China	3,000
Malaya	71,940
Netherlands East Indies	36,330
Nigeria	10,890
Siam	18,000
	199,850

There is associated with the above standard tonnage for Siam, a minimum export of 10,500 tons calculated on a true assay basis.

By the terms of a supplementary agreement, annexed, Siam's standard tonnage for the calculation of exports becomes 18,500 tons with a minimum of 11,100 tons, calculated at 72 per cent. assay value and the tonnages of Bolivia and Belgian Congo will be reduced so as to correspond with the difference between the figure above of 18,000 tons calculated on a true assay basis and the equivalent on a true assay basis of 18,500 tons calculated at 72 per cent. assay value. The total of the standard tonnages will therefore remain constant at 199,850 tons.

Quota

12. The Committee shall fix the quota which may be produced and exported during each quota period, provided that Siam shall not be required to produce

at a rate of less than the amount stated in the annexed supplementary agreement, namely, 11,100 tons of metallic tin a year calculated at 72 per cent. assay value and that French Indo-China shall not be required to produce at a rate less than 1,800 tons a year on a true assay basis. If no positive decision to change the quota is taken the quota shall remain unchanged.

Voting

13. If unanimity is not reached on any question before the Committee, with the exception of that mentioned in Clause 24 below, a vote shall be taken. At the request of any delegation the meeting shall be adjourned for a period not exceeding 48 hours before such a vote is taken. Each delegation shall vote as one unit, and shall cast the following number of votes:

Malaya	5
Bolivia	4
Netherlands East Indies	4
Siam	2
Belgian Congo	2
Nigeria	2
French Indo-China	1

A total of 11 votes in favour shall carry any proposal. Only those delegations representing territories whose export will be affected by the decision reached shall be entitled to vote for the fixation of the quota.

Basis for Calculating Production and Export

14. All figures shall be expressed in tons of metallic tin, one ton equalling 2,240 lbs. avoirdupois.

The basis to be used in calculating exports of tin in the form of concentrates shall be the "true tin assay" of the tin concentrates exported. By "true tin assay" is meant the assay before any deductions are made by the smelters. The value of the assay shall be adopted to the nearest one-tenth of a unit. If the figure in the second decimal place is a 5, the adoption shall be made by taking the first decimal figure. The tonnage of metallic tin exported in that form shall be calculated by converting the concentrates from which the tin was derived into metallic tin, on the basis of the "true tin assay".

Legislation

15. Legislation or executive orders providing for the necessary control over production and export shall be passed in each territory. Copies of all such legislation and executive orders shall be furnished to the Committee.

Control of Production and Export

16. The production and export of each territory shall be controlled so that it shall correspond, as closely as possible throughout the year, to the quota, allowance being made in the case of production for the stocks which the territory is permitted to carry.

Correction of over or under Export

17. (*a*) If in any year the nett exports of any territory exceed the permissible exportable amount the exports for the immediately following year shall be limited to the permissible exportable amount for such year, less the amount of the excess for the previous year.

(*b*) If in any year the nett exports of any territory have been less than the permissible exportable amount, the amount of deficiency which may be carried over at the end of that year shall not exceed eight and one-third (8 1/3) per cent. of the permissible exportable amount for that year

Stocks

18. The stock of tin and concentrates within any territory shall not, at any time, exceed 25 per cent. of the standard tonnage of such territory.

Statistics

19. (*a*) The monthly figures of production and export of each territory and of the assay value used in their determination shall be telegraphed within 15 days of the end of each month.

(*b*) The average "true tin assay" of the concentrates actually exported from each territory (or in the case of metallic tin of the concentrates from which such tin was derived) during each half-year commencing 1st January and 1st July shall be furnished not later than three months after the expiry of each half-year.

(*c*) Such additional statistics as are required to enable the Committee to estimate world's production and stocks shall be furnished by each territory.

Excesses or Deficiencies Due to Change in Assay Value

20. On receipt of the detailed figures specified in Clause 19 (*b*) the excess or deficiency due to change in assay value shall be determined for each territory and any excess or deficiency due to this cause shall be rectified in not more than nine months after the end of the period under review.

Determination of Balances at End of the 1934-36 Scheme

21. Within three months of the commencement of the Scheme the total exports of each territory during the period of the Scheme terminating on the 31st December 1936 shall be calculated finally, in metallic tin, on the true assay basis. The total exports so determined shall be compared with the permissible exports, and except in the case of those territories participating under the Scheme terminating on the 31st December 1936 which were not permitted to carry forward deficiencies under that Scheme, any excesses or deficiencies, subject in the case of the latter to a limit of 8 1/3 per cent. of the permissible exportable amount for the year 1936, shall be brought forward for adjustment in the first year of this Scheme.

Outside Production

22. If the International Tin Committee is satisfied that the estimated pro-

duction of all territories not specified in Clause 11 has, over a period of six consecutive months, exceeded 15 per cent. of the estimated world production during that period, or 12,500 tons of metallic tin, whichever is the less amount, it shall be competent for any territory to give six months' notice of its intention to withdraw from the Scheme. In the event of such a withdrawal the other territories may immediately abandon the Scheme.

Admission of Other Territories

23. The International Tin Committee may admit any other territory to the Scheme on such terms as the Committee may deem equitable.

Withdrawal

24. Any territory may, in the event of hostilities in which it is involved, apply to the Committee to be allowed to export temporarily more than its permissible output. If permission, which must be by unanimous vote, is refused, such territory may withdraw from the Scheme. In the event of such withdrawal the other territories may abandon the Scheme.

Research

25. The continuance of international co-operation in research into problems connected with the tin industry and stimulation of consumption of tin is accepted as a most desirable adjunct to this Scheme.

Brussels, 5th January, 1937.

Supplementary Agreement to the Agreement on the International Tin Control Scheme

Signed at Brussels, 5 January 1937

Entered into force as from 1 January 1937

1. It is agreed that the standard tonnage for Siam shall be 18,500 tons, with a minimum export of 11,100 tons, both calculated as 72 per cent. of the concentrates.

2. (*a*) The difference between the standard tonnage of 18,000 tons calculated on a true assay basis and 18,500 calculated at 72 per cent. assay value shall be met by a corresponding reduction of the standard tonnages of Bolivia and the Belgian Congo in the ratio of 2.8 to 1.

(*b*) The difference between the minimum of 10,500 tons calculated on a true assay basis and 11,100 tons calculated at 72 per cent. assay value shall be met by a corresponding reduction in the exports of Bolivia and the Belgian Congo in the ratio of 2.8 to 1.

(*c*) The reduction of the standard tonnages of Bolivia and the Belgian Congo, corresponding to the difference in Clause 2 (*a*), shall be determined provisionally, prior to 1st January 1937, and finally adjusted for each period of

six months, that is to say, for the six months ending on 30th June and 31st December of each year, as soon as the true assay value of the Siamese concentrates shall have been determined, and in the case of the minimum export the same principle shall apply.

3. The Clauses of the main agreement relating to the calculation of exports on a true assay basis shall not apply to Siam.

4. The provisions of Clause 17 (*b*) of the main agreement regarding the limitation of deficiency which may be carried over shall not apply to the Belgian Congo.

Agreement on a Tin Research Scheme

Signed at London, 25 January 1938, and amended by decisions of the International Tin Research and Development Council taken on 27 March 1939 and 1 November 1939

1. *Object*

The object of the Scheme is to acquire, record and disseminate knowledge of the physical and chemical properties of tin; to promote the consumption thereof, and the discovery of new uses therefor, by scientific research; and to increase tin consumption by development. The operations of the Scheme may therefore be broadly classified as: Research, Development, and Statistics.

2. *Period*

The Scheme shall come into operation on the 1st January, 1937, and shall remain in force until the 31st December, 1941. Not more than twelve calendar months and not less than nine calendar months prior to the 31st December, 1941, the General Council of Control shall make a recommendation as to the continuance or otherwise of the Scheme. The recommendation, if in favour of continuation, may suggest amendments to the Scheme.[1]

3. *Contributions*

The annual contributions from the participants in the Scheme shall be as follows:

	£
Belgian Congo	2,186
Bolivia	7,700
French Indo-China	497
Malaya	11,915
Netherlands East Indies	6,017
Nigeria	1,804
Siam	2,981
	33,100

[1] At a meeting of the International Tin Committee in London on 9 September 1942 it was agreed that the International Tin Research Scheme should remain in operation as from 1 January 1942 until 1 January 1946 as a minimum period. A recommendation in favour of continuation shall be made not less than twelve months before 1 January 1942.

4. *Administration*

The Scheme shall be administered by a General Council of Control. Each of the seven participating areas mentioned in Article 3 above may be represented by a delegation to the Council, consisting of not more than two representatives.

5. *Chairman and Vice-Chairman*

The General Council shall appoint a Chairman and a Vice-Chairman, for such periods as it may think fit. The Chairman need not be a delegate appointed under Article 4 above.

6. *Meetings*

The General Council shall be convened by the Chairman at such times and places as he may determine. It may invite non-members to attend its meetings, in an advisory capacity.

If no delegation opposes, decisions of the General Council can be taken, without a meeting, by correspondence between the Chairman and all the delegations. Notice of any decision so taken shall be given to all delegations as soon as possible. Such decision shall be recorded in the Minutes of the next meeting.

7. *Voting*

If unanimity is not reached on any question before the General Council, a vote shall be taken. Each delegation shall vote as one unit, and shall cast one vote. A majority of votes shall carry any proposal.

8. *Sub-Committees*

The General Council may set up executive committees and may delegate to them such of its powers as it shall deem fit, and subject to such conditions as the General Council may impose.

These executive committees may co-opt other persons in an advisory capacity. All proceedings of the executive committees shall be placed before the General Council.

9. *Directors of Research, Development, and Statistics*

The General Council shall appoint Directors of Research, Development, and Statistics, charged with the execution of the resolutions of the General Council, and of such decisions of the executive committees as they may have been authorised by the General Council to take. The Directors of Research, Development, and Statistics shall also be in charge of the daily conduct of the activities under the Scheme.

Their powers shall be determined by the General Council.

10. *Office and Staff*

The headquarters shall be in London, and the Statistical Office at The Hague.

The Directors of Research, Development, and Statistics after previous approval of the General Council, may appoint such permanent officers and consultants as is deemed desirable.

11. *Expenditure*

Before the commencement of each calendar year, the Directors of Research, Development, and Statistics shall place before the General Council, for approval, a budget of the expenditure of the next calendar year.

The General Council shall open a bank account, or accounts, in the name of the International Tin Research and Development Council. It shall determine which persons may operate on this bank account, or accounts.

12. *Investments*

The General Council may from time to time invest any moneys, not immediately required, in such funds or securities as it may determine.

13. *Research Work*

All research work will be conducted in laboratories selected or owned by the General Council. The staff of such laboratories will normally carry on the research work, but this staff may, where that seems desirable, be supplemented by the temporary appointment of staff paid by the General Council. The work will be international in scope, and the laboratories chosen will be those where the best results are anticipated, irrespective of considerations of nationality.

14. *Publicity*

The fullest possible publicity will be given to the results of all research likely to lead to larger sales of tin. In selecting laboratories to undertake research, the General Council will pay particular attention to their suitability, from the point of view of establishing close contact with important consuming interests, and of the confidence of those consuming interests in the quality and accuracy of their work.

15. *Admission of other Territories*

The General Council may admit any other participants, grouped on a national basis, or any Association to the Scheme, on such terms as the Council may deem equitable.

16. *Dividend*

The General Council shall not make or pay any dividend, gift, division or bonus in money unto or between its participants.

Agreement on the Tin Buffer Stock Scheme

Opened for signature at London, 20 June 1938[1]

Entered into force on date of signature

1. The territories and/or the Governments represented on the International Tin Committee, hereinafter described as the signatories, agree to form a buffer stock and to place their contributions of tin at the disposal of the International Tin Committee, upon the understanding that such stock will be used as an adjunct to the International Tin Control Scheme.

Object

2. The object of the scheme is to reduce the large price ranges that have occurred in the past to narrower limits.

Amount

3. The initial buffer stock shall consist of approximately 10,000 tons of tin. This may be increased to a maximum of approximately 15,000 tons by resolution of the International Tin Committee, taken in the manner prescribed by Clause 13 of the Agreement for the International Tin Control Scheme dated the 5th January 1937.

Quota

4. The International Tin Committee shall fix a special quota or quotas, from time to time, for the purpose of providing the buffer stock.

Contributions

5. Each signatory shall be entitled to contribute to the buffer stock *pro rata* to its standard tonnage, as fixed by the tin control agreement or by unanimous agreement among the signatories to the international tin control scheme.

Notification of Contributions

6. The tonnage which each signatory agrees to contribute shall be communicated to the Secretary of the International Tin Committee not later than the 15th July 1938.

Date of Contributions

7. Each signatory shall enter into a firm undertaking, by letter from its delegation to the Secretary of the International Tin Committee, to supply in accordance with the provisions of Clause 10 such portion of the initial buffer stock as it shall have agreed to contribute:

As to 50 per cent. not later than 31st October 1938.
As to 50 per cent. not later than 31st January 1939.

[1] The Agreement was signed on behalf of Belgian Congo, Bolivia, French Indo-China, Malay States, Netherlands East Indies and Nigeria and by Siam subject to ratification.

Distribution of Unused Balances

8. If any signatory elects to contribute less than its permissible quantity the balance shall be offered, *pro rata* to their standard tonnages as defined in Clause 5, to the other signatories.

If any signatory agrees to provide more than its original share the provisions of Clause 7 shall apply to the additional contribution.

Quality of Tin

9. All tin contributed to the buffer stock shall be of a quality which complies with the requirements of the London Metal Exchange as specified in Class A of the "Special Rules for Standard Tin" as follows:

(1) Straits, Australian, Banca, Billiton, Dutch refined of the brand "Tulip", or English refined Tin of Good Merchantable quality.

(2) Other Refined Tin of Good Merchantable quality assaying not less than 99.75 per cent.

Classification of Contribution

10. Subject to the provisions of Clause 9 any signatory shall have the right to contribute to the buffer stock either (*a*) tin of the brand produced in its own territory, or (*b*) warrants for Standard Tin on an official warehouse approved by the London Metal Exchange, or (*c*) warrants on any other warehouse or documents of title approved by the Executive.

Method of Contributing

11. Tin contributed under Clause 7 shall be made available as follows:

Documents of title shall, not later than the dates prescribed in Clause 7, be placed in the hands of one of the "big five" Banks in London to be nominated by the Chairman, and shall be held for the account of and to the order of the International Tin Committee. The Bank shall be entrusted with handling the documents and with the collection of the proceeds of sales for account of the International Tin Committee.

For purposes of this clause an hypothecation order signed by any of the following shall be deemed to be a document of title:

Bankatinwinning.
British Tin Smelting Co., Ltd.
Consolidated Tin Smelters, Ltd.
Eastern Smelting Co., Ltd.
Géomines.
Hollandsche Metallurgische Bedrijven.
Société Générale Métallurgique de Hoboken.
Straits Trading Co., Ltd.
Williams Harvey & Co., Ltd.

The form of hypothecation order to be used by these companies is attached as Appendix I.

Publicity

12. All contributions to the buffer stock shall be included as soon as possible in the visible supply

Organisation

13. The organisation for operating the buffer stock on behalf of the signatories shall be as follows:

(*a*) An executive body, herein described as the Executive, shall be appointed consisting of a manager and assistant manager and the necessary staff. These officials will have office premises in the City of London.

(*b*) No person who is at present concerned as a principal or employee or agent or representative of any tin mining or smelting company or of any company, partnership or business engaged in the marketing or distribution of tin shall be eligible for appointment as manager or assistant manager.

Sub-committee, Powers of

14. (*a*) A sub-committee consisting of the Chairman and Vice-Chairman of the International Tin Committee and a representative nominated by the Bolivian delegation shall appoint the Executive.

(*b*) The sub-committee is authorised to fix the terms and periods of appointment of all members of the Executive, and the rent to be paid for the offices.

(*c*) The sub-committee is authorised to change the members of the Executive from time to time as may seem to them advisable.

Operation

15. The Executive, acting in accordance with such general instructions as the International Tin Committee may from time to time issue for their guidance, shall be empowered to operate on the buffer stock, and deal with the proceeds derived from the sale of tin from the buffer stock.

Chairman, I.T.C., Powers of

16. The Chairman of the International Tin Committee shall be responsible for communicating the instructions under Clause 15 to the Executive, and for giving such guidance as he may think fit, subject always to the terms of this agreement and to any general instructions which the International Tin Committee may issue under Clause 15.

Statements of Stock Position

17. The Executive shall furnish to the International Tin Committee at each meeting where any question of alteration of the tin control quota is to be considered a statement showing:

(1) The tonnage of stock held.

(2) The amount of money standing to the credit of the account of the International Tin Committee.

(3) The quantity of tin bought or sold on balance for which contracts have not matured up to the last day preceding the meeting.

Non-disclosure of Information

18. The Executive is expressly forbidden to communicate any other information either to the International Tin Committee or to any other body or person other than the Chairman without the express sanction in writing of the Chairman of the International Tin Committee.

Price Limits

19. The present objective of the scheme in accordance with Clause 2 is to maintain a price per ton ranging between £200 and £230 sterling. This price range may be varied by a resolution of the International Tin Committee taken in the manner prescribed by Clause 13 of the Agreement for the International Tin Control Scheme dated the 5th January 1937.

Execution, Powers of

20. (*a*) With the objective stated in Clause 19 in view, the Executive is empowered to sell any tin for the time being in the buffer stock and to employ the proceeds for the purchase of tin. The nett proceeds derived from the sale of any particular brand contributed by any signatory over and above the comparable price for Standard Tin on the day of sale shall be paid as at the 30th June and the 31st December of each year to the signatory which contributed it.

(*b*) The Executive shall not employ any firm or company as its exclusive agent for buying or selling tin.

(*c*) The Executive shall buy or sell tin through the "dealing members" of the London Metal Exchange only and in such a manner that each member shall, as far as may be possible, receive what in the opinion of the Executive is a reasonable and appropriate share of the total purchases and sales.

Financial Procedure

21. All tin purchased shall be paid for in full on the due date, subject to the usual small adjustments of date, and no "carrying" operations shall be allowed other than lending tin to the London Metal Exchange to prevent an excessive backwardation.

Accountancy

22. The accountancy and book-keeping of the Executive shall be under the control of a firm of Chartered Accountants in London to be nominated by the Chairman.

Distribution of Cash Balances

23. If the cash balances standing to the credit of the International Tin Committee shall at any time exceed £2,500,000 the excess shall be immediately distributed to the signatories *pro rata* to their contributions except that the Executive shall not be required to distribute total sums of less than £50,000.

Liquidation

24. Unless renewed by a further agreement the buffer stock scheme set out herein shall be terminated on the same date as that on which the present International Tin Agreement may terminate, but subject to the following conditions:

(*a*) Any cash balance shall be distributed *pro rata* to the signatories not later than three months after such termination.

(*b*) Any tin then remaining in the buffer stock shall be liquidated within two months at a price of not less than £200 per ton or, if market prices do not permit of £200 being obtained, then at a rate not greater than one-twelfth of the remaining stock per month, and the proceeds distributed to the signatories *pro rata* to their contributions.

Retention of Executive

25. The Executive will remain in being and in control of the stock until it is liquidated.

APPENDIX I

HYPOTHECATION ORDER

.....19 .

X. Y. Limited hereby acknowledge to hold to the order of of the under-noted tons of refined tin.

Quantity	Warehouse or Smelter	Description and Mark	Particulars of Insurance effected. (If none, state "none", otherwise give particulars including date of expiry of insurance)
		(*e.g.*—Straits Ingots (or Slabs) marked A1 to A100 inclusive)	

Tin comprised within this Order can only be withdrawn on production of the Order.

This Order is a negotiable instrument transferable by indorsement and is subject in all respects to the provisions of English law.

For and on behalf of

X. Y. Limited,

.....

PARTICULARS OF TIN WITHDRAWN

Quantity withdrawn	Balance held	Description and Mark of balance

Note—On each occasion on which tin is withdrawn, the Order should again be signed on behalf of the Company issuing the Hypothecation Order.

Agreement for the International Control of the Production and Export of Tin

Signed at London, 9 September 1942

Entered into force as from 1 January 1942

The Governments of the Kingdom of Belgium, the Republic of Bolivia, the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the United Kingdom), and the Kingdom of the Netherlands:

Considering that it is necessary and advisable that steps should be taken to regulate the production and export of tin in and from producing countries with the object of keeping world stocks at a normal figure, adjusting in an orderly manner supply to demand, while at the same time making available all the tin that may be required and preventing rapid and severe oscillations of price, and being desirous of concluding an agreement for this purpose:

Have accordingly agreed to the following Scheme:—

ARTICLE 1

Participants

The obligations under this agreement of the Government of the Kingdom of Belgium apply to the Belgian-Congo, those of the Government of the Republic of Bolivia to Bolivia, those of the Government of the United Kingdom to the Federated Malay States, the Unfederated Malay States and the Colony of Malacca in the Straits Settlements (constituting for the purposes of the present agreement, a single group of territories and hereinafter referred to as Malaya) and to Nigeria, and those of the Government of the Kingdom of the Netherlands to the Netherlands Indies.

ARTICLE 2

Definitions

For the purposes of the Scheme:—

(*a*) "Standard tonnages" means the annual rate of permissible export of metallic tin when the quota is 100 per cent.

(*b*) "Quota" means the percentage of the standard tonnages which may be exported in any quota period.

(*c*) "Quota period" means a quarter (*i.e.*, three calendar months) commencing on the first day of January, April, July and October.

(*d*) "International Tin Committee" means the Committee referred to in Article 10.

(*e*) "Control year" means any calendar year during the continuance of this agreement.

(*f*) "Tin" means metallic tin in ingot form.

(*g*) "True tin assay" means the percentage of pure tin metal contained in concentrates before any deductions are made by the smelter. The value of the

assay shall be adopted to the nearest one-tenth of a unit. If the figure in the second decimal place is a 5 the adoption shall be made by taking the first decimal figure. The tonnage of metallic tin exported as concentrates shall be calculated by converting the concentrates into metallic tin on the basis of the true tin assay.

(*h*) "Territory" means a territory (or group of territories) to which the obligations of the present agreement apply in accordance with Article 1.

ARTICLE 3

Enforcement of Scheme

(*a*) The contracting Governments undertake to take such measures as may be necessary to maintain and enforce the Scheme in the territories to which their respective obligations apply as defined in Article 1, so that the production and export of each territory shall correspond as closely as possible throughout the year to the quota, allowance being made in the case of production for the permitted stocks, as defined in Article 6.

(*b*) The said Scheme shall be regarded as having come into operation from the 1st January, 1942, and shall remain in force until the 31st December, 1946, as a minimum period.

(*c*) Not less than twelve calendar months prior to the 31st December, 1946, the Committee shall make a recommendation to the contracting Governments as to the continuation or otherwise of the Scheme. The recommendation, if in favour of continuation, may suggest amendments to the Scheme and include proposals relating to the other provisions of this agreement.

(*d*) Each contracting Government shall signify to the Committee its acceptance or rejection of the recommendation referred to in the immediately preceding paragraph within three calendar months after the date of the receipt of such recommendation.

(*e*) If the said recommendation is accepted by all the contracting Governments, the contracting Governments undertake to take such measures as may be necessary to carry out the said recommendation. The Committee shall inform the Government of the United Kingdom, which shall draw up a declaration certifying the terms of the said recommendation and its acceptance by all the contracting Governments, and the present agreement shall be deemed to be amended in accordance with this declaration as from the date specified in that declaration. A certified copy of the declaration, together with a certified copy of the agreement as amended, shall be communicated to all the other contracting Governments.

(*f*) If the said recommendation is not accepted by all the contracting Governments, the Committee shall decide as soon as possible whether they desire to submit to the contracting Governments an amended recommendation. If the Committee submits an amended recommendation each contracting Government shall signify to the Committee its acceptance or rejection of the amended recommendation within one calendar month after the date of its receipt. If the amended recommendation is accepted by all the contracting Governments the provisions of paragraph (*e*) above shall apply.

(*g*) If the said recommendation is not accepted and the Committee decides not to submit an amended recommendation, or if the amended recommendation

is not accepted by all the contracting Governments, the Committee shall so inform the Government of the United Kingdom, which may of its own accord and shall if requested by any other contracting Government convoke a conference of the contracting Governments to consider the situation.

(*h*) Unless a recommendation to continue the Scheme is accepted under paragraphs (*d*), (*e*) and (*f*) above, or unless an agreement for continuation is concluded between the contracting Governments at the conference referred to in paragraph (*g*) above, the Scheme and all the obligations arising out of this agreement shall terminate on the 31st December, 1946. If at the conference referred to in paragraph (*g*) above an agreement for continuation is concluded between some but not all of the contracting Governments, the Scheme and all the obligations arising out of this agreement shall terminate on the 31st December, 1946, in respect of any contracting Government not a party to the agreement for continuation.

(*i*) Without prejudice to the provisions of paragraph (*c*) of this Article, the Committee may at any time make a recommendation to the contracting Governments for the amendment of any part of the Scheme or any of the other provisions of the present agreement. The recommendations of the Committee under this paragraph may include a recommendation that the present agreement should be made open to the accession of a non-signatory Government and proposals for such additions and amendments to the present agreement as may be necessary to determine the conditions of the participation of such Government. The provisions of paragraphs (*d*) and (*e*) of this Article shall apply as regards any recommendations made under the provisions of this paragraph. Recommendations under this paragraph if not accepted and put into force under paragraphs (*d*) and (*e*) shall fall, but without prejudice to the power of the Committee to present all or any of them again under paragraph (*c*) at the appropriate time.

ARTICLE 4

Standard Tonnages

The exports of tin shall be regulated in accordance with the following provisions:—

(*a*) The following annual quantities in tons of 2,240 English pounds avoirdupois shall be adopted as standard tonnages for each territory:—

TABLE OF STANDARD TONNAGES	Tons
Belgian Congo	20,178
Bolivia	46,768
Malaya	95,474
Netherlands Indies	55,113
Nigeria	15,367
	232,900

(*b*) The Committee shall from time to time fix the quota which may be exported during each quota period. If no positive decision to change the quota is taken the quota shall remain unchanged.

(*c*) In each control year the quantity of tin which is represented by the total of the quotas of each territory during that year constitutes for that territory the permissible exportable amount for such territory.

ARTICLE 5

Exports

The nett exports of tin from each territory for any control year shall be limited to the permissible exportable amount.

Provided that—

(*a*) If the permissible exportable amount is exceeded in any control year the nett exports for the immediately following control year shall be limited to the permissible exportable amount for such year less the amount of such excess for the previous year.

(*b*) If any territory has exported in any control year less than its permissible exportable amount, the nett exports from such territory for the immediately following year may be permitted to exceed the permissible exportable amount for such year by an amount equal to the deficiency below the permissible exportable amount for the previous year if such deficiency was less than 8 1/2 per cent. of such permissible exportable amount or equal to 8 1/3 per cent. of such permissible exportable amount if the deficiency exceeded 8 1/3 per cent., provided that the quantity by which the exports may be permitted to exceed the permissible exportable amount for such year shall in no case exceed 8 1/3 per cent. of the standard tonnage of the territory concerned.

ARTICLE 6

Stocks

The stock of tin and tin in concentrates within any territory shall not at any time exceed 25 per cent. of the standard tonnage of that territory.

The Committee may, however, permit this percentage to be exceeded in particular cases.

ARTICLE 7

Statistics

(*a*) Each territory shall furnish the Committee with the monthly figures of production and export and of the assay value used in their determination within 15 days of the end of each month.

(*b*) Each territory shall furnish not later than three calendar months after the end of each half-year the true tin assay of the concentrates actually exported from the territory during each half-year commencing the 1st January and the 1st July.

(*c*) Each territory shall furnish such additional statistics as will enable the Committee to estimate world's production and stocks.

ARTICLE 8

Adjustment of Statistics

(*a*) On receipt of the detailed figures specified in Article 7 (*b*) the excess or deficiency due to change in assay value shall be determined for each territory and the figures of export adjusted accordingly.

(*b*) Within three months of the commencement of the Scheme the total exports of each territory during the period of the Scheme terminating on the 31st December, 1941 shall be calculated finally, in metallic tin, on the true assay basis. The total exports so determined shall be compared with the permissible exportable amount, and any excesses or deficiencies, subject in the case of the latter to a limit of 8 1/3 per cent. of the permissible exportable amount or 8 1/3 per cent of the standard tonnage, whichever is the less, shall be brought forward for adjustment in the first year of this Scheme.

ARTICLE 9

Irregularities

The contracting Governments and the administrations of the territories to which the present agreement applies shall co-operate with each other to prevent smuggling, evasion and other abuses of the Scheme.

ARTICLE 10

Administration

(*a*) A Committee to be designated the International Tin Committee shall be constituted as soon as possible.

(*b*) The said Committee shall be composed of delegations representing the territories to which the present agreement applies. Each delegation shall consist of not more than three members, and its composition may be changed by formal intimation to the Chairman. Members may be nominated as alternates to such substantive members of delegations.

(*c*) Each territory may associate with its delegation such advisers, not exceeding two in number, as it may consider desirable and may change such advisers. The Chairman may, at the request of any delegation, invite any other person to attend a meeting in an advisory capacity.

(*d*) The Government of the United Kingdom shall be informed as soon as possible by the other contracting Governments of the persons first designated as members of delegations representing their respective territories.

(*e*) The Government of the United Kingdom shall convoke the first meeting of the Committee as soon as possible.

ARTICLE 11

Committee

(*a*) The principal office of the Committee shall be in London. The Committee shall make such arrangements as may be necessary for office accommodation and may appoint and pay such officers and staff as may be required. The remuneration and expenses of members of delegations shall be defrayed by the Government by whom they are designated.

(*b*) The proceedings of the Committee shall be conducted in English.

(*c*) The Committee shall at its first meeting elect its Chairman and Vice-Chairman. The Chairman need not necessarily be a member of a delegation.

(*d*) The Committee may pay the Chairman such remuneration as they consider appropriate.

ARTICLE 12

Procedure

(*a*) Meetings shall be convened by the Chairman or in his absence by the Vice-Chairman. Not more than three calendar months shall normally elapse between any two consecutive meetings. An extraordinary meeting shall be convened at any time at the request of any delegation within fourteen days of the receipt of the request by the Chairman.

(*b*) If no delegation opposes, decisions of the Committee may be taken without a meeting by correspondence between the Chairman and all delegations. Notice of any decision taken shall be given to all delegations as soon as possible; such decision shall be recorded in the minutes of the next meeting.

(*c*) The Committee shall carry out the provisions of this Scheme and shall in addition collect and publish such statistical information and make such other recommendations to Governments relevant to the subject matter of this agreement as may seem desirable. The Committee shall do all such other lawful things as may be necessary, incidental or conducive to the carrying out of its functions and give such publicity to its actions as it may deem necessary or desirable.

(*d*) Any delegation may at any time, if it considers that any contracting Government has failed to comply with its obligations under this agreement, request the Chairman to call a special meeting of the Committee to decide whether a major infringement of the agreement has taken place and, if so, what recommendations should be made to the contracting Governments in view of that infringement. On receipt of such a request the Chairman shall immediately convene a meeting of the Committee.

(*e*) The Committee shall have power to decide what constitutes a major infringement within the meaning of this agreement and may in their discretion decide that a number of minor infringements shall in the aggregate constitute a major infringement. In particular, a major infringement is constituted if, subject to the provisions of Article 5 (*b*), the exports from any territory, for any period of three consecutive months, exceed the quota for that period by an amount equal to 10 per cent. of that quota.

ARTICLE 13

Consumers' Representation

The Committee shall, within one month of its first meeting, invite

(i) two persons to represent the tin consuming interest of the United States of America, of whom one shall be appointed by the Government of the United States of America and the other shall be appointed as the direct representative of the tin consumers in the United States of America; and

(ii) one person appointed to represent the tin consumers other than the tin consumers of the United States of America

to attend its meetings and to tender advice to the Committee regarding world stocks and consumption.

ARTICLE 14

Voting

(*a*) Each delegation shall vote as one unit. In case of delegations composed of more than one member the name of the member entitled to exercise the vote shall be communicated in case of the first meeting to the Government of the United Kingdom and thereafter to the Chairman of the Committee. The voting member may, in case of absence, by communication to the Chairman nominate another member to act for him. The delegations shall be entitled to cast the following number of votes, namely:—

Belgian Congo	2
Bolivia	4
Malaya	5
Netherlands Indies	4
Nigeria	2

(*b*) The presence of voting members of at least three delegations shall be necessary to constitute a quorum at any meeting, provided that if within an hour of the time appointed for the meeting a quorum as above defined is not present, the meeting may be adjourned by the Chairman to the same day in the next week, and if at such adjourned meeting a quorum as defined above is not present, those delegations who are present at the adjourned meeting shall constitute a quorum.

(*c*) At such an adjourned meeting decisions shall be taken by a simple majority of votes. If at such an adjourned meeting the votes are equally divided, the Chairman shall have an additional casting vote.

(*d*) At any meeting other than such an adjourned meeting a total of ten votes in favour shall carry any proposal.

ARTICLE 15

Financial

(*a*) The Committee shall at the beginning of each control year draw up its budget for the forthcoming year. The budget shall show under appropriate headings and in reasonable detail the estimate of the Committee of its expenses for that year. The budget shall be communicated to the contracting Governments and to the administrations of the territories to which the present agreement applies, and shall show the share of the expenses falling upon each territory.

(*b*) The expenses of the Committee shall be defrayed by the administrations of all teritories to which the present agreement applies. The contribution of each territory shall bear the same proportion to the total contributions as the standard tonnage of the territory bears to the total of the standard tonnages.

(*c*) The Committee may draw up, put into force, modify or abrogate rules for the conduct of its business and procedure as may from time to time be necessary, provided that its rules of procedure shall be at all times in conformity with the provisions of this Scheme.

ARTICLE 16

Withdrawal from and Suspension or Abandonment of Scheme

(*a*) If the Committee is satisfied that the estimated production of all territories not specified in Article 4 has, over a period of six consecutive months,

exceeded 20 per cent. of the estimated world production during that period, or 18,000 tons of metallic tin, whichever is the less amount, it shall be competent for any contracting Government to give six months' notice to the Government of the United Kingdom of its intention to withdraw from the Scheme.

(*b*) Any contracting Government may at any time, if it considers that its national security is endangered and that the continuance of its obligations under this agreement would be inconsistent with the requirements of its national security, give notice to the Government of the United Kingdom that it desires the suspension for the period of the emergency of all its rights and obligations under the agreement, and all such rights and obligations shall thereupon be suspended until the Government which has given notice informs the Government of the United Kingdom of the termination of the emergency.

(*c*) If, in accordance with Article 12 (*d*) and 12 (*e*) of this agreement, either the Committee should decide that a major infringement of the agreement has taken place, or a major infringement is proved to the satisfaction of the Committee, the Committee shall at once notify the Government of the United Kingdom, who shall inform the other contracting Governments. Any contracting Government may then, by written notice given to the Government of the United Kingdom, withdraw from this agreement; such withdrawal shall take effect from the end of the three months' quota period following that in which the notice of withdrawal is received.

(*d*) The Government of the United Kingdom shall immediately inform all the other contracting Governments on receipt of any notice of withdrawal or suspension under paragraphs (*a*), (*b*) or (*c*) of this Article, and each of the other contracting Governments shall have the right to notify the Government of the United Kingdom within one month of the receipt of this information that, in the circumstances, it desires to withdraw from the Scheme or to suspend its rights and obligations.

(*e*) If notifications of suspension are received under paragraphs (*b*) and (*d*) from two or more contracting Governments, the agreement shall be suspended in respect of all contracting Governments until the suspension is terminated by the Government which first gave notice under paragraph (*b*). Otherwise the agreement will remain in full force between the contracting Governments who have not given notice of suspension.

(*f*) If the Committee at any time, at a meeting at which all delegations are represented, adopts by an unanimous vote a resolution that it is desirable that the scheme should be abandoned forthwith, the Chairman of the Committee shall at once inform the Government of the United Kingdom of this resolution. The Government of the United Kingdom shall, without delay, communicate this resolution to all the other contracting Governments, and the whole of the present agreement shall terminate as from the end of the quota period current at the date of the communication from the Government of the United Kingdom.

ARTICLE 17

Research

The continuance of international co-operation in research into problems connected with the tin industry and stimulation of consumption of tin is accepted as most desirable.

In witness whereof the undersigned Plenipotentiaries, being authorised to this effect by their respective Governments, have signed the present Agreement and affixed thereto their seals.

Done in London this 9th day of September, 1942, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom, and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

Protocol of Signature

At the moment of signing the Agreement for the International Control of the Production and Export of Tin of this day's date, the undersigned Plenipotentiaries, being duly authorised thereto, have agreed as follows:

(1) It is understood that the provisions of Articles 4 (*a*) and 14 of the Agreement shall be reconsidered as soon as the status of Malaya and the Netherlands East Indies prior to the occupation of those territories by the Japanese forces has been re-established and it has become possible to determine the actual productive capacity of those territories.

(2) Notwithstanding the provisions of Article 15 (*b*) of the Agreement, the expenses of the Committee shall be defrayed in equal shares by the administrations of all the territories to which the above-mentioned Agreement applies until the status of Malaya and the Netherlands East Indies prior to the occupation of those territories by the Japanese forces, has been re-established.

Done in London this 9th day of September, 1942, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom, and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

RUBBER

Agreement for the Regulation of Production and Export of Rubber

Signed at London, 7 May 1934

Entered into force on date of signature[1]

The Governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the Government of the United Kingdom), India, the Kingdom of the Netherlands and the Kingdom of Siam;

Considering that it is necessary and advisable that steps should be taken to regulate the production and export of rubber in and from producing countries with the object of reducing existing world stocks to a normal figure and adjusting in an orderly manner supply to demand and maintaining a fair and equitable price level which will be reasonably remunerative to efficient producers, and being desirous of concluding an agreement for this purpose;

Have accordingly agreed as follows:

ARTICLE 1

The obligations under this Agreement of the Government of the French Republic apply to French Indo-China; those of the Government of the United Kingdom to Ceylon, the Federated Malay States, the Unfederated Malay States, the Straits Settlements, the State of North Borneo, Brunei and Sarawak; those of the Government of India to India (including Burma); those of the Government of the Kingdom of the Netherlands to the Netherlands Indies; and those of the Government of the Kingdom of Siam to Siam.

ARTICLE 2

For the purposes of this agreement—

(*a*) "Basic quotas" means the quotas referred to in Article 4 (*a*).

(*b*) "International Rubber Regulation Committee" means the Committee referred to in Article 15.

(*c*) "Control Year" means any calendar year during the continuance of this Agreement, or, in the case of the year 1934, the portion of that year between the date of the coming into force of the regulation under Article 3 (*b*) and the 31st December, 1934.

(*d*) "Rubber plant" means and includes plants, trees, shrubs or vines of any of the following:

[1] Except in the case of Siam whose signature became definitive on 1 July 1935.

(A) Hevea Braziliensis (Para Rubber).
(B) Manihot Glaziovii (Ceara Rubber).
(C) Castilloa elastica.
(D) Ficus elastica (Rambong).
(E) Any other plant which the International Rubber Regulation Committee may decide is a rubber plant for the purpose of this Regulation.

(*e*) "Rubber" includes (*a*) rubber prepared from the leaves, back or latex of any rubber plant and the latex of any rubber plant, whether fluid or coagulated, in any stage of the treatment to which it is subjected during the process of conversion into rubber, and latex in any state of concentration; and (*b*) all articles and things manufactured wholly or partly of rubber.

(*f*) "Replanting" or "replant" means planting during the period of the Regulation more than thirty rubber plants on any acre, or seventy-five rubber plants on any hectare of any area carrying rubber plants at the date the Regulation becomes operative.

(*g*) "Net exports" means the difference between the total imports of rubber into a territory during a period and the total exports of rubber out of that territory during the same period, provided that, notwithstanding the meaning attached to "rubber" elsewhere in this Agreement, imports or re-exports of articles and things manufactured wholly or partly of rubber and rubber consumed in the country of production shall not be included in arriving at net exports.

(*h*) "Owner" means and includes the proprietor occupier or person in the possession or in charge of a holding or such person as is, in the opinion of the Government concerned, the Manager or Agent of or entitled to act for or on behalf of such proprietor occupier or person.

(*i*) "Holding" means land on which rubber plants are grown which is in the ownership possession or occupation or is being worked by or under the control of the owner.

(*j*) "Person" unless the context otherwise requires includes a company corporation partnership or other body whether corporate or not.

Article 3

(*a*) The contracting Governments undertake to take such measures as may be necessary to maintain and enforce in their respective territories, as defined in Article 1, the regulation and control of the production, export and import of rubber as laid down in Articles 4, 5, 6, 8, 9, 10, 11, 12 and 13 of this Agreement, hereinafter referred to as "the regulation".

(*b*) The said regulation shall come into operation on the 1st day of June, 1934, and shall remain in force until the 31st of December, 1938, as a minimum period.

(*c*) Not more than twelve calendar months and not less than nine calendar months prior to the 31st December, 1938, the International Rubber Regulation Committee shall make a recommendation to the contracting Governments as to the continuation or otherwise of the regulation. The recommendation, if in favour of continuation, may suggest amendments to the regulation and include proposals relating to the other provisions of this agreement.

(*d*) Each contracting Government shall signify to the International Rubber

Regulation Committee and to the other contracting Governments its acceptance or rejection of the recommendation referred to in the immediately preceding paragraph within three calendar months after the date of the receipt of such recommendation.

(*e*) If the said recommendation is accepted by all the contracting Governments, the contracting Governments undertake to take such measures as may be necessary to carry out the said recommendation. The Government of the United Kingdom shall in this event draw up and communicate to all the other contracting Governments a declaration certifying the terms of the said recommendation and its acceptance by all the contracting Governments.

(*f*) If the said recommendation is not accepted by all the contracting Governments, the Government of the United Kingdom may of its own motion, and shall, if requested by any other contracting Government, convoke a conference of the contracting Governments to consider the situation.

(*g*) Unless a recommendation to continue the regulation is accepted under paragraphs (*d*) and (*e*) above, or unless an agreement for continuation is concluded between the contracting Governments at the conference referred to in paragraph (*f*) above, the regulation and all the obligations arising out of this agreement shall terminate on the 31st December, 1938. If at the conference referred to in paragraph (*f*) above an agreement for continuation is concluded between some but not all of the contracting Governments, the regulation and all the obligations arising out of this agreement shall terminate on the 31st December, 1938, in respect of any contracting Government not a party to the agreement for continuation.

ARTICLE 4

In the case of the Straits Settlements, the Federated Malay States, and the Unfederated Malay States and Brunei (which shall be deemed to constitute a single group of territories for this purpose), and of the Netherlands Indies, Ceylon, India (including Burma), the State of North Borneo, Sarawak and Siam, the exports of rubber from the territory shall be regulated in accordance with the following provisions:

(*a*) The following annual quantities in tons of 2,240 English pounds dry rubber shall be adopted as basic quotas for each territory or group of territories for the control years specified:

	1934	1935	1936	1937	1938
	Tons	Tons	Tons	Tons	Tons
Straits Settlements, Federated Malay States, Unfederated Malay States and Brunei	7/12 of 504,000	538,000	569,000	589,000	602,000
Netherlands India	7/12 of 352,000	400,000	443,000	467,000	485,000
Ceylon	7/12 of 77,500	79,000	80,000	81,000	82,500
India	7/12 of 6,850	8,250	9,000	9,000	9,250
Burma	7/12 of 5,150	6,750	8,000	9,000	9,250
State of North Borneo	7/12 of 12,000	13,000	14,000	15,500	16,500
Sarawak	7/12 of 24,000	28,000	30,000	31,500	32,000
Siam	7/12 of 15,000	15,000	15,000	15,000	15,000

(*b*) The International Rubber Regulation Committee shall fix from time to time for each territory or group of territories a percentage of the basic quota. Except in the case of Siam, the percentage of the basic quota fixed by the International Rubber Regulation Committee shall be the same for each territory or group of territories. In the case of Siam, the percentage of the basic quota for that territory shall not be less than 50 per cent. for the year 1934, than 75 per cent. for the year 1935, than 85 per cent. for the year 1936, than 90 per cent. for the year 1937, and 100 per cent. for the year 1938.

(*c*) In each control year the quantity of rubber, which is equivalent to the percentage so fixed of the basic quotas of each territory or group of territories, constitutes for that territory or group of territories the "permissible exportable amount" for such territory or group of territories.

ARTICLE 5

The net exports of rubber from each territory or group of territories shall be limited to the "permissible exportable amount";

Provided that (1) in any control year the net exports may be permitted to exceed the "permissible exportable amount" by a quantity not greater than 5 per cent. of that amount but, if the "permissible exportable amount" is exceeded in any year, the net exports for the immediately following control year shall be limited to the "permissible exportable amount" for such year less the amount of such excess for the previous year;

(2) If any territory or group of territories has exported in any control year less than its "permissible exportable amount", the net exports from such territories or group of territories for the immediately following year may be permitted to exceed the "permissible exportable amount" for such year by an amount equal to the deficiency below the "permissible exportable amount" for the previous year if such deficiency was not more than 12 per cent. of such "permissible exportable amount", or equal to 12 per cent. of such "permissible exportable amount" if the deficiency exceeded 12 per cent.;

(3) In the case of the group of territories comprising the Straits Settlements, the Federated Malay States and the Unfederated Malay States and Brunei, the obligations arising under this article may be executed (*a*) by controlling the actual production of rubber on the islands of Singapore and Penang (parts of the Straits Settlements), and (*b*) by controlling the exports of rubber from the remainder of this group of territories in such a manner that the total of the production of rubber during the control year in question in Singapore and Penang, together with the net exports of rubber during the said year from the remainder of the group of territories, shall not exceed the amount of the "permissible exportable amount" for the whole group of territories;

(4) For the purpose of the preceding proviso and of the provisions of Articles 9, 10 and 13 below, the entry of rubber from the remainder of the group into Singapore or Penang, or *vice versa*, shall be deemed to be an export or import as the case may be.

ARTICLE 6

In the case of French Indo-China, the Administration (i) shall maintain a complete record of all rubber leaving the territory and will establish such control

as is necessary for this purpose, and (ii) on the happening of the events specified in paragraphs (*a*) or (*b*) below, shall cause the quantities of rubber specified in those paragraphs (taken in conjunction with paragraphs (*c*) and (*d*)) to be delivered to the order of the International Rubber Regulation Committee in accordance with the provisions of paragraph (*e*) below:

(*a*) If in any control year the total quantity of rubber leaving French Indo-China for any part of the world shall exceed 30,000 tons (of 2,240 English pounds), but shall be less than the total quantity of unmanufactured rubber entering and retained in France in that year, a quantity of rubber shall be delivered equivalent to 10 per cent. of the amount by which the total quantity of rubber leaving French Indo-China exceeds 30,000 tons.

(*b*) If in any control year the total quantity of rubber leaving French Indo-China exceeds the total quantity of unmanufactured rubber entering and retained in France in that year, a quantity of rubber shall be delivered equivalent to 10 per cent. of the difference between 30,000 tons and the amount of the retained quantity aforesaid, together with an additional quantity corresponding to a percentage of the difference between the total quantity of unmanufactured rubber entering and retained in France, and the total quantity of rubber leaving French Indo-China for any part of the world during that year, such percentage being the average percentage of reduction of basic quotas which shall have been applied in that year in the territories specified in Article 4, excluding Siam.

(*c*) The quantities above mentioned or referred to shall be reduced for the control year ending the 31st December, 1934, to 7/12ths of those quantities.

(*d*) Provided, however, that the quantity of rubber to be delivered by French Indo-China in any control year shall not exceed a quantity equal to the percentage of the total quantity of rubber leaving French Indo-China corresponding to the average percentage of reduction of the basic quotas which shall have been applied in that year in the territories specified in Article 4, excluding Siam.

(*e*) The quantities of rubber referred to in paragraphs (*a*) and (*b*) above (taken in conjunction with paragraphs (*c*) and (*d*)) shall be notified to and agreed with the International Rubber Regulation Committee and delivered free of cost and all charges in the form of Singapore standard sheets or Singapore standard crêpe, to the order of the International Rubber Regulation Committee in Singapore (or any other port or place selected by the International Rubber Regulation Committee) within three months after the expiration of the control year in question.

ARTICLE 7

The International Rubber Regulation Committee may dispose of all rubber delivered in accordance with the provisions of the preceding article in such manner as it shall deem to be most beneficial to the objects which are envisaged in the provisions of the present Convention.

ARTICLE 8

The provisions of Articles 9, 10, 11, 12, 13 and 14 below apply to all the territories specified in Article 1 unless the contrary is expressly stated.

ARTICLE 9

The exportation of rubber from a territory or group of territories shall be prohibited under penalties that will be effectively deterrent, unless such rubber is accompanied by a certificate of origin duly authenticated by an official duly empowered for this purpose by the administration of the territory or group. The penalties which may be imposed for this offence shall include (*a*) the destruction, and (*b*) the confiscation of the rubber. This article does not apply to the islands of Singapore and Penang.

ARTICLE 10

The importation of rubber into a territory or group of territories shall be prohibited, under penalties that will be effectively deterrent, unless such rubber is accompanied by a certificate of origin duly authenticated by a competent official of the Administration of the territory or group of origin. The penalties which may be imposed for this offence shall include (*a*) the destruction, and (*b*) the confiscation of the rubber.

ARTICLE 11

(*a*) Every owner shall be prohibited, under penalties that shall be effectively deterrent, from having in his possession or under his control within a territory or group of territories at any time stocks of rubber exceeding 20 per cent. of the quantity of rubber wholly grown and produced and removed from his holding during the preceding twelve months, or, alternatively, a quantity equivalent to twice the amount he is entitled to export during any month.

(*b*) The total of all other stocks of rubber in the territory shall be limited to a quantity not exceeding 12½ per cent. of its "permissible exportable amount" for the control year.

(*c*) The preceding provisions of this article do not apply to French Indo-China, India (including Burma), the islands of Singapore or Penang, Sarawak or Siam, but in India (including Burma), Sarawak and Siam the stocks of rubber shall be limited to normal proportions having regard to the amount of rubber internally consumed.

ARTICLE 12

(*a*) Except as provided in paragraphs (*b*) and (*c*) of this article, the planting of rubber plants during the period of the Regulation shall be prohibited absolutely under penalties that shall be effectively deterrent, such penalties including the compulsory eradication and destruction at the expense of the owner of the plants so planted.

(*b*) In Siam the planting of an area not exceeding in the aggregate 31,000 acres may be permitted.

(*c*) In all territories—

(i) The planting of small areas for exclusively experimental purposes may be permitted provided that during the period of the Regulation the total area of such permitted plantings in any territory or group of territories shall not exceed

the equivalent of one-quarter of 1 per cent. of that territory's or group's ascertained total area planted at the date of commencement of the Regulation.

(ii) The limited replanting of areas at present carrying rubber plants may be permitted upon the following conditions: An owner who desires to replant part of his holding shall be obliged first to notify the Administration of the territory or group of territories of his intention to replant and to give such particulars of the proposed replanting as may be required by the Administration, and he may then be permitted to replant in any control year to the extent set out in such particulars an area not exceeding 10 per cent. of the total planted area of his holding in the territory or group of territories at the date of commencement of the Regulation, provided that the aggregate of the areas so replanted during the minimum period of the Regulation (specified in Article 3 (*b*)) shall not exceed 20 per cent. of such total planted area of his holding.

ARTICLE 13

The exportation from the territory or group of territories of any leaves, flowers, seeds, buds, twigs, branches, roots or any living portion of the rubber plant that may be used to propagate it shall be prohibited under penalties that shall be effectively deterrent.

ARTICLE 14

The contracting Governments and the Administrations of the territories or group of territories to which the present Agreement applies will co-operate with each other to prevent smuggling evasions and other abuses of the Regulation.

ARTICLE 15

(*a*) An International Committee, to be designated "The International Rubber Regulation Committee", shall be constituted as soon as possible.

(*b*) The said Committee shall be composed of delegations representing the territories or group of territories to which the present Agreement applies, and the numbers of the respective delegations and the numbers of the persons who may be nominated as substitutes to replace members of delegations who are absent shall be as follows:

	Members	Substitute Members
(1) Straits Settlements, Federated Malay States, Unfederated Malay States, Brunei	4	2
(2) Netherlands India	3	2
(3) Ceylon	2	1
(4) India, including Burma	1	1
(5) French Indo-China	1	1
(6) State of North Borneo	1	1
(7) Sarawak	1	1
(8) Siam	1	1

(*c*) The Government of the United Kingdom shall be informed as soon as possible by the other contracting Governments of the persons first designated as members of delegations representing their respective territories. All subsequent changes in the membership of delegations shall be notified by communications addressed to the Chairman of the Committee.

(*d*) The Government of the United Kingdom will convoke the first meeting

of the Committee as soon as possible, and may do so when the members of six delegations have been designated.

(*e*) The principal office of the Committee shall be in London and its meetings shall be held in London. The Committee shall make such arrangements as may be necessary for office accommodation and may appoint and pay such officers and staff as may be required. The remuneration and expenses of members of delegations shall be defrayed entirely by the Governments by whom they are designated.

(*f*) The proceedings of the Committee shall be conducted in English.

(*g*) The Committee shall at its first meeting elect its Chairman and Vice-Chairman.

(*h*) The Chairman and Vice-Chairman shall not be members of the same delegation.

(*i*) Meetings shall be convened by the Chairman, or in his absence by the Vice-Chairman. Not more than three calendar months shall elapse between any two consecutive meetings. An extraordinary meeting shall be convened at any time at the request of any delegation within seven days of the receipt of the request by the Chairman.

(*j*) The Committee shall perform the functions specifically entrusted to it under Articles 3 (*c*), 4 (*b*), 6, 7, 17 and 18 of this Agreement, and shall, in addition, collect and publish such statistical information and make such other recommendations to Governments relevant to the subject-matter of this Agreement as may seem desirable, in particular with reference to the disposal of any rubber which may come into the ownership of any Government as the result of the carrying out of Articles 9 and 10 of this Agreement. The Committee shall do all such other lawful things as may be necessary, incidental or conducive to the carrying out of its functions, and give such publicity to its actions as it may deem necessary or desirable.

(*k*) Each delegation shall vote as one unit. In case of delegations composed of more than one member, the name of the member entitled to exercise the vote shall be communicated in case of the first meeting of the Committee to the Government of the United Kingdom and thereafter to the Chairman of the Committee. The voting member may in case of absence, by communication to the Chairman, nominate another member to act for him.

(*l*) Each delegation shall possess a number of votes calculated on the basis of one vote for every complete 1,000 tons of the basic quota of the control year for the time being for the territory or group of territories represented by that delegation, and for the purpose of voting the territory of French Indo-China shall be deemed to have the following quotas, *viz.*:

	Tons
1934	22,500
1935	27,000
1936	34,000
1937	44,000
1938	52,000

(*m*) The presence of voting members of at least four delegations shall be necessary to constitute a quorum at any meeting; provided that if within an hour of the time appointed for any meeting a quorum as above defined is not present, the meeting may be adjourned by the Chairman to the same day, time and place

in the next week, and if at such adjourned meeting a quorum as defined above is not present, those delegations who are present at the adjourned meeting shall constitute a quorum.

(*n*) Decisions shall be taken by a majority of the votes cast; provided that—

(i) A decision fixing or varying the permissible exportable percentage of the basic quotas, or making or modifying or abrogating the rules of procedure shall require a three-fourths majority of the total votes which could be cast by all the delegations entitled to vote, whether such delegations are present or not;

(ii) The delegations representing French Indo-China shall only be entitled to participate in any discussion or vote on the permissible exportable percentage of the basic quotas if and so long as this territory is conforming to the Regulation on the basis of Article 6 (*b*).

(*o*) The Committee shall at the beginning of each control year draw up its budget for the forthcoming year. The budget shall show under appropriate headings and in reasonable detail the estimate of the Committee of its expenses for that year. The budget shall be communicated to the contracting Governments and to the Administrations of the territories or group of territories to which the present Agreement applies, and shall show the share of the expenses falling upon each territory or group of territories in accordance with the provisions of Article 16.

As soon as possible after the end of each control year, the Committee shall cause to be drawn up and audited by a duly qualified chartered accountant a statement of account showing the money received and expended during such years. The statement of account shall be communicated to the contracting Governments and to the Administrations of all territories or group of territories to which the present Agreement applies.

(*p*) The Committee may draw up, put into force, modify or abrogate rules for the conduct of its business and procedure as may from time to time be necesary, provided that its rules of procedure shall be at all times in conformity with the preceding provisions of this article.

Article 16

The expenses of the International Rubber Regulation Committee shall be defrayed by the Administrations of all territories or group of territories to which the present Agreement applies, other than Sarawak and Siam. One half of the contribution for the whole year of each territory or group of territories, as shown in the budget drawn up by the Committee, shall be paid immediately on receipt of the budget by the contracting Governments, and the balance of such contribution not later than 6 months after this date. The contribution of each territory or group of territories shall be proportionate to their respective basic quota for the control year to which the budget relates. The basic quotas of French Indo-China for this purpose shall be those specified in Article 15 (*l*).

Article 17

(*a*) The Administrations of each of the territories or group of territories to which the present Agreement applies shall not later than the 1st January, 1935,

communicate to the International Rubber Regulation Committee a declaration showing the total ascertained area in the territory or group planted with rubber on the 1st June, 1934.

(*b*) Each Administration will furnish to the International Rubber Regulation Committee all reasonable assistance to enable the Committee properly and efficiently to discharge its duties. Such assistance shall include all necessary statistical information and ample facilities to duly accredited agents of the Committee for the investigation of the manner in which the regulation is being carried out in the territory.

ARTICLE 18

The International Rubber Regulation Committee shall be empowered to, and shall within one month after the date of its first meeting, invite the body or bodies they consider most representative of rubber manufacturers to nominate three persons representative of such manufacturers, of whom one shall be representative of manufacturers in America, and such representatives shall form a panel who will be invited to tender advice from time to time to the International Rubber Regulation Committee as to world stocks, the fixing and varying of the permissible exportable percentage of the basic quotas, and cognate matters affecting the interests of rubber manufacturers.

ARTICLE 19

The contracting Governments, recognising that a natural balancing of production and consumption can be hastened by research with a view to developing new applications and by propaganda, declare that they will consider the possibility of (i) levying and collecting a uniform cess on the net exports from their respective territories during the period of the Regulation for the purpose of supporting such research and propaganda, and (ii) co-operating in the constitution of an International Rubber Research Board to plan the research and propaganda. If the proposals specified in this article are put into operation, no financial contribution will be expected in respect of Sarawak or Siam.

In witness whereof the undersigned plenipotentiaries, being authorised to this effect by their respective Governments, have signed the present Agreement and affixed thereto their seals.

Done at London this 7th day of May, 1934, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom, and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

Protocol Amending the Agreement of 7 May 1934

Signed at London, 27 June 1935

Entered into force on date of signature

The Governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland, India, the Kingdom of the Netherlands and the Kingdom of Siam;

Being desirous of introducing certain amendments to the Agreement signed at London on the 7th May, 1934, for the regulation of the production and export of rubber;

Have accordingly agreed as follows:

1. The table to Article 4 (*a*) of the said Agreement shall be amended to read as follows:

Siam:

1935	1936	1937	1938
40,000	40,000	40,000	40,000

2. The Government of Siam declares that its signature of the Agreement of the 7th May, 1934, given subject to ratification, shall be deemed to be ratified and become effective as from the 1st July, 1935.

3. The present Protocol shall come into force immediately.

In witness whereof the undersigned plenipotentiaries, being authorised to this effect by their respective Governments, have signed the present Protocol and affixed thereto their seals.

Done at London, this 27th day of June, 1935, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom, and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

Protocol Amending the Agreement of 7 May 1934

Signed at London, 22 May 1936

Entered into force on date of signature

The Governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland, India, the Kingdom of the Netherlands and the Kingdom of Siam;

Being desirous of introducing certain amendments to the Agreement signed at London on the 7th May, 1934, for the regulation of the production and export of rubber;

Have accordingly agreed as follows:

1. The table to Article 4 (*a*) of the said Agreement shall be amended to read as follows:

India:

1935	1936	1937	1938
12,500	12,500	12,500	13,000

Burma:

1935	1936	1937	1938
8,000	8,500	9,000	9,250

2. The Government of India declares with reference to the reservations made at the time of signature of the Agreement of the 7th May, 1934, and of the Protocol of the 27th June, 1935, that the Indian States have undertaken to act in accordance with the provisions of that Agreement as amended by the present

Protocol and that the Indian Legislature has already taken legislative action necessary to implement the terms of the Agreement.

3. The present Protocol shall come into force immediately.

In witness whereof the undersigned plenipotentiaries, being authorised to this effect by their respective Governments, have signed the present Protocol and affixed thereto their seals.

Done at London, the 22nd day of May, 1936, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom, and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

Protocol Amending the Agreement of 7 May 1934

Signed at London, 5 February 1937

Entered into force on date of signature

The Governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland, India, the Kingdom of the Netherlands and the Kingdom of Siam;

Being desirous of introducing certain amendments to the Agreement signed at London on the 7th May, 1934, for the regulation of the production and export of rubber;

Have accordingly agreed as follows:

1. The table to Article 4 (*a*) of the said Agreement shall be amended to read as follows:

Netherlands India		
1936	1937	1938
500,000	520,000	540,000

2. The present Protocol shall come into force immediately.

In witness whereof the undersigned plenipotentiaries, being authorised to this effect by their respective Governments, have signed the present Protocol and affixed thereto their seals.

Done at London, this 5th day of February, 1937, in a single copy, which shall remain deposited in the archives of the Government of the United Kingdom, and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

Declaration of the Secretary of State for Foreign Affairs of Great Britain recording the Acceptance of a Recommendation by the International Rubber Regulation Committee by the States Parties to the Agreement regarding the Regulation of the Production and Export of Rubber

Signed at London, 6 October 1938

Whereas paragraphs (*b*), (*c*), (*d*) and (*e*) of Article 3 of the Agreement to regulate production and export of rubber, signed in London on the 7th May, 1934,

and amended by the Protocols signed in London on the 27th June, 1935, the 22nd May, 1936, and the 5th February, 1937, provide as follows:

(*b*) The said Regulation shall come into operation on the 1st day of June, 1934, and shall remain in force until the 31st December, 1938, as a minimum period.

(*c*) Not more than twelve calendar months and not less than nine calendar months prior to the 31st December, 1938, the International Rubber Regulation Committee shall make a recommendation to the contracting Governments as to the continuation or otherwise of the Regulation. The recommendation, if in favour of continuation, may suggest amendments to the Regulation and include proposals relating to the other provisions of this Agreement.

(*d*) Each contracting Government shall signify to the International Rubber Regulation Committee and to the other contracting Governments its acceptance or rejection of the recommendation referred to in the immediately preceding paragraph within three calendar months after the date of the receipt of such recommendation.

(*e*) If the said recommendation is accepted by all the contracting Governments, the contracting Governments undertake to take such measures as may be necessary to carry out the said recommendation. The Government of the United Kingdom shall in this event draw up and communicate to all the other contracting Governments a declaration certifying the terms of the said recommendation and its acceptance by all the contracting Governments.

And whereas, at their meeting in London on the 29th March, 1938, in accordance with paragraph (*c*), the International Rubber Regulation Committee made a recommendation;

And whereas all the Governments Parties to the said Agreement—namely, the Governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland, India, the Netherlands and Siam—have signified their acceptance of the recommendation:

Now, therefore, I, the Undersigned, Principal Secretary of State for Foreign Affairs of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, in accordance with the provisions of paragraph (*e*) of Article 3 of the said Agreement, hereby declare that the terms of the said recommendation are those set forth in the Annex hereto and certify that the recommendation has been accepted by all the contracting Governments.

Witness my hand this 6th day of October, 1938.
Given at the Foreign Office, London.

Recommendation of the International Rubber Regulation Committee as to the Continuation or otherwise of the Regulation

Whereas paragraphs (*b*), (*c*), (*d*), (*e*), (*f*) and (*g*) of Article 3 of the Agreement to regulate production and export of rubber signed at London on the 7th May,

1934, and amended by the Protocols signed at London on the 27th June, 1935, the 22nd May, 1936, and the 5th February, 1937, provide as follows:

(*b*) The said Regulation shall come into operation on the 1st day of June, 1934, and shall remain in force until the 31st December, 1938, as a minimum period.

(*c*) Not more than twelve calendar months and not less than nine calendar months prior to the 31st December, 1938, the International Rubber Regulation Committee shall make a recommendation to the contracting Governments as to the continuation or otherwise of the Regulation. The recommendation, if in favour of continuation, may suggest amendments to the Regulation and include proposals relating to the other provisions of this Agreement.

(*d*) Each contracting Government shall signify to the International Rubber Regulation Committee and to the other contracting Governments its acceptance or rejection of the recommendation referred to in the immediately preceding paragraph within three calendar months after the date of the receipt of such recommendation.

(*e*) If the said recommendation is accepted by all the contracting Governments, the contracting Governments undertake to take such measures as may be necessary to carry out the said recommendation. The Government of the United Kingdom shall in this event draw up and communicate to all the other contracting Governments a declaration certifying the terms of the said recommendation and its acceptance by all the contracting Governments.

(*f*) If the said recommendation is not accepted by all the contracting Governments, the Government of the United Kingdom may of its own motion, and shall, if requested by any other contracting Government, convoke a conference of the contracting Governments to consider the situation.

(*g*) Unless a recommendation to continue the Regulation is accepted under paragraphs (*d*) and (*e*) above, or unless an agreement for continuation is concluded between the contracting Governments at the conference referred to in paragraph (*f*) above, the Regulation and all the obligations arising out of this Agreement shall terminate on the 31st December, 1938. If at the conference referred to in paragraph (*f*) above an agreement for continuation is concluded between some but not all of the contracting Governments, the Regulation and all the obligations arising out of this Agreement shall terminate on the 31st December, 1938, in respect of any contracting Government, not a party to the agreement for continuation,

and:

Whereas it is desirable that the International Rubber Regulation Committee shall make a recommendation to the Governments Parties to the said Agreement as provided in paragraph (*c*) of the said Article:

Therefore the said Committee at a meeting at London on the 20th day of March, 1938, adopts the following resolutions:

(1) The Committee recommends that the Regulation shall be continued until the 31st December, 1943, as a minimum period.

(2) In making this recommendation, the Committee suggests the amendments to the Regulation and submits the proposals relating to the other provisions of the Agreement, which are set out in Annex I to this resolution, and recommends that they should come into force on the 1st January, 1939. A copy of the Agreement, as amended in accordance with the amendments and proposals contained in Annex I, is set out in Annex II.

(3) The Committee submits this recommendation, including the amendments and proposals set out in the Annexes to this resolution, to each of the contracting Governments with the request that they will, in accordance with paragraph (*d*) of Article 3 of the Agreement, signify to the Committee and to the other contracting Governments their acceptance or rejection of the recommendation within three calendar months after receipt of this recommendation.

(4) The Committee further requests the Government of the United Kingdom to take the action prescribed in paragraphs (*e*) or (*f*) of Article 3 of the Agreement in accordance with the circumstances.

(5) In view of the fact that, in the case of a conference having to be convened in accordance with paragraph (*f*), it is essential that the aforesaid conference should meet without delay, the Committee requests the Government of the United Kingdom to convoke the conference as soon as possible after the expiry of the three months referred to in paragraph (*d*), and requests all the contracting Governments to take the necessary steps to render it possible for their plenipotentiaries to attend a conference convoked at short notice.

ANNEX I

(not printed)

ANNEX II

Revised Text, as recommended by the International Rubber Regulation Committee, of the Agreement between the Governments of France, the United Kingdom, India, the Netherlands and Siam to regulate Production and Export of Rubber, signed in London, May 7th, 1934, as amended by the Protocols of June 27th, 1935, May 22nd, 1936, and February 5th, 1937.

Entered into force 1 January 1939

The Governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the Government of the United Kingdom), India, the Kingdom of the Netherlands, and the Kingdom of Siam:

Considering that it is necessary and advisable that steps should be taken to regulate the production and export of rubber in and from producing countries with the object of keeping world stocks at a normal figure and adjusting in an orderly manner supply to demand, while at the same time making available all the rubber that may be required and maintaining a fair and equitable price level

which will be reasonably remunerative to efficient producers, and being desirous of concluding an Agreement for this purpose:

Have accordingly agreed as follows:

ARTICLE 1

The obligations under this Agreement of the Government of the French Republic apply to French Indo-China; those of the Government of the United Kingdom to Burma, Ceylon, the Federated Malay States, the Unfederated Malay States, the Straits Settlements, the State of North Borneo, Brunei and Sarawak; those of the Government of India to India; those of the Government of the Kingdom of the Netherlands to the Netherlands Indies; and those of the Government of the Kingdom of Siam to Siam.

ARTICLE 2

For the purposes of this Agreement:

(*a*) "Basic quotas" means the quotas referred to in Article 4 (*a*).

(*b*) "International Rubber Regulation Committee" means the Committee referred to in Article 15.

(*c*) "Control year" means any calendar year during the continuance of this Agreement, or, in the case of the year 1934, the portion of that year between the date of the coming into force of the Regulation under Article 3 (*b*) and the 31st December, 1934.

(*d*) "Rubber plant" means and includes plants, trees, shrubs or vines, and any leaves, flowers, seeds, buds, twigs, branches, roots or any living portion of them that may be used to propagate any of the following:

(A) Hevea Braziliensis (Para Rubber).
(B) Manihot Glaziovii (Ceara Rubber).
(C) Castilloa elastica.
(D) Ficus elastica (Rambong).
(E) Any other plant, tree, shrub or vine which the International Rubber Regulation Committee may decide is a rubber plant for the purpose of this Regulation.

(*e*) "Rubber" means (1) crude rubber, that is to say, rubber prepared from the leaves, bark or latex of any rubber plant, and the latex of any rubber plant, whether fluid or coagulated, in any state of the treatment to which it is subjected during the process of conversion into rubber, and latex in any state of concentration; and (2) for the purposes of paragraph (*i*) of this Article and Articles 4, 5 and 6 includes the raw rubber content of all articles and things manufactured wholly or partly from crude rubber within a territory to which the present Agreement applies, which manufactured articles had not been previously imported.

(*f*) "New planting" means planting during the period of the Regulation rubber seeds or plants on an area which has not since the 7th May, 1934, borne such plants. If in an area already bearing two (or more) cultivations or other

growths, one of which consists of rubber plants, the other cultivation(s) or growth(s) are being wholly or partly substituted by rubber plants, this substitution will also be regarded as new planting

(*g*) "Replanting" or "replant" means planting during the period of the Regulation more than thirty plants on any acre (or more than seventy-five rubber plants on any hectare) of any area carrying rubber plants on the 7th May, 1934, so far as such planting cannot be considered to be new planting as defined under (*f*) of this Article.

(*h*) "Supplying" or "supply" means planting during the period of the Regulation thirty rubber plants or less on any acre, or seventy-five rubber plants or less on any hectare of any area carrying rubber plants on the 7th May, 1934, so far as such planting cannot be considered to be new planting as defined under (*f*) of this Article.

(*i*) "Net exports" means the difference between the total exports of rubber from a territory during a period, and the total imports of crude rubber into that territory during the same period.

(*j*) "Owner" means and includes the proprietor, occupier or person in the possession or in charge of a holding, or such person as is, in the opinion of the Government concerned, the Manager or Agent of or entitled to act for or on behalf of such proprietor, occupier or person

(*k*) "Holding" means land on which rubber plants are grown which is in the ownership, possession or occupation, or is being worked by or under the control of the owner.

(*l*) "Person", unless the context otherwise requires, includes a company, corporation, partnership or other body whether corporate or not.

(*m*) "Standard production" means the amount fixed by the Government of each territory or group of territories as the standard production of rubber of a holding for any control year.

ARTICLE 3

(*a*) The contracting Governments undertake to take such measures as may be necessary to maintain and enforce in their respective territories, as defined in Article 1, the regulation and control of the production, export and import of rubber as laid down in Articles 4, 5, 6, 8, 9, 10, 11, 12 and 13 of this Agreement, hereinafter referred to as "the Regulation".

(*b*) The said Regulation shall come into operation on the 1st June, 1934, and shall remain in force until the 31st December, 1943, as a minimum period.

(*c*) Not less than twelve calendar months prior to the 31st December, 1943, the International Rubber Regulation Committee shall make a recommendation to the contracting Governments as to the continuation or otherwise of the Regulation. The recommendation, if in favour of continuation, may suggest amendments to the Regulation and include proposals relating to the other provisions of this Agreement.

(*d*) Each contracting Government shall signify to the International Rubber Regulation Committee its acceptance or rejection of the recommendation referred to in the immediately preceding paragraph within three calendar months after the date of the receipt of such recommendation.

(*e*) If the said recommendation is accepted by all the contracting Governments, the contracting Governments undertake to take such measures as may be necessary to carry out the said recommendation. The International Rubber Regulation Committee shall inform the Government of the United Kingdom, which shall draw up a declaration certifying the terms of the said recommendation and its acceptance by all the contracting Governments, and the present Agreement shall be deemed to be amended in accordance with this declaration as from the date specified in that declaration. A certified copy of the declaration, together with a certified copy of the Agreement as amended, shall be communicated to all the other contracting Governments.

(*f*) If the said recommendation is not accepted by all the contracting Governments, the International Rubber Regulation Committee shall decide as soon as possible whether they desire to submit to the contracting Governments an amended recommendation. If the International Rubber Regulation Committee submits an amended recommendation, each contracting Government shall signify to the International Rubber Regulation Committee its acceptance or rejection of the amended recommendation within one month after the date of its receipt. If the amended recommendation is accepted by all the contracting Governments the provisions of paragraph (*e*) above shall apply.

(*g*) If the International Rubber Regulation Committee decides not to submit an amended recommendation, or if its amended recommendation is not accepted by all the contracting Governments, the International Rubber Regulation Committee shall so inform the Government of the United Kingdom which may of its own accord, and shall, if requested by any other contracting Government, convoke a conference of the contracting Governments to consider the situation.

(*h*) Unless a recommendation to continue the Regulation is accepted under paragraphs (*d*), (*e*) and (*f*) above, or unless an agreement for continuation is concluded between the contracting Governments at the conference referred to in paragraph (*g*) above, the Regulation and all the obligations arising out of this Agreement shall terminate on the 31st December, 1943. If at the conference referred to in paragraph (*g*) above an agreement for continuation is concluded between some but not all of the contracting Governments, the Regulation and all the obligations arising out of this Agreement shall terminate on the 31st December, 1943, in respect of any contracting Government not a party to the Agreement for continuation.

(*i*) Without prejudice to the provisions of paragraph (*c*) of this Article the International Rubber Regulation Committee may at any time make a recommendation to the contracting Governments for the amendment of any part of the Regulation or any of the other provisions of the present Agreement except the provisions of Articles 4 and 6 and of paragraphs (*l*) or (*n*) of Article 15. The recommendations of the Committee under this paragraph may include a recommendation that the present Agreement should be made open to the accession of a non-signatory Government, and proposals for such additions and amendments to the present Agreement (including additions to Article 4 and paragraphs (*l*) or (*n*) of Article 15) as may be necessary to determine the conditions of the participation of such Government. The provisions of paragraphs (*d*) and (*e*) of this Article shall apply as regards any recommendation made under the provisions

of this paragraph. Recommendations under this paragraph, if not accepted and put into force under paragraphs (*d*) and (*e*), shall fall, but without prejudice to the power of the International Rubber Regulation Committee to present all or any of them again under paragraph (*c*) at the appropriate time.

ARTICLE 4

In the case of the Straits Settlements, the Federated Malay States, and the Unfederated Malay States and Brunei (which shall be deemed to constitute a single group of territories for this purpose), and of the Netherlands Indies, Ceylon, India, Burma, the State of North Borneo, Sarawak and Siam, the exports of rubber from the territory shall be regulated in accordance with the following provisions:

(*a*) The following annual quantities in tons of 2,240 English pounds dry rubber shall be adopted as basic quotas for each territory or group of territories for the control years specified:

TABLE OF BASIC QUOTAS (LONG TONS)
1934-1938

	1934	1935	1936	1937	1938
	7/12 of				
Straits Settlements, F.M.S., U.M.S., and Brunei	504,000	538,000	569,000	589,000	602,000
Netherlands India	352,000	400,000	500,000	520,000	540,000
Ceylon	77,500	79,000	80,000	81,000	82,500
India	6,850	12,500	12,500	12,500	13,000
Burma	5,150	8,000	8,500	9,000	9,250
State of N. Borneo	12,000	13,000	14,000	15,500	16,500
Sarawak	24,000	28,000	30,000	31,500	32,000
Siam	15,000	40,000	40,000	40,000	40,000
Total	996,500	1,118,500	1,254,000	1,298,500	1,335,250

TABLE OF BASIC QUOTAS (LONG TONS)
1939-1943

	1939	1940	1941	1942	1943
Straits Settlements, F.M.S., U.M.S., and Brunei	632,000	642,500	648,000	651,000	651,500
Netherlands India	631,500	640,000	645,500	650,000	651,000
Ceylon	106,000	107,500	109,000	109,500	110,000
India	17,500	17,750	17,750	17,750	17,750
Burma	13,500	13,750	13,750	13,750	13,750
State of N. Borneo	21,000	21,000	21,000	21,000	21,000
Sarawak	43,000	43,750	44,000	44,000	44,000
Siam	54,500	55,300	55,700	56,000	60,000
Total	1,519,000	1,541,550	1,554,700	1,563,000	1,569,000

(*b*) Burma shall be permitted to export rubber to India without debiting such exports against her "permissible exportable amount" as defined in paragraph (*d*) below and in paragraphs (1) and (2) of Article 5, so long as such exports are permitted by the Governments of India and Burma. In the event of such exports being absolutely prohibited, an addition at the rate of 3,000 tons per annum shall be made to the basic quotas allotted to Burma in paragraph (*a*) of this Article. If such exports are limited and the amount so limited is less than 3,000 tons, then an addition shall be made to the basic quotas for Burma at a rate per annum equivalent to the difference between such permitted annual exports and

3,000 tons, and if the amount permitted is equal to or greater than 3,000 tons, no addition shall be made to the basic quotas. An addition to the basic quotas made under the provisions of this paragraph at any time during a control year shall bear the same relation to the addition permitted for a full year as the remaining part of the control year calculated from the date on which the prohibition or limitation came into force bears to the whole control year. Such exports of rubber imported into India from Burma shall be deemed to be excluded from India's "total imports of crude rubber" and from Burma's "total exports of rubber" for the purposes of Article 2 (*i*).

(*c*) The International Rubber Regulation Committee shall fix from time to time for each territory or group of territories a percentage of the basic quota. The percentage of the basic quota fixed by the International Rubber Regulation Committee shall be the same for each territory or group of territories. In the case of Siam, the percentage of the basic quota for that territory shall not be less than 50 per cent. for the year 1934, than 75 per cent. for the year 1935, than 85 per cent. for the year 1936, than 90 per cent. for the year 1937, and 100 per cent. for the year 1938.

(*d*) In each control year the quantity of rubber, which is equivalent to the percentage so fixed of the basic quotas of each territory or group of territories, constitutes for that territory or group of territories the "permissible exportable amount" for such territory or group of territories. Provided that in the case of Siam the "permissible exportable amount" so constituted for that territory shall not in any of the control years 1939 to 1943 be less than 41,000 tons (of 2,240 English pounds).

ARTICLE 5

The net exports of rubber from each territory or group of territories shall be limited to the "permissible exportable amount":

Provided that (1) in any control year the net exports may be permitted to exceed the "permissible exportable amount" by a quantity not greater than 5 per cent. of that amount, but, if the "permissible exportable amount" is exceeded in any year, the net exports for the immediately following control year shall be limited to the "permissible exportable amount" for such year less the amount of such excess for the previous year.

(2) If any territory or group of territories has exported in any control year less than its "permissible exportable amount", the net exports from such territory or group of territories for the immediately following year may be permitted to exceed the "permissible exportable amount" for such year by an amount equal to the deficiency below the "permissible exportable amount" for the previous year if such deficiency was not more than 10 per cent. of such "permissible exportable amount", or equal to 10 per cent. of such "permissible exportable amount" if the deficiency exceeded 10 per cent.

(3) In the case of the group of territories comprising the Straits Settlements, the Federated Malay States and the Unfederated Malay States and Brunei, the obligations arising under this Article may be executed (*a*) by controlling the actual production of rubber on the islands of Singapore and Penang (parts of the Straits Settlements), and (*b*) by controlling the exports of rubber from the remain-

der of this group of territories in such a manner that the total of the production of rubber during the control year in question in Singapore and Penang, together with the net exports of rubber during the said year from the remainder of the group of territories, shall not exceed the amount of the "permissible exportable amount" for the whole group of territories.

(4) For the purpose of the preceding proviso and of the provisions of Articles 9, 10 and 13 below, the entry of rubber from the remainder of the group into Singapore or Penang, or into such rubber storage places within the remainder of the group as may from time to time be sanctioned by the International Rubber Regulation Committee, or *vice versa*, shall be deemed to be an export or import as the case may be.

ARTICLE 6

In the case of French Indo-China, the Administration (1) shall maintain a complete record of all rubber leaving the territory and will establish such control as is necessary for this purpose, and (2) on the happening of the events specified in paragraph (*a*) below, shall cause the quantities of rubber specified in that paragraph to be delivered to the order of the International Rubber Regulation Committee in accordance with the provisions of paragraph (*b*) below:

(*a*) If in any control year the total quantity of rubber leaving French Indo-China for any part of the world shall exceed 60,000 tons (of 2,240 English pounds), and the permissible exportable amounts for the territories specified in Article 4 are less than the basic quotas, a quantity of rubber shall be delivered equal to a percentage of the amount by which the total quantity of rubber leaving French Indo-China exceeds 60,000 tons, such percentage being the average percentage of reduction of basic quotas which shall have been applied in that year in the territories specified in Article 4.

(*b*) The quantities of rubber referred to in paragraph (*a*) above shall be notified to and agreed with the International Rubber Regulation Committee, and delivered free of cost and all charges at warehouses in the United Kingdom or in France in the form of London standard quality sheets or London standard quality crêpe, to the order of the International Rubber Regulation Committee, within six months after the expiration of the control year in question.

ARTICLE 7

The International Rubber Regulation Committee may dispose of all rubber delivered in accordance with the provisions of the preceding Article in such manner as it shall deem to be most beneficial to the objects which are envisaged in the provisions of the present Agreement.

ARTICLE 8

The provisions of Articles 9, 10, 11, 12, 13 and 14 below apply to all the territories specified in Article 1 unless the contrary is expressly stated.

ARTICLE 9

The exportation of rubber from a territory or group of territories shall be prohibited under penalties that will be effectively deterrent, unless such rubber

is accompanied by a certificate of origin duly authenticated by an official duly empowered for this purpose by the Administration of the territory or group. The penalties which may be imposed for this offence shall include (*a*) the destruction, and (*b*) the confiscation of the rubber. This Article does not apply to the islands of Singapore and Penang or to such rubber storage places as may be sanctioned by the International Rubber Regulation Committee under Article 5 hereof.

ARTICLE 10

The importation of rubber into a territory or group of territories shall be prohibited, under penalties that will be effectively deterrent, unless such rubber is accompanied by a certificate of origin duly authenticated by a competent official of the Administration of the territory or group of origin. The penalties which may be imposed for this offence shall include (*a*) the destruction, and (*b*) the confiscation of the rubber.

ARTICLE 11

(*a*) Every owner of a rubber estate not less than 100 acres in area shall be prohibited under penalties that shall be effectively deterrent from having in his possession at any time stocks of rubber exceeding one-quarter of the amount of the total standard production of that estate for the preceding control year.

(*b*) So far as estates of less than 100 acres and small holdings are concerned the Governments of each of the territories or group of territories will ensure that the total of the stocks maintained by the owners of these estates and small holdings shall be kept within normal limits.

(*c*) The total of all other stocks of rubber in the territory shall be limited to a quantity not exceeding 12½ per cent. of its "permissible exportable amount" for the preceding control year.

(*d*) The preceding provisions of this Article do not apply to India, Burma, the islands of Singapore or Penang, Siam, or to the storage places sanctioned by the International Rubber Regulation Committee under paragraph 4 of Article 5, but in India, Burma and Siam the stocks of rubber shall be limited to normal proportions having regard to the amount of rubber internally consumed.

ARTICLE 12

(*a*) Except as provided in the subsequent paragraphs of this Article, the planting of rubber plants during the period of the Regulation shall be prohibited under penalties that shall be effectively deterrent, such penalties including the compulsory eradication and destruction of the plants so planted at the expense of the owner.

(*b*) New planting shall be permitted during the period the 1st January, 1939, to the 31st December, 1940, in each territory or group of territories on an area not greater than 5 per cent. of the total planted area of that territory or group as specified in paragraph (*e*) of this Article. The International Rubber Regulation Committee shall have the power to, and may, if it so decides, permit additional new planting, during this period, on an area up to a maximum of 1

per cent. of the total planted area of all territories as specified in paragraph (*e*) of this Article. The Committee shall have the right to allocate all or part of this additional area among all or to any of the territories or group of territories specified in paragraph (*e*) of this Article in such a manner as it deems appropriate.

(*c*) (1) New planting shall be permitted after the 31st December, 1940, in each territory or group of territories on areas not greater than the percentages of the total planted area of that territory or group which the International Rubber Regulation Committee shall fix from time to time for such periods as it shall determine. (2) The Committee shall have the power to, and may, if it so decides, permit additional new planting during the period the 1st January, 1941, to the 31st December, 1943, on an area up to a maximum of one-fifth of the area permitted to be new planted under sub-paragraph (1) of this paragraph. The Committee shall have the right to allocate all or part of this additional area among all or to any of the territories or group of territories specified in paragraph (*e*) of this Article in such a manner as it deems appropriate.

(*d*) The provisions of paragraphs (*b*) and (*c*) of this Article do not apply to Siam. In Siam new planting shall be permitted during the period the 1st January, 1939, to the 31st December, 1943, on a percentage of the total planted area as given in paragraph (*e*) of this Article equivalent to the highest percentage which may be granted to any other territory or group of territories under paragraphs (*b*) and (*c*) of this Article, and in any case on an area not less than 31,000 acres.

(*e*) The total planted areas of the territories to which this Agreement applies shall for the purposes of this Article be deemed to be as follows:

	Total planted area (in acres)
Straits Settlements, Federated Malay States, Unfederated Malay States and Brunei	3,273,100
Netherlands India	3,214,900
Ceylon	605,200
French Indo-China	314,200
India	128,000
Burma	104,400
State of North Borneo	126,600
Sarawak	228,000
Siam	312,000

(*f*) New planting rights not used in the period referred to in paragraph (*b*) above or in any of the periods fixed by the International Rubber Regulation Committee under paragraph (*c*) shall be automatically cancelled.

(*g*) "Replanting" shall be permitted unconditionally, but the Committee shall have the power to review the position and limit replanting after the 31st December, 1940, if this should seem advisable.

(*h*) "Supplying" shall be permitted unconditionally.

(*i*) The contracting Governments undertake to furnish to the International Rubber Regulation Committee not later than the 1st May of each control year accurate statistics showing separately the total areas replanted and new-planted in the preceding control year divided into areas planted with bud-grafted rubber, high yielding clonal seed and seedling rubber.

ARTICLE 13

(*a*) The exportation from a territory or group of territories of rubber plants shall be prohibited under penalties that shall be effectively deterrent, except to

any other territory or group of territories to which this Agreement applies. In the case of territories to which this Agreement applies it is contemplated that except where commercial or administrative considerations in the territory of origin render this undesirable, export of rubber plants should be permitted from any such territory or group of territories to any other such territories or group of territories.

(*b*) In the case of any such export to other territories to which this Agreement applies, a return showing the amount exported or imported during that control year, and the territories to which they were exported or from which they were imported, shall be sent by the Administrations of both the territory of export and the territory of import to the International Rubber Regulation Committee at the end of each control year.

ARTICLE 14

The contracting Governments and the Administrations of the territories or group of territories to which the present Agreement applies will co-operate with each other to prevent smuggling evasions and other abuses of the Regulation.

ARTICLE 15

(*a*) An International Committee to be designated "The International Rubber Regulation Committee" shall be constituted as soon as possible.

(*b*) The said Committee shall be composed of delegations representing the territories or group of territories to which the present Agreement applies, and the numbers of the respective delegations and the numbers of the persons who may be nominated as substitutes to replace members of delegations who are absent shall be as follows:

	Members	Substitute Members
(1) Straits Settlements, Federated Malay States, Unfederated Malay States, Brunei	4	2
(2) Netherlands India	4	2
(3) Ceylon	2	1
(4) French Indo-China	2	1
(5) India	1	1
(6) Burma	1	1
(7) State of North Borneo	1	1
(8) Sarawak	1	1
(9) Siam	1	1

(*c*) The Government of the United Kingdom shall be informed as soon as possible by the other contracting Governments of the persons first designated as members of delegations representing their respective territories. All subsequent changes in the membership of delegations shall be notified by communications addressed to the Chairman of the Committee.

(*d*) The Government of the United Kingdom will convoke the first meeting of the Committee as soon as possible, and may do so when the members of six delegations have been designated.

(*e*) The principal office of the Committee shall be in London. The Committee shall make such arrangements as may be necessary for office accommodation, and may appoint and pay such officers and staff as may be required. The

remuneration and expenses of members of delegations shall be defrayed by the Governments by whom they are designated.

(*f*) The proceedings of the Committee shall be conducted in English.

(*g*) The Committee shall at its first meeting elect its Chairman and Vice-Chairman.

(*h*) The Chairman and the Vice-Chairman shall not be members of the same delegation.

(*i*) Meetings shall be convened by the Chairman, or in his absence by the Vice-Chairman. Not more than three calendar months shall elapse between any two consecutive meetings. An extraordinary meeting shall be convened at any time at the request of any delegation within fourteen days of the receipt of the request by the Chairman.

(*j*) The Committee shall perform the functions specifically entrusted to it under the subsequent paragraphs of this Article and Articles 3 (*c*), (*e*), (*f*), (*g*) and (*i*), 4 (*c*), 5 (4), 6, 7, 12 (*c*), 17, 18 and 19 of this Agreement, and shall, in addition, collect and publish such statistical information and make such other recommendations to Governments relevant to the subject-matter of this Agreement as may seem desirable, in particular, with reference to the disposal of any rubber which may come into the ownership of any Government as the result of the carrying out of Articles 9 and 10 of this Agreement. The Committee shall do all such other lawful things as may be necessary, incidental or conducive to the carrying out of its functions, and give such publicity to its actions as it may deem necessary or desirable.

(*k*) Each delegation shall vote as one unit. In case of delegations composed of more than one member, the name of the member entitled to exercise the vote shall be communicated in case of the first meeting to the Government of the United Kingdom and thereafter to the Chairman of the Committee. The voting member may in case of absence, by communication to the Chairman, nominate another member to act for him.

(*l*) Each delegation shall possess a number of votes calculated on the basis of one vote for every complete 1,000 tons of the basic quota of the control year for the time being for the territory or group of territories represented by that delegation, and for the purpose of voting the territory of French Indo-China shall be deemed to have a basic quota of 80,000 tons for each of the control years 1939-1943.

(*m*) The presence of voting members of at least four delegations shall be necessary to constitute a quorum at any meeting: provided that if within an hour of the time appointed for any meeting a quorum as above defined is not present, the meeting may be adjourned by the Chairman to the same day, time and place in the next week, and if at such adjourned meeting a quorum as defined above is not present, those delegations who are present at the adjourned meeting shall constitute a quorum.

(*n*) Decisions shall be taken by a majority of the votes cast: provided that:

(1) A decision recommending amendments to the present Agreement under paragraph (*i*) of Article 3, or fixing or varying the permissible exportable percentage of the basic quotas under Article 4, or fixing the percentage of the permissible new planting area, or limiting replanting under Article 12, or varying the rate of the uniform cess under Article 19, or making or modify-

ing or abrogating the rules of procedure, shall require a three-fourths majority of the total votes which could be cast by all the delegations entitled to vote whether such delegations are present or not.

(2) The delegation representing French Indo-China shall only be entitled to participate in any discussion or vote on the permissible exportable percentage of the basic quotas if and so long as exports from this territory exceed 60,000 tons (of 2,240 English pounds) in a control year.

(*o*) The Committee shall at the beginning of each control year draw up its budget for the forthcoming year. The budget shall show under appropriate headings and in reasonable detail the estimate of the Committee of its expenses for that year. The budget shall be communicated to the contracting Governments and to the Administrations of the territories or group of territories to which the present Agreement applies, and shall show the share of the expenses falling upon each territory or group of territories in accordance with the provisions of Article 16.

As soon as possible after the end of each control year the Committee shall cause to be drawn up and audited by a duly qualified chartered accountant a statement of account showing the money received and expended during such year. The statement of account shall be communicated to the contracting Governments and to the Administrations of all territories or groups of territories to which the present Agreement applies.

(*p*) The Committee may draw up, put into force, modify or abrogate rules for the conduct of its business and procedure as may from time to time be necessary, provided that its rules of procedure shall be at all times in conformity with the preceding provisions of this Article.

ARTICLE 16

The expenses of the International Rubber Regulation Committee shall be defrayed by the Administrations of all territories or group of territories to which the present Agreement applies. One-half of the contribution for the whole year of each territory or group of territories, as shown in the budget drawn up by the Committee, shall be paid immediately on receipt of the budget by the contracting Governments and the balance of such contribution not later than six months after this date. The contribution of each territory or group of territories shall be proportionate to their respective basic quota for the control year to which the budget relates. The basic quotas of French Indo-China for this purpose shall be those specified in Article 15 (*l*).

ARTICLE 17

(*a*) The Administration of each of the territories or group of territories to which the present Agreement applies shall, not later than the 1st January, 1935, communicate to the International Rubber Regulation Committee a declaration showing the total ascertained area in the territory or group planted with rubber on the 1st June, 1934.

(*b*) Each Administration will furnish to the International Rubber Regulation Committee all reasonable assistance to enable the Committee properly and efficiently to discharge its duties. Such assistance shall include annual reports

on the working of the Regulation in the territory or group of territories and all necessary statistical information, including information as to costs of production collected by the organised associations of rubber producers. Each Administration shall grant ample facilities to duly accredited agents of the Committee for the investigation of the manner in which the regulation is being carried out in the territory.

ARTICLE 18

The International Rubber Regulation Committee shall be empowered to, and shall within one month after the date of its first meeting, arrange for the nomination of four persons representative of the consumers of rubber, of whom two shall be representative of such consumers in America, and such representatives shall form a panel who will be invited to tender advice from time to time to the International Rubber Regulation Committee as to world stocks, the fixing and varying of the permissible exportable percentage of the basic quotas, new planting, replanting and cognate matters affecting the interests of rubber consumers.

ARTICLE 19

(1) As from the 1st October, 1936, a uniform cess shall be levied and collected by the Governments concerned on the net exports from each of the territories or group of territories to which this Agreement applies at the approximate rate of 1d. per 100 lbs., or at such other higher rate as the Governments concerned may decide from time to time on the recommendation of the International Rubber Regulation Committee, provided that: (*a*) in the case of Singapore and Penang, this provision applies to rubber produced in these territories and included in the permissible exportable amount as defined in paragraph 3 of Article 5; (*b*) this provision does not apply to exports from Sarawak prior to the 1st January, 1939; (*c*) in the case of Siam, this provision is not obligatory but may be accepted at any time without retrospective effect by the Government of Siam.

(2) That part of the proceeds of the levy of the above-mentioned cess which comes from British (including India), Dutch and French territories respectively shall be paid to the British Rubber Research Board, the Crisis Rubber Centrale, and by way of subvention to the Institut français du caoutchouc, and devoted to research with a view to the development of new applications of rubber and to propaganda for the extended use of rubber which may be conducted through national propaganda institutions.

If the Government of Siam decides to levy the above-mentioned cess, it may levy it at whatever rate it decides, and the distribution of the proceeds of the levy in Siamese territory shall be left to the decision of the Siamese Government.

(3) The Governments of the French Republic, the United Kingdom and the Kingdom of the Netherlands agree that the national rubber research institutions will co-operate in the constitution and maintenance of an International Rubber Research Board and an International Propaganda Committee to co-ordinate the research and propaganda work of the three national research institutions and the national propaganda institutions.

ARTICLE 20

(*a*) If, as the result of a recommendation of the International Rubber Regulation Committee under paragraphs (*c*) or (*i*) of Article 3 and the acceptance of such recommendation by the contracting Governments under paragraphs (*d*) or (*f*) of that Article, a non-signatory Government is invited to accede to the present Agreement, the Government of the United Kingdom shall communicate to the Government invited to accede a copy of the present Agreement as amended in accordance with all declarations issued under paragraph (*e*) of Article 3 up to date.

(*b*) The Government so invited may then accede by the deposit with the Government of the United Kingdom of an instrument of accession accepting this Agreement as set out in the copy thereof communicated by the Government of the United Kingdom.

(*c*) The Government of the United Kingdom shall communicate to the other contracting Governments and to the International Rubber Regulation Committee copies of the instrument of accession.

ARTICLE 21

(*a*) Any contracting Government may at any time, if it considers that its national security is endangered and that the continuance of its obligations under this Agreement would be inconsistent with the requirements of its national security, give notice to the Government of the United Kingdom that it desires the suspension for the period of the emergency of all its rights and obligations under the Agreement (except those set out in Articles 12 and 13 in regard to new planting and the export of planting material respectively), and all such rights and obligations shall thereupon be suspended until the Government which has given notice informs the Government of the United Kingdom of the termination of the emergency.

(*b*) The Government of the United Kingdom shall immediately inform all the other contracting Governments on receipt of any notice of suspension under the first paragraph of this Article, and each of the other contracting Governments shall have the right to notify the Government of the United Kingdom within one month of the receipt of this information that, in the circumstances, it desires to suspend its rights and obligations (other than those set out in Articles 12 and 13).

(*c*) If notifications of suspension are received under paragraph (*b*) from two or more contracting Governments, the Agreement shall be suspended (except for Articles 12 and 13) in respect of all contracting Governments until the suspension is terminated by the Government which first gave notice under paragraph (*a*). Otherwise the Agreement will remain in full force between the contracting Governments who have not given notice of suspension.

ARTICLE 22

All declarations drawn up by the Government of the United Kingdom certifying the terms of a recommendation under Article 3 (*c*), and all copies of the present Agreement communicated by the Government of the United Kingdom under Article 20 (*a*), shall be in English and French, both texts being equally authentic.

COTTON

Resolution adopted by the International Cotton Meeting

Washington, D.C., 5-9 September 1939

We, the representatives of the Governments of India, Egypt, Brazil, the British Colonies exporting cotton, the French Colonies exporting cotton, the Union of Soviet Socialist Republics, Peru, Mexico, The Anglo-Egyptian Sudan, and the United States, have considered the world cotton situation and we agree that the regulation of the world cotton supplies in relation to demand would help materially in improving the existing unbalanced condition.

Normally we would have recommended steps to achieve international agreement for this purpose, but we realise that, under existing international conditions, such a course is impracticable. As an interim measure, therefore, we agree to make the following recommendation to our respective Governments:

1. That an advisory committee be set up in Washington representing the countries participating in the present conference, and including in addition representatives of other important cotton growing and exporting nations; such committee to undertake the following functions:

(*a*) To observe and keep in close touch with developments in the world cotton situation,

(*b*) To suggest, as and when advisable, to the Governments represented any measures the committee considers suitable and practicable for the achievement of ultimate international collaboration.

APPENDICES

APPENDIX A

Extracts from the Reports and Resolutions concerning Commodity Control Adopted by International Conferences and Committees

Extract from the Final Report of the World Economic Conference[1]

Geneva, 23 May 1927

5. INDUSTRY

IV. INTERNATIONAL INDUSTRIAL AGREEMENTS

The Conference has examined with the keenest interest the question of industrial agreements, which have recently considerably developed and have attracted close attention from those sections of the community whose interests are affected by them and from the public opinion of the various countries.

The discussion has revealed a certain conflict of views and has occasioned reservations on the part of the representatives of different interests and countries. In these circumstances, the Conference has recognised that the phenomenon of such agreements, arising from economic necessities, does not constitute a matter upon which any conclusion of principle need be reached, but a development which has to be recognised and which, from this practical point of view, must be considered as good or bad according to the spirit which rules the constitution and the operation of the agreements, and in particular according to the measure in which those directing them are actuated by a sense of the general interest.

The Conference considers that the field of operation for agreements, both national and international, is usually limited to branches of production which are already centralised and to products supplied in bulk or in recognised grades, and that, consequently, they cannot be regarded as a form of organisation which could by itself alone remove the causes of the troubles from which the economic life of the world and particularly of Europe is suffering.

Nevertheless, in certain branches of production they can—subject to certain conditions and reservations—on the one hand, secure a more methodical organisation of production and a reduction in costs by means of a better utilisation of existing equipment, the development on more suitable lines of new plant, and a more rational grouping of undertakings, and, on the other hand, act as a check on uneconomic competition and reduce the evils resulting from fluctuations in industrial activity.

By this means they may assure to the workers greater stability of employ-

[1] League of Nations Document C.E.I. 44, 24 May 1927.

ment and at the same time, by reducing production and distribution costs and consequently selling prices, bring advantages to the consumer. It is generally recognised that in this way agreements may in some cases be useful not only to producers but also to consumers and the community in general.

Nevertheless, the Conference considers, on the other hand, that such agreements, if they encourage monopolistic tendencies and the application of unsound business methods, may check technical progress in production and involve dangers to the legitimate interests of important sections of society and of particular countries.

It consequently appears to the Conference that it is entirely necessary that agreements should not lead to an artificial rise in prices, which would injure consumers, and that they should give due consideration to the interests of the workers. It is further necessary that they should not, either in intention or effect, restrict the supply to any particular country of raw materials or basic products, or without just cause create unequal conditions between the finishing industries of the consuming and producing countries or other countries situated in the same conditions. Nor must they have for their object or effect any reduction in the economic equipment which any nation considers indispensable, nor should they stereotype the present position of production, whether from the point of view of technical progress or of the distribution of industries among the various countries in accordance with the necessities imposed upon each by its economic development and the growth of its population.

The Conference considered the question whether there was ground for establishing a special juridical regime and a system of supervision over agreements.

The documentation resulting from the labours of the Preparatory Committee shows that specific legislative or administrative measures in this direction have been taken by a limited number of countries only and that the measures adopted are widely divergent both in conception and form.

The Conference recognised that, so far as regards agreements limited to the producers of a single country, it is for each Government to adopt such measures in regard to their operation as it may think advisable. It agreed, however, that it is not desirable that national legislation should place an obstacle to the attainment of the benefits which agreements might secure by exhibiting a prejudice against them as such.

So far as regards international agreements, it is generally recognised that the establishment of an international juridical regime is impossible in view of the divergencies between the measures which various countries have considered it necessary to take in the matter, and on account of the objections of principle which a number of States would feel on national and constitutional grounds to any such system. It has, moreover, been pointed out that the laws and regulations and the tribunals of each country have jurisdiction not only over national agreements but also over international agreements in so far as they involve operations within the national territory.

On the other hand, it is desirable that voluntary recourse by parties to agreements to arbitral bodies should become general, subject to guarantees of the high competence of the latter in economic matters and their sense of the general interest.

From a more general standpoint, the Conference considers that the League of Nations should closely follow these forms of international industrial co-operation and their effects upon technical progress, the development of production, conditions of labour, the situation as regards supplies, and the movement of prices, seeking in this connection the collaboration of the various Governments. It should collect the relevant data with a view to publishing from time to time such information as may be of general interest. The Conference is of the opinion that the publicity given in regard to the nature and operations of agreements constitutes one of the most effective means, on the one hand, of securing the support of public opinion to agreements which conduce to the general interest and, on the other hand, of preventing the growth of abuses.

Extract from the Report of the Economic Commission of the London Monetary and Economic Conference on the Work Relating to the Co-ordination of Production and Marketing[1]

Approved by the Conference, 27 July 1933

A

The Sub-Commission had before it a proposal by the French delegation (document Conf. M.E./C.E. 18) which had asked the Conference to examine the possibility of agreements between Governments on certain products for which the intervention of the latter appeared to be necessary.

It was therefore confronted with a vast plan of action and, in order to prepare the ground, it was anxious to begin by a discussion of the general principles which should govern the agreements to be concluded with a view to a readjustment of supply and demand. Extreme caution is necessary in regard to such matters: any mistake in application might bring about the opposite results to those desired.

A plan submitted by the United Kingdom delegation (document Conf. M.E./C.E. 17) defined the conditions which all schemes of this nature should fulfil, all of them resting on the fundamental idea of the necessity of obtaining a carefully balanced proportion. It was exhaustively discussed and the Sub-Commission, taking into account the observations made by various delegations, arrived at the following text, which in view of its importance I here reproduce in full (document Conf. M.E./C.E. 33):

1. In order to assist in the restoration of world prosperity, it is essential to increase the purchasing power of the producers of primary products by raising the wholesale prices of such products to a reasonable level.

2. In the exceptional conditions of the present world crisis, concerted action is required for this purpose. Apart from any other measures that may be taken to restore the purchasing power of producers and consumers and thus to increase demand, it is desirable that plans should be adopted for co-ordinating the production and marketing of certain commodities.

3. Any agreements to give effect to such plans should conform generally to the following conditions:

(*a*) The commodity must be one of great importance for international trade in which there is such an excess of production or stocks as to call for special concerted action.

(*b*) The agreement should be comprehensive as regards the commodities to be regulated, that is, it should not be so narrowly drawn as to exclude related or substitute products, if their inclusion is necessary or desirable to ensure the success of the plan.

(*c*) It should be comprehensive as regards producers, that is:

(i) it should in the first instance command a general measure of assent amongst exporting countries, and within these countries a substantial majority of the producers themselves;

(ii) where necessary or desirable for the success of the plan, it should provide for the co-operation of non-exporting countries whose production is considerable.

[1] League of Nations Document C. 435. M. 220. 1933. II. [Conf. M.E. 22 (1).], 27 July 1933.

(*d*) It should be fair to all parties, both producers and consumers, it should be designed to secure and maintain a fair and remunerative price level, it should not aim at discriminating against a particular country, and it should as far as possible be worked with the willing co-operation of consuming interests in importing countries who are equally concerned with producers in the maintenance of regular supplies at fair and stable prices.

(*e*) It should be administratively practicable, that is, the machinery established for its administration must be workable, and the individual Governments concerned must have the power and the will to enforce it in their respective territories.

(*f*) It should be of adequate duration, that is, it should contain provisions for its continuance for such a period as to give assurance to all concerned that its objects can be achieved.

(*g*) It should be flexible, that is, the plan should be such as to permit of and provide for the prompt and orderly expansion of supply to meet improvement in demand.

(*h*) Due regard should be had in each country to the desirability of encouraging efficient production.

B

The details of the agreements to be concluded could obviously be settled only by the countries concerned. The Sub-Commission considers, however, that it has facilitated the conclusion of such agreements by unanimously approving the principles on which they should be based. Although, however, these principles have received unanimous support, I would point out that several delegations have strongly emphasised the necessity of not prejudicing the future of the consuming countries, and in particular those which lack raw materials.

Moreover, the discussions of the Sub-Commission have given prominence to two ideas to which attention should be drawn:

The attempts made hitherto to organise certain special branches of production have rarely been successful, but it was observed that such attempts were isolated and remained within the ambit of a single category of producers and consequently were completely at the mercy of the opposing interests concerned.

Within this Conference, on the other hand, such attempts are considered as so many parts of a concerted scheme intended to give fresh impetus to economic life. It follows that, while taking most careful account of the opinion of those directly concerned, without whose sincere co-operation it is very difficult to operate schemes of this kind satisfactorily, the Governments seem called upon to consider these schemes.

It has been pointed out that their direct intervention may even, in certain cases be necessary, provided always that it may, and perhaps should, have a purely temporary character.

C

The choice of products towards which the first effort at organisation was directed, was to depend on two conditions:

(1) The greatest possible number of producers were to be included;

(2) The product must lend itself as much as possible to international regulation.

. . . . . .

Extract from the Report of the League of Nations Committee for the Study of the Problem of Raw Materials[1]

IV. International Regulation Schemes relating to the Supply of Raw Materials

1. The Committee has examined a number of schemes for regulating the supply of raw materials (including certain foodstuffs) and has found it desirable to draw a clear distinction between schemes concluded and carried out by Governments, or operated under Governmental control, and those which are purely private in character.

2. While regulation schemes relating to industrial products, commonly known as cartels, have been in existence for many years, those for regulating the supply of raw materials are a comparatively recent development. The circumstances which have led up to such schemes have invariably been the accumulation of unmanageably large stocks and the consequent fall of prices to uneconomic levels.

3. The earliest regulation schemes were designed solely to raise prices and were operated in such a way as to intensify or relax the restriction on the production or export of the regulated commodity in accordance with the price of that commodity at predetermined dates. Experience having shown that this form of regulation was open to various objections, under more recent schemes the intensification or relaxation of restriction is determined by reference, not to the current price, but to the volume of available stocks of the regulated commodity.

4. The regulation schemes which are at present operated by Governments or under Governmental auspices are those relating to tin, rubber and tea, together with the sugar scheme, which is the result of an international agreement recently concluded. The declared object of these schemes is to reduce stocks to a normal level, to maintain them at that level, and to maintain a fair and equitable price for reasonably efficient producers.

5. It is to be remarked that the commodities to which these schemes relate are produced principally or entirely by communities commanding small capital resources, whose purchasing power had been almost entirely destroyed, when those schemes were introduced, by the low level of prices which prevailed. Experience has shown that such communities, when prices rise, are very quick to increase their purchases, which consist almost entirely of imported goods, principally manufactured. Schemes of this kind, in so far as they restore the purchasing power of communities which are normally large purchasers of imported goods and thus lead to a marked increase in their imports, are to be welcomed as a valuable means of restoring international trade.

6. It appears to the Committee that, thanks to the Governmental control of these schemes, the power of determining the degree of restriction is placed in the hands of authorities who can look beyond the immediate interests of the producers to their ultimate interests, and also to those of the world at large. This must give the consumers a confidence they could never feel if the whole control of the schemes was vested in persons actually engaged in production. The Committee has noted with satisfaction the fact that nearly all these schemes now provide for representatives of the consumers to be associated with the operation of the scheme, either in an advisory capacity, as in the case of tin and rubber, or as constituting part of the managing body, as in the case of sugar. It also notes that the bodies managing these schemes make it their practice to publish the fullest possible information regarding their proceedings and the statistical position of the commodities which they control.

7. As regards regulation schemes of a purely private character, such as those relating to copper and other base metals, the Committee does not feel that

[1] League of Nations Document A. 27. 1937. II.B, 8 September 1937, pp. 17-21.

the information in its possession is sufficient to enable it to express a decided opinion about them. It appears to it, however, that the considerations which have made it desirable to associate representatives of the consumers with the management of the Governmental schemes are no less cogent in the case of private schemes. It considers that it should be an essential part of all such schemes that provision should be made for the representation of the consumers and for adequate publicity. It is also thought that the principles of non-discrimination and reasonableness of charges which underlie the branch of Anglo-American law known as the public utility law might usefully be applied to the operation of these schemes.

8. It has been suggested to the Committee that Governments should insist upon themselves assuming control of all such schemes. The Committee is aware that the exercise of such control involves responsibilities in certain circumstances, which Governments may hesitate to accept. But it is impressed by the argument that consumers (persons and countries) feel a confidence in the administration of schemes under Government control which they do not feel in the administration of schemes of a purely private character. It therefore recommends that the matter should receive the very serious consideration of all the Governments concerned.

9. The Committee received a number of criticisms of regulation schemes. For the most part, they were very general in character and were based on the general contention that any restriction of production must be wrong; in so far as they were specific, they were to the effect that prices had been raised to unreasonable levels.

10. The Committee accepts as valid the contention that the governmental regulation schemes have restored the purchasing power of large communities and have thus increased substantially the volume of international trade. No evidence, moreover, has been produced to show that the schemes have resulted in actual shortages of supplies of raw materials.

11. On the other hand, it is difficult to deny that prices of some regulated commodities have risen to unreasonable levels within a recent period, but this cannot be attributed merely to the operation of regulation schemes. Such rises have not been confined to regulated commodities, substantial falls have since occurred, and the period during which such excessively high prices have prevailed is very short compared to the period during which excessively low prices prevailed. Nevertheless, the fact remains that the professed object of the schemes is to maintain prices at a fair and equitable level and the Committee accordingly considers that a particular obligation rests upon the bodies administering such schemes to provide themselves with instruments which will enable them to prevent prices from rising to unreasonable levels, or, if they do, to create conditions which should lead to a fall. The question of what constitutes a "reasonable" price is obviously one which admits of no single or universally applicable answer, since it depends upon a number of circumstances which are constantly changing. The Committee considers, however, that, as further experience is obtained, the bodies controlling the various schemes should reach a position in which they will be able to come to an agreement on the subject with the consumers' representatives with whom they are associated.

12. Even, however, if agreement is possible as to what is the desirable price-level to aim at at a given moment, there can be no question of stabilising raw-material prices at any given point; in the first place, owing to the fact that the demand for such materials may expand or contract rapidly, whereas their production, particularly in the case of vegetable products, cannot be expanded or contracted with the same rapidity; and, secondly, owing to other influences external to the market. In the absence of any system of regulation, it is probable that prices of commodities such as rubber, tin, etc., would undergo fluctuations more violent than those recently experienced. Thus the remedy for these variations in price should be sought in the improvement of the regulation schemes.

13. There is no doubt that a control based purely on the regulation of output is insufficient to ensure stability of prices, owing to the fact that what can reasonably be regarded as an adequate stock in times of moderate industrial activity is insufficient when industrial activity rises to a higher level; furthermore, because a delay inevitably occurs between the decision to increase production and the resultant actual increase in production.

It has been suggested that for these reasons it is very desirable that "buffer stocks" of regulated commodities should be formed, which would be segregated in normal times, but could be placed on the market immediately if prices rose to an unreasonable level.

The matter is a highly technical one involving a number of difficult questions of an administrative and of a financial character, and the Committee therefore invited two of its members specially competent in this sphere to prepare a memorandum on the subject. It will be seen from this memorandum that the constitution of a buffer stock on the sole responsibility and at the sole risk of the producers themselves would avoid many difficulties inherent in any other arrangement, but that it is unlikely that such an arrangement will be made in many cases.

In these circumstances, the only alternative appears to be the constitution of a buffer stock by the joint co-operation of certain producers and certain consumers on the lines set out in the memorandum.

The Committee does not feel able to express a decided opinion whether it will be possible to surmount the various difficulties which would be encountered in framing such a scheme, but it feels that the proposal is one which deserves the most serious consideration of all bodies controlling regulation schemes.

14. To sum up, the Committee, while it would not wish to state that all regulation schemes in the past have been well conceived or beneficial to all the interests concerned, considers that the Governmental regulation schemes relating to raw materials now in operation have, generally speaking, been an important factor in the improvement in economic conditions experienced in producing countries during the depression, as well as in the development of international trade. But it feels that it is very important that consuming countries should be given every assurance that the schemes will be operated in a reasonable manner. With this end in view, it considers that every such scheme should make adequate provision for effective representation of consumers and for publicity, should be subject to the greatest degree of Governmental supervision which the circumstances admit, and should be so framed that the controlling body is placed in a position to take immediate and effective action in the event of an unreasonable rise of prices or other effects prejudicial to the consumers.

15. In the eyes of the Committee, it would certainly go a long way towards allaying the apprehensions of less-well-endowed countries if the above principles were generally accepted by Governments and given effect to—particularly as regards raw materials of fundamental importance—either by the autonomous action of the States concerned or by international understanding.

Resolution Adopted by the Second Meeting of Ministers of Foreign Affairs of the American Republics

Havana, 21-30 July 1940

XXV. Economic and Financial Co-operation

Whereas:

1. At the First Consultative Meeting held at Panama it was resolved to declare that in view of existing circumstances, it had become more desirable and necessary than ever to establish a close and sincere co-operation between the American Republics in order that they might protect their economic and financial

structure, maintain their fiscal equilibrium, safeguard the stability of their currencies, promote and expand their industries, intensify their agriculture, and develop their commerce;

2. In order to attain the objectives of the preceding paragraph, it was agreed to create an Inter-American Financial and Economic Advisory Committee, in Washington;

3. The war now in progress has increased the disruption in the channels of international commerce and the curtailment of markets for certain products of the Americas;

4. The existence of surpluses of commodities, the exportation of which is essential to the economic life of the countries of the Americas, is economically, socially, financially, and in other respects a matter of great importance to the masses of the population, and especially to those groups participating in the production and distribution of wealth in each country, and, finally, to the Governments of the entire continent;

5. It must be anticipated that these difficulties will exist as long as the war continues and that some of them, as well as other new ones, will exist after the war ends; and

6. It is of great importance that the economic development of the American countries be directed towards a diversification of their production and, at the same time, towards an increase in their consumption capacity;

The Second Meeting of the Ministers of Foreign Affairs of the American Republics

Resolves:

One. To declare:

(*a*) That the American nations continue to adhere to the liberal principles of international trade, conducted with peaceful motives and based upon equality of treatment and fair and equitable practices;

(*b*) That it is the purpose of the American nations to apply these principles in their relations with each other as fully as present circumstances permit;

(*c*) That the American nations should be prepared to resume the conduct of trade with the entire world in accordance with these principles as soon as the non-American nations are prepared to do likewise;

(*d*) That, in the meantime, the American nations shall do everything in their power to strengthen their own economic position; to improve themselves; and to devise and apply appropriate means of effective action to cope with the difficulties, disadvantages and dangers arising from the present disturbed and dislocated world conditions; and

(*e*) That the American nations consider it necessary to maintain or improve the normal economic situation established between them in order to assure the preservation or improvement of the position enjoyed in their respective markets.

Two. To strengthen and expand the activities of the Inter-American Financial and Economic Advisory Committee as the instrument for continuing consultation among the American Republics with respect to economic and trade matters and arrangements, having in mind especially the immediate situations which must be met as a result of the curtailment and changed character of important foreign markets. For the purpose of dealing with special problems, there may be organised subcommittees, composed of representatives of the interested countries, which should meet at such places as may be deemed most appropriate for their effective functioning.

Three. Specifically, to instruct the said committee that it proceed forthwith:

(*a*) To co-operate with each country of this continent in the study of possible measures for the increase of the domestic consumption of its own exportable surpluses of those commodities which are of primary importance to the maintenance of the economic life of such countries;

(*b*) To propose to the American nations immediate measures and arrangements of mutual benefit tending to increase trade among them without injury to the interests of their respective producers, for the purpose of providing increased markets for such products and of expanding their consumption;

(*c*) To create instruments of inter-American co-operation for the temporary storing, financing and handling of any such commodities and for their orderly and systematic marketing, having in mind the normal conditions of production and distribution thereof;

(*d*) To develop commodity arrangements with a view to assuring equitable terms of trade for both producers and consumers of the commodities concerned;

(*e*) To recommend methods for improving the standard of living of the peoples of the Americas, including public health and nutrition measures;

(*f*) To establish appropriate organisations for the distribution of a part of the surplus of any such commodity, as a humanitarian and social relief measure;

(*g*) To consider, while these plans and measures are being developed, the desirability of a broader system of inter-American co-operative organisation in trade and industrial matters, and to propose credit measures and other measures of assistance which may be immediately necessary in the fields of economics, finance, money, and foreign exchange.

Four. To reaffirm Resolution XIII of the Inter-American Financial and Economic Advisory Committee, and to recommend that, in order to promote the economic development of the American nations under the terms of said resolution, each nation, upon its own initiative and in consonance with the programme of the Inter-American Development Commission, establish appropriate enterprises with government or private capital provided by two or more American Republics. Such enterprises may deal directly with the Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid.

Resolutions Adopted by the Third Meeting of Ministers of Foreign Affairs of the American Republics

Rio de Janeiro, 15-28 January 1942

II. Production of Strategic Materials

Whereas:

1. Continental solidarity must be translated into positive and efficient action of the highest significance, which action can be no other than an economic mobilisation of the American Republics capable of rapidly and fully guaranteeing the supply of strategic and basic materials necessary to the defence of the hemisphere;

2. This mobilisation should include all activities which will advance the desired end, and must have the preferential character which its nature and purpose require;

3. In order to ensure the smooth carrying out of the suggested plan, every

positive action must be taken; all existing obstacles or those which may in the future appear should be eliminated or minimised; and all contributory factors should be strengthened;

4. Commercial speculation should be prevented from taking unfair advantage of the situation;

5. Guarantees should be given for the continuance of long-term contracts and for the maintenance of prices, equitable both for the consumer and profitable to the producer, to permit the attainment and maintenance of a fair wage level;

6. Consideration must be given to measures providing for transition to the post-war period and the resulting readjustment with a minimum of disturbance to production and commerce; taking steps to protect, at the opportune time, producers against competition from goods produced in countries with a low standard of living;

7. Credit operations should have, as far as possible, an economic character, and should take into account the real ability of the debtors to repay;

8. There should exist in each country of the Americas special organisations to formulate promptly the respective national plans for economic mobilisation;

9. A Pan American organisation should formulate co-ordinated general plans of mobilisation on the basis of the national plans above indicated; and

10. The Inter-American Financial and Economic Advisory Committee can efficiently carry out these functions if its authority and powers are enlarged;

The Third Meeting of the Ministers of Foreign Affairs of the American Republics

Recommends:

1. That, as a practical expression of continental solidarity, an economic mobilisation of the American Republics be effected, with a view to assuring to the countries of this hemisphere, and particularly to those at war, an adequate supply of basic and strategic materials in the shortest possible time.

2. That such mobilisation include mining, agricultural, industrial and commercial activities related to the supply not only of materials for strictly military use but also of products essential for civilian needs.

3. That full recognition be given to the imperative character and extreme urgency of the existing situation when formulating measures necessary to effect economic mobilisation.

4. That the mobilisation include measures to stimulate production and other measures designed to eliminate or minimise administrative formalities and the regulations and restrictions which impede the production and free flow of basic and strategic materials.

5. That, in addition, measures be adopted to strengthen the finances of the producing countries.

6. That the American nations take measures to prevent commercial speculation from increasing export prices of basic and strategic products above the limits fixed for the respective domestic markets.

7. That, in so far as possible, the increase of production be assured by bilateral or multilateral agreements or contracts which provide for purchases during long periods at prices which are equitable for the consumer, remunerative to the producer and which provide a fair standard of wages for the workers of the Americas, in which producers are protected against competition from products originating in areas wherein real wages are unduly low; and which make provision for the period of transition after the war and the readjustments which will follow in a manner guaranteeing the continuance of adequate production and permitting the existence of trade under conditions equitable to producers.

8. That the service of financial obligations incurred to maintain and stimulate production in each country be made conditional, in so far as possible, upon the proceeds of its exports.

9. That the American nations which do not possess appropriate agencies organise special commissions prior to April 30, 1942, to formulate national plans for economic mobilisation.

10. That the said commissions provide the Inter-American Financial and Economic Advisory Committee with the necessary material so that it may formulate a co-ordinated general plan for economic mobilisation.

11. That the Inter-American Financial and Economic Advisory Committee be further charged with preparing a list, to be periodically revised, of the basic and strategic materials considered by each country as necessary for the defence of the hemisphere; and

Resolves:

12. That, in order to enable the Inter-American Financial and Economic Advisory Committee to carry out the new duties entrusted to it, its means of operation be expanded immediately, and that it be empowered to request the American Governments to execute the inter-American economic agreements which they have previously approved.

III. MAINTENANCE OF THE INTERNAL ECONOMY OF THE AMERICAN COUNTRIES

Whereas:

1. The First and Second Meetings of the Ministers of Foreign Affairs of the American Republics recommended that there be established, among them, a close and sincere co-operation in order to protect their economic and financial structure, maintain their fiscal equilibrium, safeguard the stability of their currencies, promote and expand their commerce and, in addition, declared that the American nations continue to adhere to the liberal principles of international trade, conducted with peaceful motives and based upon equality of treatment and fair and equitable trade practices, and that they do everything in their power to strengthen their economic position, to improve further the trade and other economic relations among themselves, by devising and applying appropriate measures to lessen the difficulties, disadvantages and dangers arising from disturbed and dislocated world conditions;

2. The dislocations of the economy of the American nations caused by the war demand, more than ever before, common and co-ordinated action, in order that their trade may be intensified in accordance with their mutual needs and upon the basis of the greatest possible equality;

3. The establishment of adequate facilities for commercial credit, on the part of nations which produce raw materials, industrial machinery or manufactured articles, is an indispensable requirement for the maintenance of a sound economy in the consuming countries;

4. The fixing of prices and ceilings on raw materials and foodstuffs should be based upon a fair correlation, which takes into account not only costs of production, transportation, insurance and a reasonable profit, but also the general price level of products exported by the country which imports such raw materials and foodstuffs;

5. The systems of priority and licences established by some countries with respect to the exportation of materials, which are related to their defence requirements, have brought about consequences affecting commercial interchange and it is therefore necessary to recommend adequate systems and measures to alleviate said consequences;

The Third Meeting of the Ministers of Foreign Affairs of the American Republics

Resolves:

1. To recommend to the nations which produce raw materials, industrial machinery and other articles essential for the maintenance of the domestic economies of the consuming countries that they do everything possible to supply such articles and products in quantities sufficient to prevent a scarcity thereof, which might bring about consequences detrimental to the economic life of the American peoples. The application of this recommendation is subject to the practical limitations of the existing emergency and shall not endanger the security or the defence of the exporting nations.

2. To recommend that all the nations of this continent have access, with the greatest possible degree of equality, to inter-American commerce and to the raw materials which they require for the satisfactory and prosperous development of their respective economies, provided, however, that they shall give preferential treatment to the nations at war for equal access to materials essential to their defence; and that, in agreements which may be concluded, the essential needs of other American countries be considered with a view to preventing dislocations in their domestic economies.

3. To recommend to the countries which export industrial raw materials, foodstuffs, manufactured products or industrial machinery, that they establish adequate, ample, liberal and effective systems of credit which will facilitate the acquisition of such of these products as may be required by the industry and commerce of the consumer nations to maintain their economy upon firm foundations, and that this be done in such a way as to lessen and alleviate the adverse effects upon the consumer nations of the extension of the war and the closing down of non-American markets.

4. To urge the Governments of America to adopt necessary measures to harmonise prices on the following bases:

(*a*) That sharp increases in the prices of export products shall not be permitted;

(*b*) That the distributors or processors of imported goods shall likewise not be permitted to increase unduly the prices to be paid by the consumer;

(*c*) That the maximum purchase price fixed by an American Republic for any product or article which it imports from another American Republic shall be submitted to consultation, if deemed advisable, by the governments of the interested countries;

(*d*) That in their price policies the American Republics endeavour to establish a fair relation between the prices of foodstuffs, raw materials and manufactured articles.

5. Finally to recommend to the American Governments the following standards for the purpose of improving their economic relations:

(*a*) The establishment, for the control of exports, of simple administrative systems of the greatest possible autonomy based upon rapid and efficient methods which will satisfy essential requirements promptly, especially for the maintenance of the basic industries of each country;

(*b*) The adoption by the governments of exporting countries of a system of allocation to each country of products and articles subject to priorities and licences which are essential to the domestic economy of the importing countries;

(*c*) The appointment by exporting countries which maintain systems of priorities, licences or allocations of representatives in the capitals of the importing countries to co-operate with the appropriate organisations of the latter in the study of questions arising in connection with the export and import of products and articles subject to allocations or special controls, so as to accelerate procedure and to diminish, as much as possible, other difficulties involved in the interchange of such products and articles. The recommendation or opinion of such representatives shall constitute, in principle, a recognition on their part of the need and desirability of such imports;

(*d*) The prompt exchange of statistics relating to consumer needs and to the production of raw materials, foodstuffs and manufactured products, utilising, whenever appropriate, such organisations as the Inter-American Financial and Economic Advisory Committee or others which appropriately may facilitate and stimulate commercial interchange among the nations of the Americas.

IX. Development of Basic Production

Whereas:

1. The war situation has impelled certain American nations to create, in special cases, emergency industries which under normal circumstances would be considered as uneconomic or prejudicial to the economic solidarity of the Americas; and

2. It is imperative that there be avoided, in so far as is possible, the prejudicial effects on the economies of the American Republics of such action,

The Third Meeting of the Ministers of Foreign Affairs of the American Republics

Resolves:

That the nations of the Americas stimulate the development of the basic production of each of them, avoiding in so far as possible the establishment or expansion of production of substitute or synthetic commodities which is economically artificial and might displace the consumption of natural products available in other American nations, there being excepted only those industries which are indispensable for national defence provided that such defence needs cannot be effectively met with natural products.

XIII. Utilisation of Raw Materials

The Third Meeting of the Ministers of Foreign Affairs of the American Republics

Declares:

1. That to raise the standard of living of the people, the economic policy of the American nations must be founded upon a broad and complete utilisation of their natural resources and directed toward a greater industrialisation of those raw materials which present favourable and permanent economic possibilities both as to production and markets; and at the same time it shall be the policy to seek to improve continental co-ordination through international agreements.

2. That it is the desire of the Third Meeting of the Ministers of Foreign Affairs that the Inter-American Development Commission and the respective National Commissions endeavour to put into practice the economic policy referred to in this declaration.

Resolution of the Second Inter-American Conference of Agriculture

Mexico City, 6-16 July 1942

RESOLUTION NO. 34

INTERNATIONAL COMMODITY AGREEMENTS

Whereas:

1. Previous to the present war there existed an unbalanced condition in the agriculture of the Western Hemisphere between the quantities of certain

products of prime necessity, especially wheat, sugar, cotton and coffee, available in the exporting countries and the quantities which the importing countries were willing to accept;

2. This lack of balance gave rise to serious accumulations of stock in the exporting countries; and the war and resulting difficulties in maritime transportation have intensified this difference between supply and demand;

3. The individual efforts on the part of the producing countries to solve this problem have been unproductive or of limited success;

4. A definite model for the solution of this difficult international problem has been established by the World Sugar Agreement of 1937, the Inter-American Coffee Agreement of 1937, and the Washington Wheat Agreement of 1942;

The Second Inter-American Conference of Agriculture recommends:

I. To endorse the approach, wherever applicable, to the solution of surplus commodity problems through international agreements which (*a*) provide for adjustment of production or market supply in the individual exporting countries, (*b*) assure individual exporting countries of fair shares of the available market at prices reasonably remunerative to efficient producers, giving appropriate consideration to the historical position of the producing and exporting countries, (*c*) assure importing countries of adequate supplies at prices fair to consumers.

II. To recognise that war conditions, particularly as regards ocean transportation, make the full application of the principle of international commodity agreements impossible but urge that agreements now in effect be maintained on as complete a basis as possible in the light of such war conditions.

III. To consider that, in the post war years, the problem of disequilibrium between the available supplies and market requirements will persist, and

IV. To urge that the solution of this problem be approached through international collaboration of the kind referred to herein between not only the producing and consuming countries of this Hemisphere but also the producing and consuming countries of the entire world.

Extracts from the Section Reports and Final Act of the United Nations Conference on Food and Agriculture[1]

REPORT OF SECTION III

FACILITATION AND IMPROVEMENT OF DISTRIBUTION

Functional Disorders of International Commodity Distribution and Their Remedies

In their symptoms, the functional disturbances of commodity distribution have a common characteristic—there is an accumulation of stocks of some commodities that cannot be disposed of by the normal machinery of international trade. Whether it is because of social or technical defects that such machinery does not fully bring the goods to all potential consumers, or whether it is because of an actual discrepancy between production and real needs, the phenomena are identical—fall in prices, contraction of economic activity, unemployment, poverty, want, hunger.

Inquiry into the causes of these disorders, however, shows that they are not alike. The least virulent class is the short-period fluctuation of prices, due mainly to a natural or incidental rise and fall of supply or demand, *e.g.*, seasonal fluctuations, bumper crops, and acute collapse of demand.

[1] United Nations Conference on Food and Agriculture, Hot Springs, Virginia, 18 May-3 June 1943. *Final Act and Section Reports*, United States Government Printing Office.

The second species of functional disorder is a concomitant of general cyclical depression. This disorder is a phenomenon that has proved especially characteristic of the system of production obtaining in most countries where the natural indicator of demand is price, and where profit is the incentive to, and loss the deterrent of, production.

The third class of disorder is the outcome of structural modifications in relations between existing productive capacity and the need of society for certain commodities or groups of commodities.

The expedients to cope with the devastating effects of these disorders in the between-war period generally took the form of so-called "commodity agreements", which provide for quantitative control (*i.e.*, by allocation to the collective producers of each of the participating countries of an agreed basic share of imports into the total available markets, with periodical adjustment of the total production to estimated requirements), and of so-called "buffer stock" arrangements (*i.e.*, an arrangement under which goods are withdrawn from the market whenever available supplies exceed requirements and under which goods are released when prices indicate a shortage of supplies).

There was general agreement that during the transition period there will be no urgent need for either buffer stocks or quantitative control. It was suggested by several of the delegates that due regard should be given to problems arising from temporary expansion of production in certain countries in order to meet abnormal requirements during the transition period.

There was unanimity on a point that has been stressed repeatedly throughout the Conference; namely, that the world, after the war, should follow a bold policy of economic expansion instead of the timid regime of scarcity which characterised the 1930's.

Although there also was general agreement that international arrangements, at least for a number of commodities, are destined to play an important role in maintaining balance between supply and demand, opinions differed chiefly on the nature of the regulation that should be adopted.

Some delegates envisaged future arrangements chiefly in the field of the establishment and operation of buffer stocks, managed with a view, not to maintaining fixed prices, but rather to eliminating perverse fluctuations from the long-term trend. Resort should be had to quantitative controls only in exceptional cases after all other expedients had been tried. They conceded that, theoretically, quantitative controls could be operated in such a way as to adjust supply to demand with due consideration for the needs of expansion of consumption. It was their belief, however, that in practice the bodies administering them had in the past too often shown an inherent tendency to keep production at a low level in order to insure high prices.

The delegates voicing these views maintained, moreover, that for short-term fluctuations such quantitative agreements were unnecessary, as these very temporary maladjustments could be adequately met by the device of buffer stocks. It was further stressed that in the case of actual or threatening general depression as described above, quantitative control would, by its nature, have to cut down production to correspond with decreasing consumption. Such action could only cause further contraction. The desirable policy would be for some stabilising body to continue purchases, in order to combat the deflationary tendencies.

Finally, in order to cope with the third type of disequilibrium (a more or less permanent gap between supply and demand, an eventuality which was considered to be exceptional) it may be necessary to institute quantitative control for a time. Even in such cases, however, they consider this expedient to be dangerous because in their view it tends to perpetuate the *status quo*.

Even when quantitative control could be accepted, it should be subject to stringent rules, designed to guard against restrictionist tendencies and to hasten the process of adjustment to the new conditions.

Another group of delegates, although not denying that in the past quantitative controls had sometimes shown a restrictive tendency, emphasised that such controls had always been instituted near the bottom of depressions when the position of the co-operating producing countries had already become desperate. They maintained that controls for agricultural commodities that are subject to serious cyclical influences should be established at a time when the situation is favourable and when excessive stocks have not yet made a policy of temporary contraction imperative. According to this view it is quite possible for an expansionist policy to be pursued within the framework of regulation, which can be so devised as to increase consumption. They agree that new arrangements for quantitative control will have to provide for adequate consumer representation, which will materially assist in eliminating any tendency toward unnecessary contraction.

It was upheld that the controls established in more recent years had, on the whole, served their purpose not too unsatisfactorily in that they brought about relative stability of prices and helped to dispose of oppressive world stocks, at the same time maintaining adequate supplies. These delegates were not opposed to the device of buffer stocks as such, but they believed that the operation of such pools without the backing of control arrangements would not prevent the disastrous situations to which agricultural countries have been subjected periodically. The fact that all nations in the future will be attempting to raise the level of consumption will not rule out the recurrence of serious cyclical disruptions.

It developed, however, that there was an important area of agreement regarding the need for international arrangements and for the establishment of principles and organisation for the guidance of their conduct. In order to facilitate further international consideration of the subject there are set forth in a resolution recommendations regarding the matter.

FINAL ACT

RESOLUTION XXV.—INTERNATIONAL COMMODITY ARRANGEMENTS

Whereas:

1. Excessive short-term movements in the prices of food and agricultural commodities are an obstacle to the orderly conduct of their production and distribution;

2. Extreme fluctuations of the prices of food and agricultural products aggravate general deflationary and inflationary tendencies, which are injurious to producers and consumers alike;

3. The mitigation of these influences would promote the objectives of an expansionist policy;

4. Changes in the scale and character of production to meet more effectively the world's need for food and agricultural products may in certain instances require a period of transition and international co-operation to aid producers in making necessary readjustments in their productive organisation;

5. International commodity arrangements may play a useful part in the advancement of these ends but further study is necessary to establish the precise forms which these arrangements should take and whether and to what extent regulation of production may be needed;

The United Nations Conference on Food and Agriculture Recommends:

1. That international commodity arrangements should be designed so as to promote the expansion of an orderly world economy;

2. That, to this end, a body of broad principles should, through further international discussion, be agreed upon regarding the formulation, the provisions, and the administration of such international commodity arrangements as may be deemed feasible and desirable and should include assurance that:

(*a*) Such arrangements will include effective representation of consumers as well as producers;

(*b*) Increasing opportunities will be afforded for supplying consumption needs from the most efficient sources of production at prices fair to both consumers and producers and with due regard to such transitional adjustments in production as may be required to prevent serious economic and social dislocations;

(*c*) Adequate reserves will be maintained to meet all consumption needs;

(*d*) Provision will be made, when applicable, for the orderly disposal of surpluses;

3. That international organisation should be created at an early date to study the feasibility and desirability of such arrangements with reference to individual commodities and, in appropriate cases, to initiate or review such arrangements to be entered into between governments, and to guide and coordinate the operations of such arrangements in accordance with agreed principles, maintaining close relations with such programs as may be undertaken in other fields of international economic activity to the end that the objective of raising consumption levels of all peoples may be most effectively served.

Extract from Memorandum on the Improvement of Regulation Schemes Prepared for the League of Nations Committee for the Study of the Problem of Raw Materials by Two of its Members[1]

6. In order to increase the elasticity of producing industries operating under regulation schemes by enabling them to meet sudden additional demands, experiments have more than once been made in forming "buffer stocks" of regulated commodities, that is stocks which are segregated from the market and released only when there are particular reasons for doing so. So far as tin is concerned, there have been three buffer stocks, one semi-official formed in August 1931 and liquidated in the second half of 1933, one unofficial which operated in 1934, and one official which covered about eight months in 1935. It is almost universally agreed that prices in the tin market have never been as steady as they were during the period when the buffer stock schemes were in operation. (The first scheme was adopted during the period when prices were still unduly low, and was an important factor in accelerating their rise to a reasonable level.) In the case of certain unofficial regulation schemes or cartels, such as, for example, the aluminium cartel, it is understood that the maintenance of stocks in the hands of producers at or above a fixed minimum amount (a practice which is not identical with that of holding a buffer stock but has much the same effect) is one of the permanent features of the arrangement.

7. One means of increasing at short notice the market stocks of a regulated commodity in the countries of consumption, and so checking sharp upward movements of price, would be to adopt as a standard part of all regulation schemes the practice referred to above of keeping some stocks in the countries of production, or at any rate under the control of the producers, which could only be marketed in special circumstances. One provision of the recently concluded Sugar Agreement is that the cane-sugar-exporting countries shall take steps to ensure that, at a given date in each year, they have a stock equivalent to not less than 10 per cent. or more than 25 per cent. of their annual production. The tin

[1] League of Nations Document A. 27. 1937. II. B.7. 8 Sept. 1937, pp. 57-62.

and rubber schemes provide that stocks not exceeding a fixed part of their annual exports may be held in countries of production, but in these cases there is no minimum amount of stocks which must be kept, and in the case of tin the provision relates to tin ore and not smelted tin. In practice, for a variety of reasons, the stocks held have been much below the permissible amounts in both cases.

8. It might at first sight appear that greater stability in the prices of regulated commodities would be secured by making some such standard provision in all regulation schemes. There are, however, some objections to an arrangement of this kind and, while it would be desirable to make this change, if circumstances prevented any more effective scheme from being put into effect, it is unfortunately not possible to feel any great confidence that such an arrangement would assure price-stability.

9. In the first place, it is almost inevitable that the purchasers of the regulated commodity would take these stocks, when formed, into account in framing their market policies—that is, if the stocks were accumulated as an addition to existing stocks, the price would tend to be depressed to a lower level than would otherwise be justified, because they would be considered to be immediately available; on the other hand, the committee managing the schemes would almost inevitably take them into account in framing its policy regarding releases—that is, if prices were depressed in this way, it might regard it as an indication that stocks were unduly large and might consider it necessary to follow a policy of reducing total stocks, including the stocks in producing countries, until a more reasonable level of prices was reached. In these circumstances, the result of the arrangement might in the end be to reduce the normal market stocks in consuming countries by an amount equivalent to the amount of reserve stock established in the producing countries, and this would make the scheme less, and not more, elastic than before, since some time would necessarily elapse before these stocks could be put at the disposal of consumers and a sudden increase of demand might disclose a serious shortage of stocks immediately available.

10. In the second place, there might be great difficulty, more particularly from a financial point of view, in arranging that substantial reserve stocks of this kind should in fact be held in producing countries. The establishment of the stocks would involve the provision of capital to finance the stocks themselves and perhaps to erect accommodation for them, and also the payment of recurrent charges for maintenance. Even if the general obligation of the producing countries to hold these stocks were recognised, it would not be easy to convert this general obligation upon the country into a specific obligation upon the individual producer to hold his share of the stock, since almost every producer might well find good reason for arguing that he at any rate should be exempted. Indeed, they might even argue that, since the buffer stock was being created primarily in the interests of the consumers, the consumers themselves should accept the liability involved. It is true that a good deal less objection would be felt in the particular case of tin, if the obligation were to hold tin ore and not smelted tin, but the addition of the time taken in smelting to the time taken in shipping would make the accumulation of a stock of this kind even less effective than a local stock of smelted tin in preventing sudden fluctuations of price.

11. There is, in fact, some substance in the argument that the maintenance of a buffer stock is a responsibility rather of the consumer than of the producer. Indeed, in the case of rubber, the large consumers have not only claimed the right, but also recognised the obligation, to maintain very substantial stocks under their own control. But there is much more substance in the argument that the buffer stock is required because without it a regulation scheme devised primarily in the interests of producers might inflict serious injury on the consumers, and that a definite obligation rests upon the producers to frame proposals for a buffer stock scheme, unless by some other means they can guarantee that severe fluctuations in price will not occur in future. Furthermore, there is the practical difficulty that the consumers are not in any sense a body which can be organised in the same

way that the producers have been organised. In the case of tin, for example, the official statistics relate to seven producing and twenty-eight consuming countries and there would be the same disproportion between producers and consumers in any other commodity the production of which could be regulated.

12. At the same time, the fact must be faced that, even though all buffer stocks have hitherto been operated solely by producers, their operation has given rise to certain difficulties, and the prospect that producers, if left to themselves, would be able or willing to produce anything more ambitious or effective than a scheme on the lines described in paragraph 8 above appears to be remote. If they were prepared to propose a scheme for a buffer stock to be financed by themselves and operated by the Committee controlling the scheme, the arrangement would avoid many difficulties inherent in any scheme framed on other lines, but, as stated above, the prospects of such a scheme materialising for any of the commodities now subject to regulation appears to be remote.

On the other hand, the operation of a buffer stock solely by consumers would undoubtedly give rise to even greater difficulties, if indeed it could be created at all.

13. In these circumstances, the real fact appears to be that no scheme for a buffer stock of any regulated commodity is likely to come into existence, unless some of the largest consumers or the Governments of the principal consuming countries decide to make a joint proposal for a buffer stock scheme to the body controlling the scheme and ask them to give that co-operation which, as has been pointed out above, they are under every obligation to give. The essential features of any such scheme would probably be that control should rest in a small body, possibly with an independent chairman, on which equal representation was given to producers and consumers, that the finance should be provided principally or entirely by the consumers, that the ownership of the stock on the dissolution of the arrangement should vest in them, and that the obligation to make supplies available as required should be upon the producers' representatives.

14. In regard to the initial formation of the buffer stock, it must be borne in mind that an essential feature of all regulation schemes is that the rate of release should be so adjusted as to keep stocks at an adequate but not excessive figure. If a buffer stock is to be formed, therefore, in addition to the normal stock, it can only be formed from a special quota—that is, an addition to the rate of release specially allowed for this purpose, and such an addition could be allowed only by the committee managing the scheme. It is obvious, therefore, that the first essential is that this committee should agree to the formation of a buffer stock and should be prepared to assist it. In practice, what would probably happen if it were finally decided to form a buffer stock in any regulated commodity would be that the formation of the stock would be postponed until releases, which are now at a comparatively high level, were due to be reduced, and that the arrangement would be that the rate of release would be kept at its existing figure and that the margin so created would be earmarked for the buffer stock.

15. Even if this special addition to the rate of release were made, use could not be made of the privilege unless arrangements were made to finance the supplies so produced. In the case of the official buffer stock of tin, the arrangement was that the Governments of the producing countries paid to producers who were prepared to contribute to the buffer stock an amount equal to the out-of-pocket expenses incurred in producing the tin put into the stock, the Governments also met the financial expenses involved in carrying the stock, and finally, when the scheme was wound up, after recovering their own expenses, they distributed the surplus remaining to the original contributors to the stock. So far as these contributors were concerned, therefore, the upshot was that for the tin which they put into the stock they received immediately an amount equal to the cost of producing it and ultimately an additional amount which brought their total receipts per ton up to a figure approximating to the price per ton of tin at the time when the stock was formed. It is doubtful whether a buffer stock of any commodity could be formed to-day under conditions which would afford reason-

able guarantees that the contributors to it would eventually obtain a price equivalent to the price which they could secure by sale of their product over the period during which the buffer stock was accumulated.

16. For example, in the case of tin, a buffer stock could not in fact be formed at all at present, for actual exports are in the aggregate much less than the permissible exports at the present time; but, even when this rights itself and conditions arise in which an addition to the normal rate of release could be allowed in order to form a buffer stock, it is probable that the price would still be at such a level that tin put into the stock, at any rate in the initial stages, would in the end realise less than its market price at the time when it was put in.

17. It is obviously difficult to suggest that the Governments of the exporting countries should be invited to assume a liability for any such loss in connection with a buffer stock, and it is unlikely that any producer would be willing to put tin into a buffer stock without some fairly definite idea of what his ultimate receipts in respect of it would be. It would, however, be worth the while of a producer of, say, tin to put tin into the stock at something less than the current price, if the metal so put in were tin which otherwise he would not have been permitted to produce, since, for a producer working at a moderate rate of activity the expense involved in working at a slightly higher rate of activity is relatively small.

18. It is probable, therefore, that, when the potential productivity of the tin industry becomes substantially in excess of the rate of production allowed under the scheme, individual producers would be prepared to offer tin to the buffer stock outside their normal quota at a price above their out-of-pocket expenses but substantially below the market price, provided they were paid cash on the spot for such tin. Indeed, if the arrangement were that producers selling tin to the buffer stock were entitled to share in the ultimate profits, if any, they might—depending on their view of the probable course of events—be prepared to sell tin to the stock at an even lower figure than they would be prepared to take if the transaction were simply an outright sale. The same is probably true of other regulated commodities.

19. Such an arrangment, however, would only be possible if finance for the scheme were found principally, if not entirely, from some source other than the producers, and the only possible source appears to be those large consumers and Governments of important consuming countries who are prepared to constitute themselves into the consumers' side of the body controlling the buffer stock.

This would involve as an inevitable part of such a plan the acceptance of a certain risk by those who provided the finance; but the risk would be relatively small for two reasons. In the first place, if the material were taken into stocks at the actual out-of-pocket costs—that is, the actual cash cost of production without making any allowance for overheads, interest or profit—this figure would be considerably below the present market price and so would give a wide margin of safety. In the case of tin, for example, the out-of-pocket cost would probably be in the region of £90 to £100 a ton against a present market price of between £250 to £260. In the second place, the scheme itself gives a certain security, but prices will not drop during its existence to such an excessively low level as to involve the buffer-stock holders in an actual loss.

20. Provided that such consumers and Governments were ready to supply the necessary funds, there is no reason to anticipate difficulty in forming a buffer stock in this way, when conditions of production and consumption are favourable to such an accumulation. There would, however, be certain difficulties in administering the stock, even if the committee managing it were constituted on the lines set out above, and, in particular, it would be necessary to decide in the very earliest stages how and in what circumstances it should eventually be liquidated. It must be remembered that the object of creating the stock would be to improve the efficiency of the regulation scheme, and the buffer stock would therefore lose its *raison d'être* if the regulation scheme came to an end. When the official tin buffer stock was formed, it was provided that it should be liquidated before the

scheme came to an end, and this would be essential in the case of any buffer stock for which the producers alone had the financial responsibility, since it would normally be necessary to reduce the export quotas in the last stages of the scheme to enable the buffer stock to be merged in the normal stock without upsetting the market and consequently the price. Thus, if a buffer stock of, say, tin were formed at the producers' risk, it would be essential that it should be liquidated during the life of each regulation agreement and re-formed again after the agreement was renewed, unless renewal were agreed upon some considerable time, say a year, before the expiration of the original scheme.

21. A buffer stock which was financed entirely by consumers, however, would not be open to this disability, for the consumers in any case require regular supplies of the commodity, and could simply take over the stock for their own use on the termination of the regulation scheme, and the only risk which they would run is that the price at that time might be below the price at which the buffer stock was being carried. Thus the renewal of the regulation agreement would not necessarily involve on each occasion the liquidation and re-accumulation of a buffer stock.

22. It is, however, inconceivable that the producers would consent to, and assist in, the formation of a buffer stock held by consumers unless they were assured that it would be liquidated very gradually when the regulation scheme finally came to an end, so as not to disturb the market at that time.

Provided that an agreement could be reached on this and the other matters referred to above, there would not appear to be any insuperable difficulty in forming a buffer stock financed exclusively or principally by the consumers on the lines set out.

23. So far as the day-to-day administration of the buffer stock is concerned, the object of creating the stock is to prevent prices from rising to excessive heights, and it is therefore clear that the stock should be kept intact until this state of affairs arose. In practice, it would no doubt be necessary to fix some price at which releases from the stock would be permitted, and the body administering the stock, or preferably a very small sub-committee of that body—consisting perhaps of the chairman, one consumer representative and one producer representative—would be at liberty to make releases from the stock at any time when the price was at or above this figure. This pivotal figure could of course be varied from time to time and might be published in advance or kept secret. Even if it were kept secret, however, it is inevitable that it should become known to the market if any substantial quantity was released from the stock.

24. Another point for decision is whether the buffer stock should be placed in such a warehouse or warehouses that its quantity became known or whether it should be kept under such conditions that its quantity was secret. It has been pointed out above that stocks kept in the country of production would almost inevitably be regarded as stocks immediately available and the same would be true of a buffer stock, wherever it was kept, provided that its amount was known. Indeed, experience shows that this is the case. In these circumstances, it seems desirable that an attempt should be made to keep the amount of the buffer stock secret. It is, however, very doubtful whether this could be done. For the most important primary commodities the trade statistics are so precise that the movements, and the amount, of a buffer stock could be estimated with fair accuracy by persons operating in the market.

25. It is not improbable that the producers, if they consented to the formation of a buffer stock on these lines, would also desire to make it a condition that the body administering the buffer stock, as well as making releases from the stock if the price reached a particular height, should agree to purchase supplies in the open market if the price fell to some agreed low point, at any rate until their financial liabilities in regard to the buffer stock had reached some agreed figure. This would seem a logical completion of the scheme, though, as pointed out above, a committee administering a regulation scheme is in a much stronger

position to correct an excessively low price than an excessively high one. In these circumstances, such an arrangement, if made, would probably not come often into effect.

26. To sum up, if the regulation schemes now in existence are to be improved by the creation of machinery for correcting excessive movements in price, particularly in an upward direction, it would appear that a possible method would be for the Governments of the principal consuming countries to form committees for the purpose and to invite the committees administering the schemes to send representatives to co-operate with them to form and operate a buffer stock.

The buffer stock committees so constituted would negotiate with the regulation committees for the grant of a special buffer stock quota outside the ordinary rate of release, and, when it was granted, would negotiate with the individual producers for the purchase of the appropriate part of their production at a price which was above the cost of production but below the market price, either outright or on some form of profit-sharing terms.

Conditions of the agreement would be:

(1) That no release would be made from the buffer stock except at a high point of price to be agreed from time to time between the consumers' and producers' representatives on the controlling body;

(2) That further additions would be made to the buffer stock from the open market if the price fell to a low point to be agreed from time to time in the same way;

(3) That, if the regulation scheme came to an end, the liquidation of the buffer stock would be spread over a period to be agreed in advance.

It would be necessary to decide whether those prices should be secret or not, and whether the buffer stock should be held in such a way that its amount could as far as possible be kept secret.

The details of the arrangement would no doubt vary in each case, but the above outline appears to be the best one that could be devised, unless there is some prospect of the creation of a buffer stock administered solely by the producers.

27. If the technical and other difficulties, set out above, in the way of creating a buffer stock can be overcome, it is possible that the organisation created for the purpose could also be made to serve the purpose of assisting consumers in countries which are embarrassed by the lack of raw materials to secure quantities of the raw materials, which otherwise they would be unable to obtain. Such consumers, while they were not in a position to find the necessary foreign exchange for the purchase of raw materials, might be in a position to guarantee payment within a fixed period after the delivery of supplies. The organisation holding the buffer stock would be financially in a strong position, particularly since it would probably be in possession of stocks purchased at a price below the market price, and thus might be able to make supplies available against payment at a future date. This could of course only be done if the buffer stock was of substantial dimensions, but the transaction would be of benefit both to the consumers thus supplied, who would obtain supplies otherwise unobtainable, and to the organisation administering the stock, which would make a profit on the transaction and thus be helped to meet the expense of carrying the stock, and to the producers, who would be able to produce an extra amount, which could not otherwise have been produced, in order to replenish the buffer stock.

The matter is obviously one which would require considerable study, but it seems worth pursuing as one means of increasing the volume of international trade.

Extract from General Statement issued to the Press by the Chairman of the United Kingdom Delegation to the United Nations Conference on Food and Agriculture[1]

INTERNATIONAL TRADE IN AGRICULTURAL PRODUCTS

(5) One consequence of the natural differences between countries is that, although the greater part of mankind lives mainly on food produced at home, all countries depend to some extent, and some countries to a large extent, upon imported foods. One of the salient features of the inter-war period was the disorderly state of the international markets for foodstuffs and raw materials, and though questions of general commercial policy lie beyond the competence of this Conference, we can usefully devote a great deal of attention to the narrower field of international trade in foodstuffs and other agricultural products. We must devise a system of international trade in these products which ensures that they pass from the producer to the consumer at prices as far as possible stable and fair to both parties. A special feature of trade in agricultural products which distinguishes it from trade in other commodities is that the exact quantities which are produced cannot be accurately determined in advance. The principal cause of disorder in the commodity markets in the inter-war period was the emergence from time to time of "surpluses" which were so great in relation to world trade as to be unmanageable. Efforts were made to diminish these surpluses by stimulating consumption, but these efforts were, for the most part, unavailing and producers were driven to the regrettable expedient of restricting production. It is the conviction of the United Kingdom Delegation that a bold policy of expansion should be adopted in the place of restriction. We must therefore direct our main effort towards solving this problem by the stimulation of consumption. We believe that the only unquestionable justification for reducing the production of a desirable commodity is to release capacity for the production of some other still more desirable one.

BUFFER STOCKS

(6) Variations in yield are so great that it is impossible to base a consistent policy on the principle of equating consumption to current production. A method of getting over this difficulty which we believe would be most effective in many cases is the creation of an internationally held balancing or buffer stock which could be increased when production for the time being outruns demand, and drawn upon when it falls short. Such a stock would serve a double purpose. Not only would it ensure that the consumer always has ample supplies available for him and that the producer always has a purchaser for his product, but also, if properly managed, it would shield both parties from violent short-term fluctuations in price.

In the view of the United Kingdom Delegation those responsible for operating a buffer stock should aim at combining a short-period stabilisation of prices with a long-period price policy which balances supply and demand and allows a steady rate of expansion to the most efficient producers. It should be possible to achieve this aim through variations in the prices at which the authority controlling the buffer stock is a buyer and a seller. This form of orderly management seems to us preferable to one based on export or production quotas. A buffer stock of the type described above is of course a completely different concept from that of a buffer stock designed simply to maintain prices.

For these reasons the United Kingdom Delegation would welcome a declaration that there should be no regulation by quotas of the export of any agricultural commodity except under the control of some authority fully representative

[1] *The New York Times*, 24 May 1943, p. 7.

of both producers and consumers. One of the objects of such regulation should be to encourage desirable shifts in production from one commodity to another and from the less to the more efficient producers. For this reason we believe the authorities responsible for the regulation of the various commodities should keep in close contact and should be subject to the policy direction of a representative international co-ordinating body.

We would also welcome a declaration by the Conference that the best interests of agricultural producers and consumers would be served by the setting up under the international co-ordinating body of buffer stocks of the more important agricultural products which can be stored.

APPENDIX B

Standard Social Clause Embodied in Contracts for Imported Strategic Materials Concluded on Behalf of the Government of the United States[1]

(1) The Seller agrees that the terms and conditions of labour in the operation of any (plantation) under its direction or that of any of its subcontractors shall be such as to maximise production and minimise those conditions of health, safety, housing, sanitation, and labour which may tend to limit productivity. In this connection, Seller agrees that it will (i) comply with all local laws and regulations affecting labour relations, hours of work, wages, unemployment and disability compensation, safety, sanitation, food, shelter, health, education, child labour and other like matters; (ii) pay wages no less than those paid in any other comparable operations now or hereafter carried on by the Seller in the Republic of ....., nor less than those paid by other persons for comparable work in the Republic of ....., whichever is higher; (iii) provide and maintain reasonably adequate safeguards against accidents; (iv) furnish its labourers and employees with adequate and suitable shelter, water, sanitation, medical treatment and protection against controllable diseases upon a fair and equitable basis; and (v) if necessary, assure such labourers and employees of the existence of an adequate food supply at a reasonable cost. Six months after the execution of this agreement, in the light of experience gained in its operations, the Seller will confer with a representative of the Buyer to determine whether the scale and manner of wage payment is such as to encourage maximum productivity and will endeavour to agree upon such terms as may be necessary to establish an effective incentive plan of employment. The Seller agrees that it will cause its subcontractors to observe the covenants contained in this paragraph.

(2) In furtherance of the objective of maximum production, the Seller agrees to co-operate in the execution of programmes to promote the health and safety of the labourers employed in the performance of this agreement. Such programmes shall be formulated by the Buyer after consultation with and be approved by the appropriate public authorities, prior to the beginning of operations thereunder. The Seller agrees to match, dollar for dollar, such sums as the Buyer may arrange to be furnished to carry out such programmes, provided that the Seller shall not be obligated under this paragraph to furnish more than $..... during the period that this agreement remains in effect. If, for any reason, the Buyer is unable to arrange for the provision of funds for the purpose contemplated by this paragraph, such inability shall in no respect relieve the Seller of his obligations imposed by other paragraphs of this agreement.

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[1] For a discussion of this text, see INTERNATIONAL LABOUR OFFICE: Studies and Reports, Series D (Wages and Hours of Work), No. 23, *Labour Conditions in War Contracts, With Special Reference to Canada, Great Britain and the United States*, Second Edition, pp. 55-57; for certain additional information, see *International Labour Review*, Vol. XLVII, No. 1, Jan. 1943, pp. 63-64.

APPENDIX C

Wartime Commodity Control Agencies

Combined Raw Materials Board

Statement concerning the Creation of the Combined Raw Materials Board

27 January 1942

To further co-ordination of the United Nations war effort, the President and Prime Minister Churchill have set up three boards to deal with munition assignments, shipping adjustment and raw materials. The functions of these boards are outlined in the following statements.

Members of the boards will confer with representatives of the Union of Soviet Socialist Republics, China, and such other of the United Nations as are necessary to attain common purposes and provide for the most effective utilisation of the joint resources of the United Nations.

COMBINED RAW MATERIALS BOARD

A planned and expeditious utilisation of the raw material resources of the United Nations is necessary in the prosecution of the war. To obtain such a utilisation of our raw material resources in the most efficient and speediest possible manner, we hereby create the "Combined Raw Materials Board".

This Board will:

(*a*) Be composed of a representative of the British Government and a representative of the United States Government. The British member will represent and act under the instruction of the Minister of Supply. The Board shall have power to appoint the staff necessary to carry out its responsibilities.

(*b*) Plan the best and speediest development, expansion and use of the raw material resources, under the jurisdiction or control of the two Governments, and make the recommendations necessary to execute such plans. Such recommendations shall be carried out by all parts of the respective Governments.

(*c*) In collaboration with others of the United Nations work toward the best utilisation of their raw material resources, and, in collaboration with the interested nation or nations, formulate plans and recommendations for the development, expansion, purchase, or other effective use of their raw materials.

First Annual Report of the Combined Raw Materials Board

26 January 1943

Creation, Membership, Terms of Reference

1. The Combined Raw Materials Board was set up on January 26th, 1942, by decision of the President of the United States and the Prime Minister of Great Britain, arrived at during the latter's visit to Washington at that time. The Board consists of two members, Mr. W. L. Batt, Vice Chairman of the War Production Board, U.S.A. member; and Sir Clive Baillieu, Head of the British Raw Materials Mission in the U.S.A., British member, representing the U. K. Minister of Production. It was given under its terms of reference a comprehensive responsibility for the planning of the raw materials effort of the two countries, and for collaborating with the other United Nations to insure that their resources in raw materials were most effectively deployed to assist the common cause.

In detail, the Board was directed:

(i) To plan the best and speediest development, expansion and use of the raw material resources, under the jurisdiction or control of the two Governments, and make the recommendations necessary to execute such plans. Such recommendations shall be carried out by all parts of the respective Governments.

(ii) In collaboration with others of the United Nations, to work toward the best utilisation of their raw material resources, and, in collaboration with the interested nation or nations, formulate plans and recommendations for the development, expansion, purchase or other effective use of their raw materials.

Work of the Board during the Year

2. This report reviews the activities of the Board at the end of a full year's operation, and describes its organisation and functions as they have developed in the light of experience. The work of the Board has fallen into three principal categories: (*a*) The overall review and regulation of the supply and requirements position of the United Nations for the major critical or essential raw materials. (*b*) The adjustment of the day-to-day raw materials problems which have been referred to the Board by the U.K., the U.S.A., or others of the United Nations, or initiated by the Board itself. (*c*) The co-ordination of the views of the U.S.A. and the U. K. on the raw materials aspects of negotiations with third powers and, towards the end of the year, the allocation of strategic materials becoming available in hitherto closed areas now under occupation by Allied forces.

Working Relationship with U.S.A. and U. K. Departments and Treatment of Day-to-Day Problems

3. The Board exercises its authority through recommendations (see Paragraph 1 (i) above) to the departments and agencies of the U.S.A. and U. K. Governments already responsible for the supply and distribution of raw materials within their fields. Linked with the operating agencies in this way it acts both as a clearing house for information and as a control point for action, making its recommendations in the light of an authoritative picture of the world demand and supply position for any given commodity which it is the Board's official responsibility to maintain.

The actual day-to-day relationship with the raw materials departments of the two Governments is extremely close. The Board's recommendations require preparation and discussion from the practical point of view with the authorities responsible for carrying them out before adoption, and liaison with these author-

ities has therefore been maintained throughout. This liaison has not been concerned solely with the settlement of matters initiated by the Board. It has acted as a channel through which the operating agencies of the one country or the other continuously put before the Board problems with which they are faced, and which can only be met by joint action or agreement.

The raw materials problem is by nature global in scope. The U.S.A., U. K. and the other countries concerned must draw their supplies of innumerable essential materials—rubber, copper, tin, zinc, manganese, chromite, cobalt, lead are a few of the more obvious examples—from all parts of the non-Axis world. For all strategic materials, pressure of wartime demands imposes a strain on available supplies without precedent in normal years, and it would in practice be impossible for the United Nations successfully to conduct their supply arrangements independently of one another. The Board's establishment has provided official combined machinery for the settlement of the day-to-day problems which inevitably arise, and the Board has felt throughout that the contribution it has been able to make in this field has been one of its most valuable functions.

Operating Committee

4. Standing machinery for maintaining regular contact with the various agencies concerned with the supply and control of raw materials was, therefore, desirable from the beginning, and has been provided through the Advisory Operating Committee of the Board, on which these agencies are represented. This Committee consists of the Board's Executive Secretaries, together with representatives of

U.S.A.	*U.K.*
State Department	Foreign Office
War Production Board	Ministry of Production
Department of Commerce	Ministry of Supply
Board of Economic Warfare	Ministry of Economic Warfare (through Officers of the British Raw Materials Mission and British Embassy)
Office of Lend-Lease Administration	

The Committee meets weekly and performs a number of functions. It examines, as noted above, proposed recommendations before they are formally submitted to the Board for adoption. It then watches over the implementation of the Board's recommendations, and in particular serves as a body for securing action to meet any unexpected difficulties which arise. In this capacity the Committee considers and acts on reports from the operating agencies on the progress of shipments to each country against the Board's allocations of various materials; on the progress of development programmes which have been the subject of recommendations by the Board; and on action taken with regard to conservation and substitution. When necessary, it takes up problems which may develop in the application of administrative measures which the Board has recommended for controlling the procurement and supply of any commodity, especially in connection with "joint purchasing" arrangements which are referred to later in this report.

In addition, the Committee provides a mechanism for the clearance of a variety of operational matters which concern the several agencies represented, for the exchange of views and information, and for the removal of various misunderstandings and uncertainties which inevitably arise in relation to problems which are geographically so wide in their scope. In this way it has been possible to solve a great proportion of day-to-day problems by an agreed or combined course of action without recourse to formal recommendation by the Board.

Action on Strategic Materials

5. The Board's primary duty was to bring under authoritative review the combined supply and requirements position for those materials which are in such short or precarious supply as to endanger any part of the total war effort. During the year the following materials have been covered by recommendations based upon comprehensive formal reports:

Nickel	Phosphorus	Crude Rubber	Mica
Copper	Manganese	Reclaimed Rubber	Wool
Tin	Chromite	Manila Hemp/	Shellac
Lead	Tungsten	Sisal	Graphite
Zinc	Cobalt	Silk/Nylon	Asbestos
Antimony	Vanadium	Sheepskin-	Balsa Wood
Mercury	Molybdenum	Shearlings	Pyrethrum
			Kapok

In addition, consideration based on less detailed working surveys has been given to a wide range of materials, mainly in connection with specific problems which have arisen in respect to them. Representative examples are aluminum, bauxite, magnesite, cadmium, steel scrap, iron ore, long staple cotton, jute, ammonium sulphate, glycerine, bristles, sitka spruce, balata, quartz crystals, copper sulphate.

Steel has been the subject of special arrangements with the Combined Production and Resources Board (see Paragraph 14).

Commodity Reports

6. The materials selected for review were those for which there was some *prima facie* evidence for concern. Initially they were materials of which the supply had been cut off, seriously curtailed, or threatened by enemy action in the Far East, such as rubber, silk, tungsten, tin, manila hemp and sisal. In other cases, of which the principal non-ferrous metals are examples, it was important to take all necessary precautions in view of the unprecedented demands which the combined military programmes were imposing upon normal sources of supply. In a third class were materials which gave rise to operating or purchasing problems where both the U.S.A. and the U.K., together with others of the United Nations, might be in active competition in the various markets for limited supplies. In many cases these reasons were present in combination.

The common factor possessed by all the C.R.M.B. materials reports is that they have provided for the first time, through combined machinery not previously in existence, an official assessment of the total position. The reports draw together into one document a combined statistical survey of requirements and supply for one or two years ahead; a review of possible interruptions to future supply, and of measures in progress or desirable to increase output; and a consideration of the problems of conservation and substitution.

Based on these reports, the Board's recommendations have been directed towards balancing supply and demand through:

(*a*) allocations;
(*b*) maintenance or increase of supply;
(*c*) conservation and economy in use;
(*d*) co-ordination of the purchasing and development activities of the two countries (and, where necessary, others of the United Nations) in the various markets of the world;
(*e*) shipping adjustments.

The extent of the Board's intervention in connection with any particular material, has naturally varied with the gravity of the position disclosed when the overall picture is assembled. Where the situation was either critical or dangerously unbalanced, as for example in the cases of rubber, copper, tin, nickel, zinc, tungsten, mica, manila hemp and sisal, comprehensive recommendations under all, or most, of these heads were called for.

Allocations

7. In each case the first essential step was to regulate by some suitable system of allocation the distribution arrangements for each material reviewed, so that the consuming countries would be assured of an appropriate proportion of the total available supplies in the light of their respective requirements. The arrangements varied from material to material according to circumstances. Basically the principle adopted was that of a distribution of actual sources of supply in conformity wherever possible with existing trade relationships between consuming and producing countries. This method secured the objective of regulation and certainty of supply without involving the operating agencies in a greater number of rearrangements than was absolutely necessary. In the simplest instance, antimony, which is in relatively easy supply, an arrangement of this kind was sufficient in itself. In the majority of cases, however, it was necessary for the Board to take more positive action involving (*a*) transfer of certain source areas from one consuming country to another, (*b*) a division by quantities of the output of some producing areas, and (*c*) a balancing adjustment of the supply position by the allocation of a stated quantity from one country to another.

Distribution arrangements of this kind were made for zinc, manganese, tungsten, chromite, tin, lead, rubber and copper. In the case of copper, for instance, after an allocation of sources of supply on an annual basis the U.K. has a residual deficiency made good by a quantitative allocation from the U.S.A., which the Board makes quarterly. In the case of rubber the Board has made an allocation of such sources of supply as remain open to the United Nations, reviewed consumption quotas for each consuming country in order to regulate the rate of exhaustion of initial stocks, while at quarterly intervals the position for this commodity also is subject to a balancing adjustment through an allocation by the Board of the output of Ceylon, a U.K. controlled source. Nickel and molybdenum, alloying materials in critical supply, are subject to a close allocation each quarter in terms of specified quantities to each consuming country. Special circumstances arose in the cases of sisal, balsa wood, mica, shellac and graphite, making general allocations on a quantitative rather than a source basis desirable.

Shipping Considerations in Allocations

These allocations have been based not only upon an assessment of relative supplies and requirements, but also where necessary upon the general shipping position after consultation with the shipping authorities with the object of eliminating cross hauls and of obtaining, in the light of all the factors involved, the shortest and safest shipping route from producing to consuming area. The U.S.A., for example, was allocated responsibility for the supply of Canadian requirements of ferro-tungsten to cut out a double shipment of ore and metal through U.K. waters. Similarly, the Board's review of phosphorus was undertaken to eliminate a particularly wasteful use of shipping and arrangements were made to substitute the shipment of phosphorus from the U.S.A. to the U.K. in place of phosphate rock, involving an eight-fold saving of tonnage and at the same time releasing capacity in the U.K. previously devoted to the manufacture of phosphorus for the production of ferrosilicon.

In making its general allocations the Board has provided for the essential

needs of the other consuming countries – the U.S.S.R., the British Dominions and Colonies, Central and South America, the European neutrals, Iceland, etc. This provision has been made either by a direct allocation, or by apportioning between the U.S.A. and the U.K. responsibility for meeting such needs out of resources allocated by the Board. In some cases this responsibility has been undertaken by another country, *e.g.*, Canada was allocated responsibility for certain supplies of sisal manufactures to the West Indies, and Australia for the supply of tin to New Zealand. The needs of the U.S.S.R. have been dealt with on the basis of the Protocol Agreements and the Board has made further allocations to meet additional Russian requests which have been referred to it during the year.

In addition to general allocations of this kind, the Board has been called upon from time to time to deal with a number of special requirements for the more critical materials—aluminium, rubber, copper, tin, zinc, tinplate, vanadium—

and to meet these requirements allocations have been made on an *ad hoc* basis to the various claimant countries, the U. S. A., U. K., U. S. S. R., Canada, Australia, Belgian Congo, etc.

Maintenance and Development of Supplies

8. The Board's reports have shown that only a few exceptional cases give rise to no supply problem and that for the majority of materials the maintenance and stimulation of output is a matter of fundamental concern.

The raw materials authorities of each Government are, of course, familiar with the fact that certain materials are critical and they have already been faced with the need for developing and for conserving supplies. Co-ordinated information of the precise degree of scarcity, however, has not always been available and in the first instance the Board has been able to make clear by an official statement of the total position the fact that there is no margin anywhere which could be taken up in an extremity, and the extent to which development measures should be pursued by the operating agencies concerned in each Government. In some instances the compilation of the combined picture has shown for the first time the necessity for a vigorous attack on this problem.

In the majority of cases—examples are rubber, copper, tin, nickel, cobalt, tungsten, mica, zinc, balsa, sisal—the Board has gone considerably beyond general indications and has made specific recommendations as to the places in which development should be undertaken, and also as to the methods or organisation which should be used. In making these recommendations the Board has either taken the initiative or has lent its support to measures which were already under consideration by the responsible agencies. One important effect of such recommendations has, therefore, been to confirm to the operating agencies, from the standpoint of the overall position, whether certain marginal projects, *e.g.*, in nickel and tin, should be vigorously pursued, and the degree of importance which attaches to increasing the output of a new war material like balsa wood. In all such instances it has been considered important to clarify responsibility between the two countries and the other United Nations for carrying out development work in order to insure a distribution of effort and equipment which will achieve the maximum results.

The Board has also been able to assist in supporting the supply of equipment to maintain production, as in connection with Australian and Nigerian tin. Under the general aegis of the Board a joint U.S.A. and U.K. Technical Mission was sent to the Belgian Congo (a valuable source of rubber, tin, cobalt, copper, etc.) to investigate in the field what equipment would be necessary to maintain and increase output of the various materials, and what results might be expected from it over a given period. This Mission has carried out its work and its report is in course of being translated into practical effect.

Close informal contact has been maintained through the operating agencies

with development progress at all stages, especially as noted earlier through the medium of the Operating Committee on which they are represented. Through these informal contacts the Board has been able to maintain a continuous and realistic view of future prospects and the operating agencies have been able to refer proposals or difficulties to the Board for support or assistance. This has been particularly true where the raw materials department of one country has felt apprehension regarding output on which it is dependent in another, *e.g.*, U.S.A. interest in South African asbestos production and distribution, and U.K. interest in balsa in Ecuador.

Conservation—Technical Interchanges

9. As in the case of supply, the Board's first duty has been to clarify the degree of scarcity in any given case, and to urge on all consuming countries the necessity of corresponding measures of conservation. Recommendations regarding the various metals, for example, have normally referred to the need for vigorous efforts to survey, control, segregate and reclaim scrap, and to bring back stocks immobilised in semi-finished or inessential materials, according to the gravity of the position. In certain cases, such as copper, tin, zinc, and nickel, these points were dealt with in some detail.

The principal direct contribution the Board has been able to make in this field has been to secure and co-ordinate exchanges of technical information and experience. This action has not been confined to the U.S.A., and U.K., the major consumers, but has brought in as far as possible the other United Nations with the assistance of the U.S. State Department and the British Commonwealth Supply Council in London. While there may exist an absolute scarcity of a material, one country may have a relatively easier supply than another in proportion to its needs, and would not independently need to pursue economy so far. This situation the Board has endeavoured to meet partly by its basic allocation policy, but also by encouraging the development of a common standard of essential uses, including where necessary the substitution of inferior grades (*e.g.*, mica, zinc) or alternative materials (*e.g.*, steel for brass in cartridge cases and various substitute fibres for manila and sisal in rope).

In most case the more liberal use of a scarce material in one country than in another is due, at least in part, to undeveloped technical processes and equipment, and an exchange of technical information and experience, especially between the U.S.A. and the U.K., has been important in overcoming this situation. Recommendations on this point were made in connection with tungsten, tin, cobalt, mica, copper, zinc, graphite, and asbestos, to be reinforced in some of these cases by an advisory interchange of technicians. These interchanges have already taken place with very satisfactory results.

To centralise the activities of the Board in a field covering a wide variety of commodities, and particularly to provide a defined channel for the exchange of information on conservation matters between the U.S.A. and the U.K., a special liaison has been set up. This liaison consists of a U.S. representative attached to Mr. Harriman's organisation in London, with the responsibility of comparing U.S. and British practices from the point of view of savings in critical materials (and also manpower and time) which can be accomplished by substitution, changes in specifications, standardisation or simplification of products, and simplified manufacturing practices and processes. In direct contact with British departments, he acts as a channel for conveying information in both directions, and corresponds with a British counterpart in the Board's offices in Washington, who is in direct contact with the War Production Board and other interested U.S. agencies.

In certain cases a closer control was found necessary. In regard to the alloying elements (nickel, molybdenum, tungsten, etc.) it was evident that (*a*) insofar as these materials were interchangeable they must be considered as a whole,

and (*b*) insofar as they were in acute supply, allocations must be closely based upon comparative end-uses, with a careful regard to the changing supply position of each material from time to time. A special committee was, therefore, set up (i) to investigate and compare the end-uses of these materials in the U.S.A., U.K. and other countries, and to formulate proposals for allocations; (ii) to investigate on the basis of this information the possibilities of further conservation; and (iii) to consider the possibility of saving molybdenum by increasing the output of tungsten high speed steels. The preliminary report of this committee was used as the basis for allocations for the fourth quarter 1942 and its recommendations with regard to tungsten high speed steels have also been approved and adopted by the Board.

Co-ordination of Purchasing Arrangements

10. It was essential that any attempt to organise the supply and distribution of raw materials on a combined basis should pay close attention to defining and co-ordinating the purchasing activities of the countries concerned in the various markets of the world, in order to insure that the U.S.A., U.K. and other consuming countries would not defeat the common purpose by meeting in unregulated competition for limited supplies drawn from a few sources or areas.

Such a definition of responsibility is, of course, implicit in those cases in which there was an actual allocation of sources of supply. These have already been mentioned. In the other cases specific recommendations were made where necessary to achieve this object either by making one country solely responsible for purchasing on behalf of all, with agreed allocations made available to the others, or by an arrangement that the various countries should purchase through some joint machinery and within an agreed framework of prices and conditions. Arrangements along these lines were recommended to cover mica (India, Brazil), shellac (India), graphite (Ceylon and Madagascar), balsa wood (Ecuador), sisal (various markets), balata (Central America), sheepskin shearlings (various markets), pyrethrum (various markets), kapok (South America). These recommendations were closely correlated with the allocation of responsibility for development work in the areas concerned, and have normally been tied in with a quantitative or proportionate allocation of supplies controlled by the Board.

Commodity Reports Continuing Revision

11. In nearly all cases the Board's recommendations have set in course a train of action extending into 1943 or later. In many instances—particularly materials subject to co-ordinated purchasing arrangements—continuing negotiations have been necessary between the Board's staff, the U.S. agencies involved, and the U.K. Ministries of Supply and Production regarding the administrative application of the arrangements. The principle has, therefore, been adopted of considering each report for review after a suitable interval, usually three months. This review consists of (*a*) a progress report upon the action taken by the various Governments as a result of the Board's recommendations, and (*b*) a restatement of the supply requirements situation on the basis of the latest figures to verify whether the actual production, consumption and movement of materials are broadly in line with the original estimates, or so seriously in conflict with them as to demand an intensification of effort and recommendations for further action.

Special Questions

(i) *European Neutrals.*

12. From time to time the Board has been concerned in conjunction with the U.S. State Department and Board of Economic Warfare and the U.K. Foreign Office and Ministry of Economic Warfare with the release of supplies

of strategic materials to the European Neutrals. In this connection the Board approved certain allocations of scarce materials which were needed to support general trade programmes in negotiation by the U.S.A. and the U.K. with Spain, Portugal and Switzerland respectively.

(ii) *Raw Materials to and from Liberated Territories.*

13. The liberation of Madagascar, French North Africa and West Africa reopened sources of certain raw materials previously closed to the United Nations. Some of these materials such as iron ore and phosphates in North Africa, and graphite in Madagascar, were of substantial importance to the war effort, and it was desirable that arrangements should be concluded to make them available as soon as possible. The question of their distribution and the converse question of the supply of any materials which these areas might themselves need were matters on which it was necessary for the U.S.A. and the U.K. to reach agreement, and the C.R.M.B. formed the natural channel through which the arrangements should be effected. The liberation of these areas naturally raised other problems—the supply of food and equipment to them; the supply and use of shipping; the relations of the civilian organisations with the military authorities—which involved the other combined organisations, and the C.R.M.B. took part in the establishment during November of a Committee of Combined Boards which was set up to provide a focal point for determining policy and correlating the efforts of the various bodies concerned.

Meanwhile the C.R.M.B. has made interim recommendations assigning responsibility for procurement and allocating supplies of the materials likely to be available from these territories pending receipt of more firm estimates of potential surpluses for export over the next six months. The actual work of procurement and shipping is, of course, effected by the operating agencies concerned within the framework of the Board's recommendations which formalise the agreements reached between the two Governments. The question of the supply of such raw materials as the areas themselves need is under active consideration. These needs are for the most part small and low in priority as compared with the other requirements of the areas.

Liaison with Parallel Combined Organisations

(i) *General.*

14. Liaison has throughout been maintained with the parallel Combined Boards for the co-ordinated treatment of problems which do not confine themselves to one field. The Executive Secretaries of the Board meet regularly with the Executive Officers of the Combined Chiefs of Staff for the informal discussion of matters of common interest. A Joint Advisory Committee has been set up with the Combined Food Board for questions relating to fertilisers. On the shipping side common problems have been dealt with in the main as they arise, but towards the end of the year a more definite organisation was set up in the form of a committee with the Combined Shipping Adjustment Board to keep watch over shipping as related to supply problems.

(ii) *Combined Production and Resources Board.*

A close association with the Combined Production and Resources Board was essential since the fields of the two Boards are intimately related, and it was important to arrive at satisfactory working arrangements between the two organisations to avoid overlapping and confusion. These arrangements have been developed without formal machinery (except for steel and copper) on the basis that where a material cannot be finally allocated until requirements have been determined in the light of master production plans agreed by C.P.R.B. with the Combined Chiefs of Staff, the task of the C.R.M.B. is

(*a*) to review the total supplies available to the United Nations, and
(*b*) to prepare a supply balance sheet on the basis of total requirements of the Allied Nations as known.

The C.R.M.B. has, in this manner, provided C.P.R.B. with a statement of the estimated supply position to the end of 1943 for steel ingots and the key materials aluminium, rubber and copper. In addition, the C.P.R.B. at an early stage requested this Board to furnish it with the informatory statement covering those materials which are actually or potentially in such short supply as to endanger any part of the production programmes. Combined supply requirements summaries were prepared for some 24 materials broadly corresponding to those which the Board had tabled for report, and these are kept up to date by frequent revision.

In the case of steel, a study was made on behalf of both Boards by the C.R.M.B. Staff, of the total ingot supply and requirement position, and the two Boards have jointly set up a permanent committee (arising out of the deliberations of an earlier interim joint committee on steel) which will advise them on all matters relating to the United Nations' steel position. This committee is instructed by its terms of reference to maintain such information as will enable the supply and requirements position to be kept continuously under review; to consider means of increasing production and improving the efficiency of the use of steel in the United Nations; to consider the exchange of technical information and of information on trade practices, conservation and limitation; to consider the development of unified systems of terminology; to recommend any action which should be taken by either Board to adjust supplies and requirements to one another.

A similar joint committee of the two Boards has recently been set up for copper, with instructions to make a close investigation of the copper supply and requirements situation in the light of the actual production programmes of the U.S.A., the U.K. and Canada, for finished war materials and other essential products.

Collaboration with Others of the United Nations

15. The Combined Board was directed by its terms of reference to collaborate with others of the United Nations to bring about the most effective use of their raw materials resources in the total war effort. To achieve this the Board has found of great value the channels of contact and machinery already developed by the State Department and the Board of Economic Warfare in Washington, and by the British Commonwealth Supply Council in London, but direct discussions and negotiations have been undertaken as necessary with representatives of the associated countries in Washington from time to time without the establishment of formal machinery. In this way the resources of Central and South America, the Belgian and French overseas territories, the British Commonwealth and friendly neutrals—resources which are in the aggregate of indispensable value to the common effort—have been and are being mobilised. Conversely, the needs of these territories for materials which they do not themselves produce are being met, allowing each on its side to make some further contribution of finished war material, food, or additional raw materials.

In the case of the U.S.S.R. requirements are covered in the Protocol Agreements in amounts which are adopted by the Board in any general allocations. Further requirements, *e.g.*, zinc, nickel, mercury and sisal rope, have been notified from time to time and have been referred to the Board for allocations and determination of source of supply. In addition, discussions have taken place between representatives of the U.S.S.R. and the appropriate departments of the U.K. and the U.S. with regard to the supply of certain materials from Russia. The C.R.M.B. has been concerned with the distribution of such materials as can be made available, *e.g.*, chromite.

With regard to the British Dominions (including India, but excluding Canada) the supply/requirements picture is co-ordinated through a Raw Materials Sub-Committee of the Commonwealth Supply Council, of U.K. and Dominion representatives specially set up in London for this purpose. The function of this Sub-Committee is to construct for the purposes of C.R.M.B. a co-ordinated picture of what the members of the British Commonwealth need, and what they can supply in raw materials. In general, the United Kingdom acts for the Combined Board to insure, through this Sub-Committee, that the maximum output of the various essential materials is maintained within the Empire, and that as far as the Dominions are consumers they follow the standards of conservation and economy common to the U.S.A. and U.K. In addition, the British member of the Board is advised by a committee consisting of Empire representatives in Washington.

The position of Canada is exceptional. She is closely connected with the United States economy, and a Joint U.S.-Canadian Materials Committee was already in existence when the Board was established. With the agreement of all concerned, therefore, the Canadian picture is presented to the Board by the United States member who is also a member of the U.S.-Canadian Materials Committee.

The U.S.A. normally undertakes responsibility for maintaining the Western Hemisphere picture and for meeting essential Central and South American requirements of materials which are not produced there, and exercises it through the State Department and Board of Economic Warfare. Negotiations relating to the Colonial territories of the Belgians, the Fighting French and Portugal have normally been conducted by the U.S.A. and the U.K. jointly. With regard to the Belgian Congo and French Equatorial Africa, tripartite agreements are being negotiated between the U.S.A. and the U.K. on the one hand, and the Belgian Government and Fighting French National Committee on the other, to cover the supply from those territories of a large range of commodities, in return for assistance with production equipment and certain consumption goods. The raw materials aspects of these negotiations are co-ordinated through the Board.

Combined Export Markets Committee

As the year progressed and, under the pressure of the huge production programmes of the U.S.A. and the U.K. a greater range of materials came into the category of "short or critical supply", it became necessary for the two countries closely to co-ordinate the planning of their export programmes which involved such materials. A Combined Export Markets Committee (consisting of representatives of approximately the same agencies as are represented on the Board's Operating Committee—see Paragraph 4—with the addition of the U.K. Board of Trade) was therefore set up under the auspices of the C.R.M.B., the Board's Executive Secretary for the U.S.A., Mr. H. C. Sykes, acting as chairman. The function of this Committee is to watch over the export programmes of the two countries for certain scarce materials and to insure that the requirements of the importing countries are as far as possible met, but on a carefully controlled assessment of essential needs comparable to that obtaining in the U.S.A. and the U.K. On this basis the Committee agrees upon joint export programmes for the U.S.A. and the U.K. in the light of the other factors involved—shipping, labour, political and financial considerations, maintenance of normal channels of trade, etc.

General Observations

16. After a year's operation it is possible for the Board to set down in perspective certain general comments on its experience in exercising its responsibility for planning, in collaboration with the Allied Nations, the raw materials side of the combined war effort.

This function has been exercised—to summarise what has been said in greater detail earlier in this report—in three principal ways: (1) Agreement has been secured through the Board between the Governments concerned to common action in regulating supply, distribution and use of the major strategic materials, with the object of insuring that each country is put in a position to make its maximum contribution to the war effort on the production side. This common action, based in the first instance on an assured allocation to each in proportion to demonstrated needs and available supplies, has extended to common measures of restrictions and interchange of technical information and experience. A striking example is rubber where, upon the loss of bulk supplies in the Far East, both the U.S.A. and the U.K. and the other countries concerned were able to agree upon common measures for the use of existing stocks and for the development of production in areas still remaining open. (2) By bringing the authorities of the two countries together in co-operative arrangements for purchasing and supply, a scramble has been prevented for those "secondary" materials which are, in their place, essential to the production programmes and which are subject to stringent supply or expanded requirements not arising in peace time. (3) In general, the Board and its machinery have formed a centre for the discussion of day-to-day problems affecting either country, and for the authoritative compilation of information and evidence on which alone an effective solution for these problems can be based. These facilities have been freely and fully used by the Governments concerned throughout the year.

It is probably only by looking at the alternative—the effect of the absence of such combined permanent machinery—that the value of its existence can fully be gauged. The common problems would undoubtedly have arisen, since the primary object of the maximum production of weapons of war cannot be attained by any of the countries concerned by reliance solely upon the raw materials produced within its own borders, or within its own control. There is no total surplus of any of the major materials from which each country could satisfy its wartime needs through the ordinary processes of overseas trade. Shipping, financial and other exigencies complicate the problem. These facts are well known. Without combined machinery the settlement of each joint problem as it arose through contacts which would not continue after their purpose had been achieved, and which would not provide experience and knowledge to be applied to other problems would inevitably have been surrounded with difficulties and obstacles involving delay, uncertainty and dissatisfaction. As it is, through the existence and the further development of combined machinery as described at various places in the preceding paragraphs, and the co-operation of the supply agencies in its working, it has been possible to make very real progress towards a planned and expeditious utilisation of the combined raw material resources in the prosecution of the war.

Combined Production and Resources Board and Combined Food Board

Statement concerning the Creation of the Combined Production and Resources Board and the Combined Food Board

9 June 1942

The President announced today on behalf of himself and the Prime Minister of Great Britain the creation of a Combined Production and Resources Board and a Combined Food Board.

The general purpose of the two boards was announced with release of me-

moranda addressed by the President to Mr. Donald Nelson, who will act as the American representative on the Combined Production and Resources Board, and to Secretary Claude Wickard, who will act as the American representative on the Combined Food Board.

The text of the memorandum to Mr. Nelson follows:

In order to complete the organisation needed for the most effective use of the combined resources of the United States and the United Kingdom for the prosecution of the war, there is hereby established a Combined Production and Resources Board.

1. The Board shall consist of the Chairman of the War Production Board, representing the United States, and the Minister of Production, representing the United Kingdom.

2. The Board shall:

(*a*) Combine the production programmes of the United States and the United Kingdom into a single integrated programme, adjusted to the strategic requirements of the war, as indicated to the Board by the Combined Chiefs of Staff, and to all relevant production factors. In this connection, the Board shall take account of the need for maximum utilisation of the productive resources available to the United States, the British Commonwealth of Nations, and the United Nations, the need to reduce demands on shipping to a minimum, and the essential needs of the civilian populations.

(*b*) In close collaboration with the Combined Chiefs of Staff, assure the continuous adjustment of the combined production programme to meet changing military requirements.

3. To this end, the Combined Chiefs of Staff and the Combined Munitions Assignments Board shall keep the Combined Production and Resources Board currently informed concerning military requirements, and the Combined Production and Resources Board shall keep the Combined Chiefs of Staff and the Combined Munitions Assignments Board currently informed concerning the facts and possibilities of production.

4. To facilitate continuous operation, the members of the Board shall each appoint a Deputy; and the Board shall form a combined staff. The Board shall arrange for such conferences among United States and United Kingdom personnel as it may from time to time deem necessary or appropriate to study particular production needs; and utilise the Joint War Production Staff in London, the Combined Raw Materials Board, the Joint Aircraft Committee, and other existing combined or national agencies for war production in such manner and to such extent as it shall deem necessary.

The text of the memorandum to Secretary Wickard is as follows:

By virtue of the authority vested in me by the Constitution and as President of the United States, and acting jointly and in full accord with the Prime Minister of Great Britain, I hereby authorise, on the part of the Government of the United States, the creation of a joint Great Britain-United States board to be known as the Combined Food Board.

In order to co-ordinate further the prosecution of the war effort by obtaining a planned and expeditious utilisation of the food resources of the United Nations, there is hereby established a Combined Food Board.

The Board will be composed of the Secretary of Agriculture and of the Head of the British Food Mission who will represent and act under the instruction of the Minister of Food.

The duties of the Board shall be:

To consider, investigate, enquire into, and formulate plans with regard to

any question in respect of which the Governments of the U.S.A. and the U.K. have, or may have, a common concern, relating to the supply, production, transportation, disposal, allocation or distribution, in or to any part of the world, of foods, agricultural materials from which foods are derived, and equipment and non-food materials ancillary to the production of such foods and agricultural materials, and to make recommendations to the Governments of the U.S.A. and the U.K. in respect of any such question.

To work in collaboration with others of the United Nations towards the best utilisation of their food resources, and, in collaboration with the interested nation or nations, to formulate plans and recommendations for the development, expansion, purchase, or other effective use of their food resources.

The Board shall be entitled to receive from any Agency of the Government of the United States and any Department of the Government of the United Kingdom, any information available to such Agency or Department relating to any matter with regard to which the Board is competent to make recommendations to these Governments, and in principle, the entire food resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged.

United States and Canada Joint Economic Committees

Arrangement concerning Joint Committees on Economic Co-operation between the United States of America and Canada

Effected by aide-mémoire of 17 March and 6 and 17 June 1941

THE CANADIAN LEGATION TO THE DEPARTMENT OF STATE

March 17th, 1941.

Aide-Mémoire

The Canadian Government have been giving consideration to the military, economic and social problems which are likely to arise in Canada unless steps are taken to examine the possibility of arranging for co-operation between the war-expanded industries of Canada and the United States or for their co-ordination or integration. It is the belief of the Canadian Government that the promotion of economy and efficiency during the present period of crisis, the solution of the problems which will be posed during the period of transition from war to peace, and adequate and effective provision for the continuing requirements of hemispheric defence, all demand that early and detailed study be given to this question. Such a study might include an examination of the possibility and advisability of preventing duplication and mutually injurious competition by arranging for co-operation between the two countries in the further definition of all strategic, critical and essential war materials, and in the establishment of stock piles of certain of them.

In the opinion of the Canadian Government, the present channels of communication between Ottawa and Washington do not provide adequate facilities for the detailed consideration of so complicated and technical a subject. It is for this reason that the Canadian Government have decided to approach the Government of the United States with the proposal which is outlined in the attached memorandum. This memorandum was recently submitted to the War Committee of the Canadian Cabinet and received the approval of that body.

The Canadian Government attach great importance to the proposal. If it is accepted by the Government of the United States, they consider it desirable that an early start should be made by the Joint Committees of Inquiry, since the tasks

to be assigned to them will inevitably involve protracted study. It is intended that the duties of the Committees should be strictly confined to investigation, study and report, and that decisions as to any action that may be required should be taken by the respective Governments after the Committees' reports have been presented.

MEMORANDUM ON ECONOMIC CO-OPERATION WITH THE UNITED STATES

Pursuant to the approval of the War Committee of the Cabinet, on the recommendation of the Wartime Requirements Board, that a memorandum be drafted on a plan for exploring the possibility of a greater degree of economic co-operation with the United States in the war effort and in anticipating post-war economic consequences, we beg to submit the following:

1. *The Problem*

The objects of the proposal for increased economic co-operation with the United States are:

(*a*) To effect a more economic, more efficient, and more co-ordinated utilisation of the combined resources of the two countries in the production of war requirements, and

(*b*) To minimise the probable post-war economic disequilibrium consequent upon the changes which the economy in each country is presently undergoing.

2. *Joint Committees of Inquiry*

We recommend that, for purposes of preliminary study, an informal committee of three persons be appointed by each Government. These committees should separately and collectively analyse the problems involved and report thereon as well as on the form of a more permanent organisation, if the necessity of such an organisation arises from their report. The reports should be made to the President of the United States, and to the Prime Minister of Canada, respectively.

Of the three members of the Canadian committee, we recommend that at least two be designated by the Department of Munitions and Supply, and one by the Department of Finance. In addition to these three members, it is suggested that a liaison officer, representing the Department of External Affairs, should be appointed in order that the Secretary of State for External Affairs may be kept closely in touch with the activities of the committee. It is assumed that the United States will wish to appoint a similar liaison officer from the State Department, in order that the Secretary of State may be kept similarly informed. It is not intended that the liaison officers should be members of the committee or should participate in its work.

We desire to stress the importance of care being exercised in the selection of the personnel of the committee, having due regard to its functions which will involve a great deal of research and analysis.

3. *Subject Matter of Study*

We recommend that the Joint Committees of Inquiry explore the following subjects and report thereon:

(*a*) The making of an inventory of the available supplies of materials in each country, an analysis of the probable needs for them, and the allocation of these materials between the two countries, with due regard to the necessary priorities;

(*b*) The policy of building up inventories of strategic or critical materials, such as rubber, tin, and steel alloys, and the amounts to be accumulated in each country, with special regard to materials of which the supply might be cut off because of unfavourable developments;

(*c*) The possibility, in some degree, of each country specialising in the production of finished and semi-finished articles which it can produce more economically and to greater advantage;

(*d*) The possibility, in some degree, of each country specialising in the production of materials, *e.g.*, chemicals, steel, aluminium, brass, zinc, etc., etc., which it can produce more economically and to greater advantage;

(*e*) The most economic and efficient use of the shipping and port facilities of the two countries;

(*f*) The available power supply and the supply of coal and oil in each country;

(*g*) The exchange of technical knowledge relating to production, and the exchange of technicians between the two countries;

(*h*) Co-ordination of priority policies in each country;

(*i*) The exchange of information relating to the requirements of labour, materials and plant for production, and of current information relating to actual and anticipated production.

Subject to the approval of the Minister of Munitions and Supply, the committees might also consider the allocation of the output of machine tools in the two countries, and the specialisation on machine tool production in each country.

THE DEPARTMENT OF STATE TO THE CANADIAN LEGATION

Aide-Mémoire

The Government of the United States has given careful and sympathetic consideration to the suggestion made by the Canadian Government in its *Aide-Mémoire* dated March 17th, 1941, transmitted to the Department of State through the Canadian Legation at Washington. Note has been taken of the belief of the Canadian Government that early and detailed study should be given to the possibility of arranging for co-operation between the war-expanded industries of Canada and the United States, or for their co-ordination or integration; and also of the belief of the Canadian Government that such a study might assist in promoting economy and efficiency during the present period of crisis, and during the period of transition from war to peace, and also in connection with the continuing requirements of hemispheric defence.

The Government of the United States agrees with the Canadian Government that present channels of communication between Ottawa and Washington would not provide adequate facilities for detailed consideration of certain of the subjects presented in the *Aide-Mémoire* of March 17th under reference, as further developed by the Memorandum on Economic Co-operation with the United States attached thereto. Developments occurring subsequent to the date of that note have, however, taken care of certain of the problems dealt with in the note under reference. More especially, direct contact has already been established between the officials of the Government of the United States and of the Government of Canada charged with priorities, and with production of war material. It would accordingly appear that a number of the topics mentioned in the "Memorandum on Economic Co-operation with the United States" are already being dealt with.

It is not considered desirable to entrust to the proposed committees jurisdiction over these specific contacts already established, except as the committees may from time to time, from their knowledge of the situation, feel it desirable to make recommendations.

The long range aspects of the problem, both those during the present emergency and those comprehended in the numbered paragraph (*b*) of the *Aide-Mémoire* under reference, do not appear to be covered by existing arrangements.

Recognising that the suggestion made by the Canadian Government has great importance, the Government of the United States agrees that joint com-

mittees of inquiry should be appointed to explore, subject to the foregoing observations, the possibility of a greater degree of economic cooperation between Canada and the United States,

"(*a*) To effect a more economic, more efficient and more coordinated utilisation of the combined resources of the two countries in the production of defence requirements" (to the extent that this is not now being done); and

"(*b*) To minimise the probable post-war economic disequilibrium consequent upon the changes which the economy in each country is presently undergoing."

To that end the Government of the United States has tentatively designated the following Committee: Mr. William L. Batt; Mr. Harry D. White; Professor Alvin H. Hensen; and Mr. E. Dana Durand.

If acceptable to the Canadian Government, the Government of the United States proposes to reserve the right to name Mr. A. A. Berle, Jr. to sit with the committees from time to time, as occasion may render desirable; and it is prepared to name Mr. L. D. Stinebower as liaison officer in order that the Secretary of State may be kept closely in touch with the activities of the committees.

The Government of the United States believes that the joint committees of inquiry should be given latitude to add to the specific list contained in the memorandum submitted by the Canadian Government such other topics as may appear properly to fall within the terms of reference implicit in the statement of the problem to be explored.

It is understood that the Canadian Government is prepared to appoint its committee of inquiry. Upon notification of the appointment of such committee, the Government of the United States will be happy to have it proceed to Washington, and to make arrangements permitting prompt undertaking of the work.

Department of State,
Washington, June 6, 1941.

THE CANADIAN LEGATION TO THE DEPARTMENT OF STATE

Aide-Mémoire

The Government of Canada have learned with satisfaction that the Government of the United States are prepared to participate in the Economic Enquiry which was the subject of the Canadian Legation's *aide-mémoire* of March 17th, 1941, and of the Department of State's reply of June 6th, 1941. They are in general agreement with the proposals outlined in the Department of State's *aide-mémoire* of June 6th.

The Government of Canada have designated the following Committee:

Mr. R. A. C. Henry, Economics Adviser to the Minister of Munitions and Supply;

Professor W. A. Mackintosh, Special Assistant to the Deputy Minister of Finance;

Dr. D. A. Skelton, Chief of the Research Department, Bank of Canada; and

Mr. J. G. Bouchard, Assistant Deputy Minister of Agriculture.

If it is acceptable to the Government of the United States, the Government of Canada propose that the arrangement whereby the Honourable A. A. Berle, Jr., should meet with the Committees from time to time as occasion may render desirable should be extended likewise to Mr. H. L. Keenleyside of the Department of External Affairs. It is also proposed to designate a Canadian Liaison Officer in order that the Secretary of State for External Affairs may be kept directly informed of the work of the Committees; the name of the person so designated will be notified shortly.

Canadian Legation, Washington, D.C.,
June 17th 1941.

United Nations Relief and Rehabilitation Administration

Agreement for United Nations Relief and Rehabilitation Administration

9 November 1943

The Governments or Authorities whose duly-authorised representatives have subscribed hereto,

Being United Nations or being associated with the United Nations in this war,

Being determined that immediately upon the liberation of any area by the armed forces of the United Nations or as a consequence of retreat of the enemy the population thereof shall receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people, and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services,

Have agreed as follows:

Article I

There is hereby established the United Nations Relief and Rehabilitation Administration.

1. The Administration shall have power to acquire, hold and convey property, to enter into contracts and undertake obligations, to designate or create agencies and to review the activities of agencies so created, to manage undertakings and in general to perform any legal act appropriate to its objects and purposes.

2. Subject to the provisions of Article VII, the purposes and functions of the Administration shall be as follows:

(*a*) To plan, co-ordinate, administer or arrange for the administration of measures for the relief of victims of war in any area under the control of any of the United Nations through the provision of food, fuel, clothing, shelter and other basic necessities, medical and other essential services; and to facilitate in such areas, so far as necessary to the adequate provision of relief, the production and transportation of these articles and the furnishing of these services. The form of activities of the Administration within the territory of a member government wherein that government exercises administrative authority and the responsibility to be assumed by the member government for carrying out measures planned by the Administration therein shall be determined after consultation with and with the consent of the member government.

(*b*) To formulate and recommend measures for individual or joint action by any or all of the member governments for the co-ordination of purchasing, the use of ships and other procurement activities in the period following the cessation of hostilities, with a view to integrating the plans and activities of the Administration with the total movement of supplies, and for the purpose of achieving an equitable distribution of available supplies. The Administration may administer such co-ordination measures as may be authorised by the member governments concerned.

(*c*) To study, formulate and recommend for individual or joint action by any or all of the member governments measures with respect to such related matters, arising out of its experience in planning and performing the work of relief and rehabilitation, as may be proposed by any of the member governments. Such proposals shall be studied and recommendations formulated if the proposals are supported by a vote of the Council, and the recommendations shall be re-

ferred to any or all of the member governments for individual or joint action if approved by unanimous vote of the Central Committee and by vote of the Council.

ARTICLE III

The Council

1. Each member government shall name one representative, and such alternates as may be necessary, upon the Council of the United Nations Relief and Rehabilitation Administration, which shall be the policy-making body of the Administration.

3. The Central Committee of the Council shall consist of the representatives of China, the Union of Soviet Socialist Republics, the United Kingdom, and the United States of America, with the Director General presiding, without vote. Between sessions of the Council it shall when necessary make policy decisions of an emergency nature. It shall invite the participation of the representative serving as Chairman of the Committee on Supplies of the Council at those of its meetings at which policies affecting the provision of supplies are discussed.

4. The Committee on Supplies of the Council shall consist of the members of the Council, or their alternates, representing those member governments likely to be principal suppliers of materials for relief and rehabilitation. The members shall be appointed by the Council, and the Council may authorise the Central Committee to make emergency appointments between sessions of the Council, such appointments to continue until the next session of the Council. The Committee on Supplies shall consider, formulate and recommend to the Council and the Central Committee policies designed to assure the provision of required supplies. The Central Committee shall from time to time meet with the Committee on Supplies to review policy matters affecting supplies.

ARTICLE IV

The Director General

1. The executive authority of the United Nations Relief and Rehabilitation Administration shall be in the Director General, who shall be appointed by the Council on the nomination by unanimous vote of the Central Committee. The Director General may be removed by the Council on recommendation, by unanimous vote, of the Central Committee.

2. The Director General shall have full power and authority for carrying out relief operations contemplated by Article I, paragraph 2 (*a*), within the limits of available resources and the broad policies determined by the Council or its Central Committee. Immediately upon taking office he shall in conjunction with the military and other appropriate authorities of the United Nations prepare plans for the emergency relief of the civilian population in any area occupied by the armed forces of any of the United Nations, arrange for the procurement and assembly of the necessary supplies and create or select the emergency organisation required for this purpose. In arranging for the procurement, transportation, and distribution of supplies and services, he and his representatives shall consult and collaborate with the appropriate authorities of the United Nations and shall, wherever practicable, use the facilities made available by such authorities.

3. The Director General shall also be responsible for the organisation and direction of the functions contemplated by Article I, paragraphs 2 (*b*) and 2 (*c*).

ARTICLE V

Supplies and Resources

1. In so far as its appropriate constitutional bodies shall authorise, each member government will contribute to the support of the Administration in

order to accomplish the purposes of Article I, paragraph 2 (*a*). The amount and character of the contributions of each member government under this provision will be determined from time to time by its appropriate constitutional bodies. All such contributions received by the Administration shall be accounted for.

2. The supplies and resources made available by the member governments shall be kept in review in relation to prospective requirements by the Director General, who shall initiate action with the member governments with a view to assuring such additional supplies and resources as may be required.

3. All purchases by any of the member governments, to be made outside their own territories during the war for relief or rehabilitation purposes, shall be made only after consultation with the Director General, and shall, so far as practicable, be carried out through the appropriate United Nations agency.

APPENDIX D

Illustrative Wartime Commodity Purchase and Reserve Stock Agreements

Agreement between the Governments of the United States of America and of the United Kingdom for the Exchange of Cotton and Rubber

Signed at London, 23 June 1939

Entered into force 25 August 1939

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America, desiring to make arrangements for the exchange of cotton and rubber, have agreed as follows:

ARTICLE 1

The United States Government will supply to the Government of the United Kingdom, delivered on board ship, compressed to high density, at New Orleans, Louisiana, and at other Gulf and Atlantic deep water ports to be agreed upon between the two Governments, 600,000 bales of raw cotton of the grades and staples which will be specified by the Government of the United Kingdom. The United States Government will make available in adequate quantities for such purpose cotton from the stock on which the United States Government has made advances to growers.

(*a*) The price will be fixed on the basis of the average market price as published by the Bureau of Agricultural Economics for middling 7/8-inch cotton during the period January 1st-June 23rd, 1939, for spot delivery at New Orleans, plus 0.24 cent per lb. for cost of compression and delivery on board ship, with adjustments in price for other grades and staples according to differences above or below middling 7/8 inch quoted in that period.

(*b*) The cotton will be inspected to determine its classification in accordance with the Universal Cotton Standards for grade and the official standards of the United States for staple, and shall be accepted by experts appointed by the Government of the United Kingdom. Any disputes which may arise will be settled by Boards of Referees constituted of three members of whom one shall be nominated by the Government of the United Kingdom.

(*c*) Samples representing the cotton of the grades and staples specified by the Government of the United Kingdom will be made available for inspection and acceptance during a period of six months beginning 15 days after the entry into force of this Agreement, and such inspection and acceptance will be made within a reasonable time after the cotton is so made available. Delivery at the warehouse at the port of sailing with provision for free delivery on board ship at high density will be made within 15 days after inspection and acceptance, and storage and insurance charges will be borne by the United States Government for a period of two weeks but no more after delivery at the warehouse at the port of sailing.

(*d*) All cotton will be invoiced and accepted on gross weights at the time of delivery.

ARTICLE 2

The Government of the United Kingdom will supply to the Government of the United States delivered on board ship at Singapore and, by agreement between the two Governments, at other convenient ports, rubber in bales, of the grades which will be specified by the Government of the United States, to a value equivalent to that of the total value of the cotton to be supplied in accordance with Article 1 of this Agreement. In determining such equivalent value, the rate of exchange between Straits Settlements dollars and United States dollars shall be deemed to be the average of the buying rate during the period January 1st-June 23rd, 1939, in the New York market, at noon, for cable transfers payable in Straits Settlements dollars, as certified by the Federal Reserve Bank to the Secretary of the United States Treasury and published in Treasury Decisions.

(*a*) The quantity of rubber will be calculated upon the average market price, as published by the Department of Statistics in the Straits Settlements, for No. 1 ribbed smoked sheets, during the period January 1st-June 23rd, 1939, for spot delivery at Singapore plus 0.25 Straits Settlements cent per lb. for cost of baling and delivery on board ship, with adjustments in price for other grades according to differences quoted in that period.

(*b*) The rubber will be inspected and accepted by experts appointed by the United States Government. Any disputes will be settled in accordance with the normal custom of the trade.

(*c*) The rubber will be made available for inspection and acceptance by experts appointed by the Government of the United States during a period of six months beginning at a date to be agreed upon by the two Governments, and such inspection and acceptance will be made within a reasonable time after the rubber is so made available. Delivery at the warehouse at the port of shipment with provision for free delivery on board ship will be made within a period of 15 days after inspection and acceptance, and storage and insurance charges will be borne by the Government of the United Kingdom for a period of two weeks but no more after delivery at the warehouse at the port of shipment.

ARTICLE 3

If either Government should find that delivery in accordance with the arrangements specified in Articles 1 and 2 is likely to restrict supplies available to commercial markets unduly or to stimulate undue price increases, the two Governments shall consult with a view to postponing delivery or taking other action in order to avoid or minimise such restriction of supplies or such price increases.

ARTICLE 4

The intention of the Government of the United Kingdom and of the United States Government being to acquire reserves of cotton and rubber, respectively, against the contingency of a major war emergency, each Government undertakes not to dispose of its stock (otherwise than for the purpose of replacing such stocks by equivalent quantities in so far as may be expedient for preventing deterioration) except in the event of such an emergency. If, however, either Government should at any future date decide that the time has come to liquidate its stock of cotton or rubber, as the case may be, it may do so only after (*a*) consulting the other Government as to the means to be employed for the disposal of such stock, and (*b*) taking all steps to avoid disturbance of the markets. In no case may either Government dispose of such stocks, except in the case of a major war emergency, before a date seven years after the coming into force of this Agreement.

ARTICLE 5

The Government of the United Kingdom will use their best endeavours to secure that the export is permitted under the International Rubber Regulation Scheme of an amount of rubber approximately equivalent to the amount of rubber to be supplied to the United States Government under this Agreement in addition to the amount of rubber which would, under the normal operation of the Scheme, be released to meet current consumption needs.

ARTICLE 6

Each Government undertakes, in shipping to its own ports the stocks of cotton and rubber, respectively, provided for in this Agreement, so far as may be possible to distribute the tonnage equally between the ships of the two countries, provided that the shipping space required is obtainable at reasonable rates. Consultation for the purpose of giving effect to this Article shall be between the Board of Trade and the Maritime Commission.

ARTICLE 7

Should the United States Government, before the delivery is completed of the cotton provided for in Article 1 of this Agreement, take any action which has the effect of an export subsidy, they will deliver to the Government of the United Kingdom an additional quantity of cotton proportionate to the reduction in price below that provided for in Article 1 of this Agreement caused by such action.

ARTICLE 8

The present Agreement shall come into force on a date to be agreed upon between the two Governments.[1]

In witness whereof the undersigned, duly authorised thereto, have signed the present Agreement and have affixed thereto their seals.

Done in London in duplicate, this 23rd day of June, 1939.

Exchange of Notes between the Secretary of State for Foreign Affairs of the United Kingdom and the United States Chargé d'Affaires regarding the Establishment of a Reserve of Australian Wool in the United States of America

London, 9 December 1940

No. 1

VISCOUNT HALIFAX TO MR. HERSCHEL V. JOHNSON

Foreign Office, December 9, 1940.

Sir,

I have the honour to inform you that, in order to enable the Government of the United States of America to establish in the United States a reserve of Australian wool against a possible emergency shortage of wool supplies in the United States, the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to enter into an agreement with the Government of the United States in the following terms:—

[1] The two Governments agreed by an exchange of notes that the Agreement should come into force on 25 August 1939 (LEAGUE OF NATIONS: Treaty Series, Vol. CXCVIII, pp. 338-340).

(1) The Government of the United Kingdom shall make available to the United States Government (or an agency acting on its behalf) 250 million pounds of Australian wool as a strategic reserve for the United States Government against a possible emergency shortage of wool supplies in the United States. The wool shall be transported to the United States, where it shall be stored in bonded warehouses. The Government of the United Kingdom shall retain title to the wool, but all or any part of the wool may be purchased by the United States Government (or an agency acting on its behalf) for use in the United States, or may be sold to the United States domestic trade, if and when it has been determined by the United States Government that an emergency shortage of wool exists in the United States.

(2) The Government of the United Kingdom may withdraw wool from the reserve for shipment to the United Kingdom or other British territory in the case of emergency shortage of supplies in such territory, or, in the contingency of an interruption of wool textile production in the United Kingdom, for the manufacture of textiles in the United States to meet United Kingdom emergency textile requirements, provided that (*a*) replacements for wool so withdrawn are on the way to the United States, and (*b*) at no time the total of the reserve in the United States is temporarily depleted by more than 20 per cent. by such withdrawals.

(3) At any time after the signing of a general armistice between the United Kingdom and Germany, the Government of the United Kingdom shall be at liberty to dispose of the wool remaining in the reserve, but the United States Government and the Government of the United Kingdom shall consult together with a view to ensuring that the disposal of any such wool in the United States shall be effected under conditions which will avoid a dislocation of normal wool-marketing there.

(4) The wool for the reserve shall be made available by the Government of the United Kingdom f.o.b. at Australian ports, and the United States Government (directly or through an agency acting on its behalf) shall thereafter accept responsibility for the safe custody of the wool and shall pay transport, handling, storage, insurance including war risk, and other charges in connection with the establishment and maintenance of the wool reserve. Payments shall be made between the United States Government and the Government of the United Kingdom on sale of wool from the reserve to offset any savings secured by the Government of the United Kingdom owing to the wool having been transported to and stored in the United States by the United States Government and any loss incurred by the Government of the United Kingdom by reason of depreciation in the value of the wool stored in the United States as a result of deterioration of the wool or by reason of the position in which the wool is stored in the United States, provided that (*a*) in the case of sales in the United States no payment shall be made which would reduce the receipts by the Government of the United Kingdom for the wool in question below the amount which would have been received on sale f.o.b. Australia at the same date, and (*b*) in the case of sales outside the United States any payments as between the two Governments shall not involve the Government of the United Kingdom in any net expenditure of United States dollars in respect thereof.

(5) It is tentatively agreed that the 250,000,000 pounds of Australian wool which will be made available by the Government of the United Kingdom for the reserve shall be composed of the following:—

270,000 bales of 58/60s of types normally imported into the United States and of good topmaking Bradford styles;

290,000 bales of 60s and finer of types normally imported into the United States and of good topmaking Bradford styles;

190,000 bales of 60s and finer of good to average Bradford styles; balance (to make up 250,000,000 pounds) of 60s and finer of average Bradford styles;

Two-thirds of all the 60s and finer wools to consist of 64/60s. The counts are as normally understood in the United States. Although this tentative agreement on grades and types is subject to modification following consultation between the two Governments after examination of samples of the wool by the United States authorities, it shall become definitive if the examination of samples indicates that the grades and types of wool included in the above-mentioned general categories are such that they could be readily used in American mills without interruption of or delays in the production of the mills. It is understood that the Government of the United Kingdom, in estimating the quantities available for the reserve, have provided for the retention of sufficient supplies in Australia to ensure that the commercial demand can be met. It is also understood that both the total quantity estimated to be available for the reserve after providing for sales abroad and shipments to the United Kingdom, and the distribution by types and descriptions, have been based upon the results of the 1939-40 clip, and that, should the results of the 1940-41 clip differ, it may be necessary to vary the supply for the reserve.

(6) Space on established British shipping lines running between Australia and the United States shall be used for the transport of the wool so far as available. The wool will be made available in Australia as rapidly as possible, provided that the sale of wool from Australia on commercial account or its shipment to the Wool Control in the United Kingdom or Canada shall not be prejudiced, and every endeavour shall be made to complete the allocations in Australia by the end of March 1941.

2. If the Government of the United States are prepared to accept the foregoing provisions, I have the honour to propose that the present note and your reply to that effect be regarded as constituting an agreement between the two Governments which shall come into force immediately.

I have, etc.

HALIFAX.

No. 2

MR. HERSCHEL V. JOHNSON TO VISCOUNT HALIFAX

United States Embassy,

London, December 9, 1940.

My Lord,

I have the honour to acknowledge the receipt of your note of the 9th December, 1940, in which your Lordship is good enough to inform me that, in order to enable the Government of the United States of America to establish in the United States a reserve of Australian wool against a possible emergency shortage of wool supplies in the United States, the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to enter into an agreement with the Government of the United States in the following terms:—

Paragraphs (1) to (6) are identical with the corresponding paragraphs of Viscount Halifax's note.

In reply to numbered paragraph 2 of your Lordship's note, I have the honour to confirm, under instructions of my Government, that your Lordship's statement of our understanding as set forth above is agreed to by my Government and that the present exchange of notes is to be regarded as constituting an agreement between the two Governments, which shall come into force immediately.

I have, etc.

Herschel V. JOHNSON,
Chargé d'Affaires ad interim.

Agreement between the Government of the United Kingdom and the Belgian Government Relating to the Purchase of Commodities from the Belgian Congo

London, 21 January 1941

Entered into force on date of signature

The Government of the United Kingdom of Great Britain and Northern Ireland and the Belgian Government, desiring to regulate purchases of commodities from the Belgian Congo and Ruanda Urundi (hereinafter referred to as "The Congo"), have agreed as follows:—

ARTICLE 1

The Government of the United Kingdom shall guarantee the purchase by buyers in the United Kingdom, including departments of His Majesty's Government, during the period from the 1st September, 1940, to the 31st August, 1941, inclusive, of the following quantities of exports from the Congo:—

Copper: 126,000 metric tons.
Cotton: 20,000 long tons.
Copal: 7,000 long tons.
Ground-nuts: 2,500 long tons.
Palm kernels: 15,000 long tons.

Palm oil: All supplies available for export of a quality not in excess of 6 per cent. free fatty acid on arrival in the United Kingdom.

The above quantities of the various products constitute minima only and further purchases of these or other products from the Congo for import into the United Kingdom according to current requirements are not precluded. In this connection the Government of the United Kingdom will give sympathetic consideration to applications for licences for such additional imports from the Congo as may be consistent with the restrictions and limitations imposed on them by the united war effort of the two contracting parties and in particular cotton if shipping space becomes available.

ARTICLE 2

The quantities mentioned in Article 1 shall be deemed in each case to include purchases already made by buyers in the United Kingdom during the period to which the guarantee given under Article 1 by the Government of the United Kingdom relates.

ARTICLE 3

The Government of the United Kingdom shall give sympathetic consideration to the maintenance of purchases of tin ore from the Congo at the present level when the existing contracts expire.

ARTICLE 4

The Government of the United Kingdom will consider in March 1941 the possibility of purchasing sugar from the Congo.

ARTICLE 5

Purchases shall be made at prices ruling in competitive markets, subject to the following special arrangements:—

Copper shall be bought at the prices ruling for long-term Rhodesian contracts. Palm kernels shall be bought at a price based on that which is paid by the Government of the United Kingdom for Nigerian palm kernels, subject to the differences in quality which normally result in a discount of ten shillings to fifteen shillings a long ton for Belgian Congo palm kernels. Palm oil shall be bought at a price of twelve pounds a long ton, cost and freight United Kingdom, in bulk.

ARTICLE 6

Payment for purchases guaranteed by the Government of the United Kingdom shall be made in the usual way; if, however, it proves impossible to ship the agreed quantities the Government of the United Kingdom shall:—

(*a*) In the case of copper, cotton and copal pay for and take title to any unshipped balance where it lies in the Congo during the month of August 1941.

(*b*) In the case of palm oil, palm kernels and ground nuts pay for and take title to any unshipped balance where it lies in the Congo not later than the 31st October, 1941.

ARTICLE 7

The Government of the United Kingdom shall if necessary take such measures as may be required so that the products referred to in Article 1 or any other commodity which may be purchased by the Government of the United Kingdom shall not be placed as a result of customs duty in a position less favourable than British colonial products.

ARTICLE 8

The Government of the United Kingdom will enter into negotiation with the Belgian Government not later than the 30th June, 1941, in regard to guaranteeing purchases for a further period beginning on the 1st September, 1941.

ARTICLE 9

The Government of the United Kingdom, recognising the valuable contribution made to the Allied war effort by the Belgian Government in including Belgian vessels in the common pool of merchant shipping available for Allied use, will, within the limits imposed by the shipping situation, do their utmost to carry the amounts of various commodities included in the priority shipping programme of agreed purchases from the Congo and any further amounts which may be purchased from the Congo for import into the United Kingdom. Moreover, appreciating the desire of the Belgian Government that shipments to and from the Congo should so far as possible be made in Belgian ships, the Government of the United Kingdom will meet this desire to the fullest extent compatible with the need to make the most efficient use of all available Allied tonnage.

ARTICLE 10

The Belgian Government will ensure the introduction by the Administration of the Belgian Congo of legislation prohibiting commercial and financial transactions which may be of assistance to any enemy Power with whom the two contracting parties are at war.

ARTICLE 11

The Belgian Government confirm that exports from the Congo will continue to be controlled for blockade purposes by a licensing system, co-ordinated in

policy and practice with the system at any time prevailing in territories in Africa administered by the Government of the United Kingdom.

ARTICLE 12

This agreement is complementary to the financial agreement between the two contracting Governments signed this day. It shall come into force on signature.

In witness whereof the undersigned duly authorised thereto by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in London, the 21st day of January, 1941.

Agreement between the Government of the United Kingdom and the Belgian Government renewing the Arrangements for the Regulation of Purchases of Commodities from the Belgian Congo and Ruanda Urundi

Signed at London, 4 June 1942

Entered into force on date of signature

The Government of the United Kingdom of Great Britain and Northern Ireland and the Belgian Government, desiring, in view of the expiry of the Purchase Agreement signed in London on the 21st January, 1941[1], to renew the arrangements for the regulation of purchases of commodities from the Belgian Congo and Ruanda Urundi (hereinafter referred to as "the Congo"), have agreed as follows:—

ARTICLE 1

1. The Government of the United Kingdom shall guarantee the purchase by buyers in the United Kingdom, including Departments of that Government, during the period from the 1st September, 1941, to the 31st August, 1942, inclusive, of the following quantities of exports from the Congo:—

Copper. 144,000 long tons.

Cotton. 30,000 long tons, not including purchases of Rusizzi quality cotton.

Copal. 7,000 long tons.

Ground-nuts. All available supplies after allowance for local consumption and export to normal markets.

Palm kernels. All available supplies after deduction of not more than 20,000 tons for local market and 15,000 tons for South Africa. The estimated quantity to be put at the disposal of the United Kingdom is 50,000 tons.

Palm oil. 25,000 tons of a quality not exceeding 6 per cent. in fatty acids.

The Government of the United Kingdom shall have an option on an additional 10,000 tons of palm oil of any quality, if available.

Tin ore. All supplies available for export.

Rubber, Wolfram. All supplies available, subject to such special arrangements as may be made between the two Governments.

Jute substitutes, Coffee. Quantities to be agreed between the two Governments.

2. Where the quantities of the various products are specified in figures in paragraph 1 of this article, these quantities constitute minima only, and further purchases of these or other products from the Congo for import into the United

[1] See pp. 183-185, above.

Kingdom according to current requirements are not precluded. In this connection the Government of the United Kingdom will give sympathetic consideration to applications for licences for such additional imports from the Congo as may be consistent with the restrictions and limitations imposed on them by the United war effort of the two contracting Governments and if shipping space becomes available.

ARTICLE 2

The quantities mentioned in article 1 shall be deemed in each case to include purchases already made by buyers in the United Kingdom during the period to which the guarantee given under article 1 by the Government of the United Kingdom relates.

ARTICLE 3

Purchases shall be made at prices ruling in competitive markets subject to the following special arrangements:—

Copper shall be bought at the prices ruling for long-term Rhodesian contracts.

Cotton shall be bought on terms already agreed.

Ground-nuts shall be bought at a price to be agreed.

Palm kernels shall be bought at a price of £12 6s. 6d. per ton for trade kernels, whereas £12 12s. 6d. will be paid for plantation kernels. This price is subject to revision taking as a basis quotations prevailing in the Nigerian market.

Palm oil shall be bought at a price of £18 8s. 6d. per ton, cost and freight United Kingdom, on the basis of the freight charge not exceeding £4 17s. 6d. per ton. This price is subject to revision taking as a basis quotations prevailing in the Nigerian market.

As regards the additional 10,000 tons of any quality, purchasable at option if available, the price shall be discussed at the time of purchase.

Coffee, Jute substitutes shall be bought at prices to be agreed.

ARTICLE 4

Payment for purchases covered by this agreement shall be made in the usual way; if, however, it proves impossible to ship the agreed quantities, the Government of the United Kingdom shall:—

(*a*) In the case of copper, cotton and copal, pay for and take title to any unshipped balance where it lies in the Congo during the month of August 1942.

(*b*) In the case of palm oil, palm kernels and ground-nuts, pay for and take title to any unshipped balance where it lies in the Congo not later than the 31st October, 1942.

ARTICLE 5

The Government of the United Kingdom shall, if necessary, take such measures as may be required so that the products referred to in article 1 or any other commodity which may be purchased by the Government of the United Kingdom shall not be placed as a result of customs duty in a position less favourable than British colonial products.

ARTICLE 6

The Government of the United Kingdom will enter into negotiation with the Belgian Government not later than the 30th June, 1942, in regard to guaranteeing purchases for a further period beginning on the 1st September 1942.

ARTICLE 7

The Government of the United Kingdom, recognising the valuable contribution made to the Allied war effort by the Belgian Government in including Belgian vessels in the common pool of merchant shipping available for Allied use, will, within the limits imposed by the shipping situation, do their utmost to carry the amount of the various commodities included in the priority shipping programme of agreed purchases from the Congo and any further amounts which may be purchased from the Congo for import into the United Kingdom. Moreover, appreciating the desire of the Belgian Government that shipments to and from the Congo should so far as possible be made in Belgian ships, the Government of the United Kingdom will meet this desire to the fullest extent compatible with the need to make the most efficient use of all available Allies' tonnage.

ARTICLE 8

The Belgian Government will ensure the maintenance in force in the Belgian Congo of legislation prohibiting commercial and financial transactions which may be of assistance to any Power with whom the two contracting Governments are at war.

ARTICLE 9

The Belgian Government confirm that exports from the Congo will continue to be controlled for blockade purposes by a licensing system, co-ordinated in policy and practice with the system at any time prevailing in territories in Africa administered by the Government of the United Kingdom.

ARTICLE 10

This agreement is complementary to the financial agreement between the two contracting Governments signed on the 21st January, 1941. It shall come into force on signature.

In witness whereof the undersigned duly authorised thereto by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in London, the 4th day of June, 1942.

Memorandum of Agreement Annexed to Exchange of Letters between the Secretary of State for Foreign Affairs of the United Kingdom and General de Gaulle concerning Commercial and Economic Relations between the United Kingdom and the Cameroons under French Mandate

21 January 1941

I

The Government of the United Kingdom of Great Britain and Northern Ireland undertake with regard to the Cameroons under French mandate, and in respect of the period the 1st October, 1940, to the 30th September, 1941:—

(1) to purchase the whole of the 1940-41 cocoa crop which is offered for sale during the cocoa season, *i.e.*, the period the 1st October, 1940, to the 30th April, 1941, at prices which have been agreed;

(2) to purchase, for shipment so far as is possible, the whole of the 1940-41 crops of palm oil, palm kernels, ground-nuts and benniseed at prices similar to those being paid in adjoining British Colonies;

(3) to purchase during the same period a minimum of:—

14,000 metric tons of bananas at 942.00 francs per metric ton,

3,000 metric tons of coffee (Robusta) at 6,097 francs per metric ton, and

1,375 metric tons of coffee (Arabica) at 8,905 francs per metric ton;

(4) to conclude a separate agreement regarding purchases of timber;

(5) that all the above purchases will be made in pounds sterling converted at the official rate of 176.625 francs to the pound, and that such sterling shall be placed at the disposal of the authorities of the Cameroons under French mandate;

(6) in so far as material difficulties will allow, to facilitate the supply to the Cameroons under French mandate of such imports obtainable in the sterling area as are essential to the well-being of the territory.

II

The Council of Defence of the French Empire undertakes on behalf of the Cameroons under French mandate:—

(1) to sell to the Government of the United Kingdom the whole of the 1940-41 French Cameroons crops of cocoa, palm oil, palm kernels, ground-nuts and benniseed at prices which have been or are to be agreed;

(2) to prohibit the sale of the above products to any country other than the United Kingdom without first securing the agreement of the Government of the United Kingdom;

(3) to arrange for the supervision by the Cameroons authorities of the purchase and disposal locally of 14,000 metric tons of bananas, 4,375 metric tons of coffee and assume financial responsibility for the cost of such organisation as may be necessary to effect such purchase and disposal.

Memorandum of Agreement Annexed to Exchange of Letters between the Secretary of State for Foreign Affairs of the United Kingdom and General de Gaulle concerning Commercial and Economic Relations between the United Kingdom and French Equatorial Africa

London, 20 May 1941

I

The Government of the United Kingdom of Great Britain and Northern Ireland undertake with regard to French Equatorial Africa, and in respect of the period the 1st October, 1940, to the 30th September, 1941:—

(1) To ensure the sale of the whole of the commercially saleable 1940-41 cotton crop up to 20,000 tons and to ensure the sale of the output of rubber up to 1,000 tons, of the output of beeswax up to 400 tons and of the output of copal up to 100 tons.

The method of fulfilling these undertakings shall be as follows: The Government of the United Kingdom will purchase at certain dates at a price sufficient to cover all costs incurred by the merchant firms (including purchase from the

producers and agreed charges for labour, transport, storage, etc.), plus an additional 5 per cent. of such costs, any quantities within the prescribed maxima purchased by those firms but remaining unshipped at those dates, *viz.*, in the case of cotton, the 31st January, 1942, and in the case of rubber, beeswax and copal, the 30th September, 1941.

(2) To purchase the whole of the 1940-41 crops of palm kernels, palm oil, ground-nuts and benniseed at prices not less favourable, quality for quality, than those ruling in British territories in West Africa.

(3) To purchase at a price not exceeding 5,000 francs per metric ton 2,500 tons of Robusta and Excelsa coffee of the 1940-41 crop, good standard quality, delivered in bags at warehouse Pointe Noire, where it will be stored until shipment is possible.

(4) To make an initial purchase of 20,000 tons of timber and to purchase thereafter 10,000 tons of timber per month over the first six months of 1941, the position then to be reviewed.

(5) To pay at their present rate any taxes at present levied on produce purchased by them but not exported within the period of the agreement.

(6) To make all the above purchases in pounds sterling converted at the official rate of 176.625 francs to the pound and to place such sterling at the disposal of the authorities of French Equatorial Africa.

(7) To facilitate, so far as material difficulties will allow, the supply to French Equatorial Africa of such essential imports as are obtainable in the sterling area.

II

The Council of Defence of the French Empire undertakes on behalf of French Equatorial Africa, and in respect of the period the 1st October, 1940, to the 30th September, 1941:

(1) To sell to the Government of the United Kingdom the whole of the 1940-41 French Equatorial Africa crops of palm oil, palm kernels, ground-nuts and benniseed on the price basis set out in clause (2) of Part I of this memorandum.

(2) To prohibit the sale of these products to any country other than the United Kingdom without first securing the agreement of the Government of the United Kingdom.

(3) In order to ensure that no diamonds produced in French Equatorial Africa reach any destination useful to the enemy, not to sell or export industrial or other diamonds produced in French Equatorial Africa except in a manner agreed with the Government of the United Kingdom.

(4) To pay the costs for any local storage required of any unshipped quantities of any of the products mentioned in this memorandum which the Government of the United Kingdom may have purchased.

Statement of Policy in Regard to Australian Surpluses

June 1941

His Majesty's Governments in the United Kingdom and the Commonwealth of Australia, in consultation, have agreed upon the following statement of principles for dealing, on a basis of co-operation, with the surplus produce of the Commonwealth for the period of the war.

His Majesty's Government in the United Kingdom fully recognise the grave difficulties created for Australian industries by the shortage of shipping. They are anxious to continue taking all the Australian produce that can be shipped. They also appreciate the serious effect upon Australia's economic and financial structure which these difficulties are causing. With a view to minimising these effects and preventing the impairment of Australia's war effort, the United King-

dom Government are prepared to join with the Commonwealth Government in co-operative arrangements to ease the burden falling on Australia during the war, framed on lines that will not prejudice the post-war position.

The two Governments have agreed that the following principles should be applied as a basis for such co-operation:

1. The United Kingdom Government to purchase the Australian produce that can be shipped and to pay for such produce at the price and upon such terms and conditions as are from time to time agreed with the Ministry of Food.
2. The Australian industries to make every effort to adapt their production to shipping possibilities, *e.g.*, deboning, canning or pressing meat.
3. Alternative markets to be developed wherever possible.
4. Reserve stocks of storable foodstuffs to be created up to certain quantities to be agreed.
5. The quantities to be stored to be determined in relation

(*a*) to probable demand during or after the war;
(*b*) to the importance of the industry to Australia.

6. The financial burden of acquiring and holding these reserve stocks, pending their disposal, to be shared equally between the two Governments.
7. The payments to be made for produce acquired for the reserve stocks to be agreed between the two Governments. While it will be necessary to take due account of such matters as costs of storage, depreciation, etc., it is intended that the payments shall be fixed on such a basis as will so far as practicable achieve the objective of keeping the industry operating efficiently while avoiding the creation of unmanageable surpluses.
8. The detailed application of the above principles to be referred to competent representatives from the two countries.

The Commonwealth Government will be ready to collaborate in any discussions which may be convened within the British Commonwealth or internationally to consider marketing or related problems.

Statement of Policy in Regard to New Zealand Surpluses

June 1941

This statement of the policy agreed upon between the Governments of the United Kingdom and New Zealand is, mutatis mutandis, *identical with the statement of policy in regard to Australian surpluses, reproduced above.*

Agreement between the United States of America, Canada and the United Kingdom of Great Britain and Northern Ireland concerning Industrial Diamonds

Signed at London, 26 March 1943

Entered into force on date of signature

The Government of the United States of America, the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland considering that it is desirable, as a precaution against the adverse fortunes of war, to create a reserve of industrial diamonds upon the North American Continent, for possible needs of the United Nations, have agreed as follows:—

ARTICLE 1

Statement of Principle

The contracting Governments intend that the normal consumption requirements of the various nations shall be met currently from mine production and from stocks in the United Kingdom and various producing countries, and that the reserve hereinafter provided for shall not be drawn upon except under the conditions stated in this agreement.

ARTICLE 2

Size of Reserve

The reserve shall contain a minimum quantity of 11,500,000 carats of diamonds suitable for the uses specified in Appendix I and containing so far as possible the quantities in the various sizes specified under those uses.

ARTICLE 3

Composition of Reserve

The Government of the United Kingdom will take such steps as are practicable for the reserve to be established by the transfer to Canada of stocks of diamonds held by diamond producing companies and by the Diamond Corporation in the quantities and of the descriptions set forth in Appendix II. Appendix II also sets forth the quantities of diamonds of the various use classifications and sizes which it is estimated will be found in the total quantities to be transferred by each company.

ARTICLE 4

Transfer of Reserve

Transfer of the reserve shall begin as soon as possible after the date of signature of this agreement. The Government of the United Kingdom will use its best efforts to ensure transfer at a rate of 600,000 carats per week, but single shipments shall not exceed 300,000 carats each. The quantities so transferred shall be kept in safe keeping in such places in Canada as may be approved by the respective Governments. In the event that the Government of the United Kingdom desires to maintain a portion of the reserve in the United States, the Government of the United States will provide the necessary safe depositories.

ARTICLE 5

Maintenance of Production and Supply

The Government of the United Kingdom and the Government of the United States agree to take all practicable steps to maintain production at, or, if necessary, to increase it to levels adequate to provide both for the full current requirements of the United Nations, and for the maintenance of the present stocks in the United States and the United Nations reserve. The Government of the United States will use its best efforts to maintain an adequate supply of industrial diamonds to Canada to meet the current requirements of Canadian industries and to maintain existing stocks. Estimates of the current annual requirements of the United Nations made as of the 30th June, 1942, are set forth in Appendix III. It is understood, however, that such actual requirements may vary from these estimates from time to time.

ARTICLE 6

Conditions of Withdrawal

A. *Withdrawal by the United States.*

The Government of the United States shall be entitled to draw upon the reserve stock, in any classification, when the United States stock of that classification falls to a quantity less than 90 per cent. of the normal stock as of the 30th June, 1942. The normal stocks as of the 30th June, 1942, are set forth by classifications in Appendix IV and are the stocks in private and Government hands in the United States including 4,505,000 carats of boart purchased but not delivered as of that date. Upon notice furnished to the Government of the United Kingdom by the Government of the United States that the stock of any classification has fallen below 90 per cent. of such normal stock, the Government of the United Kingdom undertakes to take all reasonable steps to make shipments to restore such stock to the figures set forth in Appendix IV for such classification within 60 days. If, at the end of such 60-day period, the shipments have not been made, the Government of the United States shall be entitled to draw upon the United Nations reserve in quantities sufficient to restore the stock of such classification to the figures set forth in Appendix IV for such classification. The Government of the United States may effect such withdrawals through the Metals Reserve Company or any other Government agency or department or through merchants or other private parties nominated by it.

B. *Withdrawal by the United Kingdom.*

The Government of the United Kingdom may draw upon the United Nations reserve when, in its opinion, it becomes impracticable to meet current requirements from stocks in the United Kingdom or from African stocks or production. The Government of the United Kingdom shall, under such circumstances, formally assure the Government of the United States of the reasons and need for such withdrawal.

C. *Withdrawal for Canadian Requirements.*

If the stocks in Canada of industrial diamonds of any of the descriptions mentioned in Appendix IV fall at any time below the quantity of that description consumed in Canada during the preceding six months the Government of Canada may notify the Government of the United Kingdom and the Government of the United States that a shortage of industrial diamonds of that description exists. If the shortage of that description is not met either by delivery from the United States or from the United Kingdom within 90 days of the date of notification then the Government of the United Kingdom shall withdraw from the reserve for requirements in Canada such quantities of diamonds as are required to remove the shortage.

D. *Withdrawals for other United Nations Requirements.*

Withdrawals for the requirements of other United Nations may be made after consultation between appropriate representatives of the Government of the United States and the Government of the United Kingdom.

E. *Combined Raw Materials Board.*

The provisions of this Article are subject to any action which may be required as the result of decisions by the Combined Raw Materials Board.

ARTICLE 7

Prices of Material Withdrawn and Expenses of Transfer

Industrial diamonds withdrawn from the United Nations reserve shall be withdrawn at United States dollar prices for comparable material (converted from Sterling at the official rate at the date of such withdrawal) ruling on the 30th June, 1942, to which prices may be added reasonable amounts to cover the proportion of the cost of the establishment, maintenance and liquidation of the United Nations reserve attributable to the diamonds withdrawn. Provided that if the ceiling prices of industrial diamonds in the United States are raised, the prices ruling on the 30th June, 1942, and chargeable hereunder may be raised by the same percentage as the percentage increase or increases in such ceiling prices. Since it is probable that the United Nations reserve will include certain quantities of cuttable material not normally employed for industrial purposes but suitable therefor, the Government of the United Kingdom will, in the event of an emergency requiring the use of such cuttable material, employ its best efforts to furnish this material to the United Nations at reasonable prices reflecting the utility of the material and its cost of production for industrial purposes and not its value as gem stones.

All expenses of the transfer of diamonds to North America for the United Nations reserve and of the maintenance, sorting and liquidation of the reserve including indemnity for any loss or damage to the diamonds shall be advanced in equal proportion by the Government of the United States and the Government of the United Kingdom subject to reimbursement from any sales from the reserve to the extent that the prices of sales from the reserve include, directly or indirectly, amounts which the Governments have advanced in respect of the establishment, maintenance and liquidation of the reserve. The Government of the United States undertakes to advance in the first instance any disbursements incurred in United States or Canadian dollars. On the liquidation of the reserve such part of the above-mentioned expenses as has not been reimbursed from sales from the reserve shall be shared equally by the two Governments. The Ministry of Supply of the United Kingdom will keep running accounts of advances and reimbursements.

ARTICLE 8

Sorting of Material

The Government of the United Kingdom will make adequate arrangements with the producing companies and with the Diamond Corporation to ensure that the United Nations reserve is sorted into the usual assortments of the Diamond Corporation upon its transfer to Canada and that such other necessary arrangements are made that withdrawals in accordance with the provisions of Article 6 can be made without any delay.

ARTICLE 9

Agreement with Producers

The Government of the United States and the Government of Canada take note of the draft agreement between the Minister of Supply of the United Kingdom and certain diamond producers, the Diamond Corporation, Ltd. and the Diamond Trading Company, Ltd., which is reproduced as Appendix V and will, so far as may be necessary, afford facilities for the performance of the terms of such an agreement.

ARTICLE 10

Exchange of Information

A. *Information furnished by the Government of the United States.*

The Government of the United States undertakes to furnish to the Govern-

ment of the United Kingdom within 90 days after the end of each quarterly period commencing with that ending on the 31st December, 1942, a statement, by classifications, of the stocks of industrial diamonds in the United States and of estimated purchases in South America until the end of 1946.

B. *Information furnished by the Government of the United Kingdom.*

The Government of the United Kingdom undertakes to furnish to the Government of the United States, within 90 days after the end of each quarterly period commencing with that ending on the 31st December, 1942, a statement by classifications of the stocks of industrial diamonds included in the United Nations reserve. Such statements shall include a summary of the results and progress of sorting in Canada. The Government of the United Kingdom further agrees to furnish quarterly statements to the Government of the United States of stocks in the United Kingdom (separately for merchants, the Diamond Corporation and its affiliates, and producers) and, so far as possible, of stocks in the hands of producers in Africa.

MISCELLANEOUS PROVISIONS

ARTICLE 11

Nothing in this agreement shall be construed to prevent any of the United Nations from acquiring additional quantities of industrial diamonds through purchase for its national reserve if diamonds are available and can be supplied without interfering with supplies for normal consumption and for the implementing of this agreement.

ARTICLE 12

The three contracting Governments agree to take such steps as are reasonable and practicable to ensure that all diamonds acquired by any person as industrial diamonds are sold by the most direct channels for use in industry and that they are not bought or sold speculatively or for hoarding.

ARTICLE 13

The Government of the United States and the Government of the United Kingdom will each appoint a representative to meet and adjust any difficulties of interpretation of this agreement which may arise from time to time. In any question affecting Canadian interests the Government of Canada may appoint a representative to collaborate with the representatives of the other two Governments.

ARTICLE 14

Duration of Agreement[1]

This agreement shall operate from the date of signature and, except by mutual consent, it shall terminate nine months after the cessation of hostilities. For the purpose of this clause the cessation of hostilities shall be the date on which there is a general suspension of hostilities between the United Kingdom and the

[1] By an exchange of notes of 26 March 1943 it was agreed that three months before the termination of agreed arrangements discussion should take place concerning the possibility of making arrangements for the disposal of the diamonds in reserve differing from those provided for in the agreement. See United States Executive Agreement Series 317, U.S. Government Printing Office, Washington, 1943, pp. 14-15.

United States (or the later of them to suspend hostilities) on the one hand and the last of the enemy Powers with whom they are now at war on the other hand.

Done in triplicate in London, the 26th day of March, 1943.

. . . . . .

APPENDICES I TO IV[1]

APPENDIX V

Draft Agreement between the Minister of Supply and Diamond Producing Companies, the Diamond Corporation and the Diamond Trading Company, Limited, regarding a United Nations Reserve of Industrial Diamonds[2]

Agreement between the Governments of the United States of America and of the United States of Brazil, for the Development of Food Stuffs Production in Brazil, especially in the States Situated in the Amazon Region, the North and Northeast, including the State of Baia

Signed at Rio de Janeiro, 3 September 1942

Entered into force on date of signature

On the third day of September nineteen hundred and forty-two being present in the Ministry of Foreign Affairs, in this city of Rio de Janeiro, on the one part Ambassador Jefferson Caffery and Mr. Nelson Rockefeller, the latter Co-ordinator of Inter-American Affairs, as representatives of the Government of the United States of America, and on the other part, Messrs. Oswaldo Aranha and Apolonio Sales, respectively, Ministers of Foreign Affairs and of Agriculture, as representatives of the Government of the United States of Brazil, having in view the situation created by the war and the difficulties of transportation; and considering the exchange of correspondence between the Government of the United States of America and that of Brazil, consisting of notes of the 3rd and the 14th of March of the current year, telegrams from the Office of the Coordinator of Inter-American Affairs, and from the Brazilian Embassy in Washington, as well as the conversations held on the 27th of August last, between the representatives of the aforesaid Office and of the American Embassy in Rio de Janeiro and the Ministry of Agriculture, resolve to sign the present Agreement for the execution of a plan for the development of food stuffs production in Brazil, especially in the Amazon Region, North and Northeast, including the State of Baía, in accordance with the following clauses:

CLAUSE FIRST

The work to be carried out will follow a plan which shall be drawn up by the Ministry of Agriculture, with the collaboration of North-American specialists, who will be put at the disposal of the Ministry of Agriculture for this purpose.

CLAUSE SECOND

The plan referred to in the previous Clause, is designed to increase the production of foodstuffs of vegetable and animal origin, of primary necessity, covering at least the following items:

(*a*) technical assistance for the increase and improvement of production of foodstuffs of animal and vegetable origin;

[1] For the texts of these appendices, see United States Executive Agreement Series 317, U.S. Government Printing Office, Washington, 1943, pp. 7-9.

[2] For the text, see *ibid.*, pp. 9-13.

(*b*) provision of means, tools, equipment, insecticides, etc., for the increased production of foodstuffs of animal and vegetable origin;

(*c*) amplification of the resources of the Divisions for the Development of Animal and Vegetable Production, designed to establish an efficient extension service, in accordance with the modern agricultural techniques followed in Brazil and in the United States;

(*d*) development of plans, technical assistance and the execution of irrigation, drainage, and soil conservation works;

(*e*) collaboration in the solution of problems of handling, storage, conservation and distribution of the food products;

(*f*) technical and financial assistance for agricultural colonisation;

(*g*) betterment of the conditions of nutrition of the populations in the areas in which this Agreement is carried out.

Clause Third

For the execution of this Agreement, the Brazilian Government assumes the following obligations:

1. To contribute, through the immediate opening of a special appropriation, five thousand contos of reis.

2. To orient, in the sense of this Program the continuance of the application of the:

(*a*) five thousand contos of reis allocated for the emergency development of production throughout the Northeast;

(*b*) three thousand forty-six contos of reis of the ordinary budget of the Division for the Development of Vegetable Production during the present fiscal year, ending December 31, 1942;

(*c*) eight thousand four hundred seventy-five contos of reis of funds deposited in the Bank of Brazil, for the disposition of this Division, for the execution of the Joint Services during this fiscal year, in accordance with contracts signed between the Union and the States of the aforesaid regions, cited in the present Agreement.

3. To include in the Federal budget to be approved for the next fiscal year, from January 1st to December 31, 1943, the sum of seven thousand seven hundred contos of reis, as well as to assure the inclusion of an appropriation of three thousand eight hundred fifty contos of reis in the budgets of the States which maintain contracts with the Union, for the execution of the joint services, for the same period, in the regions provided for in this agreement. The application of these funds will be oriented in the sense of this Agreement.

4. To contribute, in the year 1943, the resources of personnel and material provided for in the ordinary budget of the Ministry of Agriculture, destined to the development of vegetable and animal production in the regions provided for in this Agreement, a total of not less than five thousand contos of reis.

5. To deposit the funds provided for in obligations nos. 1 and 3, in the Bank of Brazil, to be applied in accordance with instructions which will be approved by the Minister of Agriculture.

6. To assure the utilisation, in the execution of this plan, of all fields, installations and equipment of the Division for the Development of Vegetable Production, as well as the technical collaboration of all other agencies of the Ministry of Agriculture as may become necessary.

Clause Fourth

The Coordinator of Inter-American Affairs, on his part, assumes the following obligations:

1. To contribute the amount of one million dollars, for the first year of

operation of this Agreement, in two sums of one-half million dollars, the first after the signing of this contract, and the other when the Brazilian Government deposits with the Bank of Brazil the amount of five thousand contos of reis, in accordance with the obligation in item no. 1, Clause 3, assumed by the same.

2. To contribute one million dollars, during the first half of September, 1943.

3. To send and to maintain in Brazil, during the duration of the present Agreement, North-American technicians specialised in the matters pertaining to this Agreement, paying their salaries, travelling expenses and per diem.

4. To facilitate, as far as possible, the acquisition of specialised material which may be necessary for the execution of this Agreement.

5. To deposit the contributions stipulated in items 1 and 2 of this Clause, with the Bank of Brazil, at the disposal of the Minister of Agriculture, in a special account for the Brazilian-American Food Production Commission, to be expended in accordance with provisions of Clause 5, Letters *c* and *d*.

CLAUSE FIFTH

For the execution of this Agreement:

(*a*) There will be constituted a special Commission which shall be called the Brazilian-American Food Production Commission, composed of:

(1) The Director of the Division for the Development of Vegetable Production who will serve as President of the Commission;

(2) The Chief Food Production Specialist designated by the Co-ordinator of Inter-American Affairs.

(*b*) The seat of the Brazilian-American Food Production Commission will be in Rio de Janeiro, being subject to transfer to another city in the judgment of the Minister of Agriculture.

(*c*) The application of the resources at the disposition of the Brazilian-American Commission, and its presentation of accounts will be in accordance with instructions to be drawn up by said Commission and to be approved by the Minister of Agriculture.

(*d*) The expenditures made for the account of the Brazilian and American contributions, consisting of item 1 of Clause 3, and items 1 and 2 of Clause 4, will be duly recorded in appropriate accounting procedure, to be submitted for the approval of the Minister of Agriculture after having been duly examined and passed upon by the two members composing the Brazilian-American Commission.

(*e*) The vouchers of the expenditures incurred by the Division for the Development of Vegetable Production from the funds set forth in item 2 letters (*a*) and (*c*), and item 3 of clause 3 will be subject to the accounting procedure set forth in the regulations now in effect, it being understood that a special copy of all of the vouchers will be supplied for the information of the American member of the Brazilian-American Food Production Commission.

(*f*) The voucher of the expenditures incurred under the ordinary budget, consisting of item 2, letter (*b*), and item 4, of clause 3, will be made in accordance with the requirements of Brazilian public accounting, there being sent, however, to the Brazilian-American Food Production Commission a copy of the distribution of the credits made to the Fiscal authorities of the States included in the area of the present Agreement.

(*g*) It is understood that all improvements made under the provisions of the present Agreement will remain the property of the Brazilian Government.

CLAUSE SIXTH

The present Agreement will be for the duration of two years, counting from the date of its signature, and may be extended in the judgment of the contracting parties.

In witness whereof, the undersigned, duly authorised thereto, sign and seal the present Agreement in duplicate in the English and Portuguese languages.

Agreement between the United States of America and Venezuela for the Development of Foodstuffs Production in Venezuela

Effected by Exchange of Notes signed at Caracas, 14 May 1943

THE AMERICAN CHARGÉ D'AFFAIRES AD INTERIM TO THE VENEZUELAN MINISTER OF FOREIGN AFFAIRS

Embassy of the
United States of America
No. 1321 Caracas, May 14, 1943.

Excellency:

Authorised by my Government I have the honour to confirm in this note that as a result of the conversations between Your Excellency and the Minister of Agriculture and Animal Husbandry of the United States of Venezuela on the one hand and this Embassy on the other, regarding the best way of organising the development of foodstuffs production in Venezuela, and, consequently, of increasing the commercial and economic relations between the two countries, it has been agreed between the Government of the United States of America and the Government of the United States of Venezuela to execute a plan in accordance with the following clauses:

First. The Government of the United States of Venezuela binds itself to create a special Office in the Technical Institute of Immigration and Colonization. The said Office which shall be denominated *Servicio Cooperativo Interamericano de Producción de Alimentos* (Inter-American Cooperative Food Production Service), and hereinafter will be referred to as S.C.I.P.A., will be under the direct supervision of the Ministry of Agriculture and Animal Husbandry. The S.C.I.P.A. shall be responsible for the execution of the food production plan to be formulated by the Ministry of Agriculture and Animal Husbandry in collaboration with the Food Production Mission to be sent to Venezuela by the Institute of Inter-American Affairs of the United States of America.

Second. The essential objective of the S.C.I.P.A. shall be the increased production in Venezuela of foodstuffs of vegetable and animal origin of primary necessity, and its activities shall include the following:

(*a*) Technical assistance for the improvement of the quality of the production of foodstuffs of animal and vegetable origin;

(*b*) Provision of means, tools, equipment, insecticides and other necessary items for the increase of production of foodstuffs of animal and vegetable origin;

(*c*) Amplification of the resources at the disposal of the Government of Venezuela for the development of production of foodstuffs of animal and vegetable origin, in order efficiently and harmoniously to adapt that production to modern agricultural techniques employed in Venezuela and in the United States;

(*d*) Development of plans, technical assistance and the execution of irrigation, drainage and soil conservation works;

(*e*) Collaboration in the solution of problems of handling, storage, conservation and distribution of foodstuffs;

(*f*) Technical and financial assistance for agricultural colonisation;

and

(*g*) Improvement in the nutrition of the inhabitants of the areas where the production plan is to be especially developed.

Third. The Institute of Inter-American Affairs of the United States of America shall appoint a Food Production Mission in order to lend its collaboration to S.C.I.P.A. in the development of the production plan referred to. The said Mission shall be under the direction of an expert who shall have the title of Chief at the Food Production Mission in Venezuela. This Chief Official shall be the representative of the Division of Food Production of the Institute of Inter-American Affairs in Venezuela.

Fourth. The S.C.I.P.A. will be a dependency of the Technical Institute of Immigration and Colonisation and the Chief of the Food Production Mission in Venezuela shall be the Technical Director of the S.C.I.P.A.

Fifth. The S.C.I.P.A. shall have its domicile in the city of Caracas, capital of the United States of Venezuela.

Sixth. The necessary funds for the operation of the S.C.I.P.A. shall be provided within a period of one year through payments up to five hundred thousand dollars ($500,000) on the part of the Government of the United States of America, and payments up to one million five hundred thirty thousand bolivares (Bs. 1,530,000) on the part of the Government of the United States of Venezuela. The Government of the United States of America will also furnish additional sums up to five hundred thousand dollars ($500,000) provided of course that this *modus vivendi* is extended for another year and that the Congress of the United States of Venezuela opportunely includes allotments in the General Revenue and Public Expenditures Budget permitting expenditure of an additional sum up to one million five hundred thirty thousand bolivares (Bs. 1,530,000) for the same purpose previously stated.

Seventh. The funds to be contributed by the Government of the United States of America shall be transferred to the S.C.I.P.A. as required by the progress of the work performed and according to agreement between the Minister of Agriculture and Animal Husbandry, the Director of the Technical Institute of Immigration and Colonization and the Chief of the Food Production Mission in Venezuela. The funds to be supplied on its part by the Government of the United States of Venezuela shall be transferred to the S.C.I.P.A. in proportion to the amounts provided by the Government of the United States of America, at the rate of three bolivares six centimos (Bs. 3,06) per dollar.

Eighth. The contributions determined in clause six of this *modus vivendi*, after deducting cost of equipment, machinery and other effects supplied by both governments, shall be deposited in the Banco Agricola y Pecuario, to the order of the Technical Institute of Immigration and Colonization, in the form of a special current account in the name of the S.C.I.P.A., which shall utilise them in the execution of the cited foodstuffs production plan. The mentioned account current must be used by means of checks jointly signed by the Director of the Technical Institute of Immigration and Colonisation and by the Technical Director of the S.C.I.P.A., who shall comply strictly with the instructions or rules formulated to this effect in agreement with the Minister of Agriculture and Animal Husbandry.

Ninth. The sum of five hundred thousand dollars ($500,000) referred to in clause six of this *modus vivendi*, which must be integrally invested in the production of foodstuffs of primary necessity in Venezuela, shall constitute the total contribution of the Government of the United States of America, unless the conditions stipulated in said clause six are fulfilled, in which case the said total contribution shall be one million dollars ($1,000,000). The sum of one million five hundred thirty thousand bolivares (Bs. 1,530,000) also mentioned in said clause six, shall constitute the total contribution of the Government of the United States of Venezuela, unless the latter decides to prolong the duration

of this *modus vivendi* for another year and include in the General Budget of Revenue and Public Expenditures allotments to allow the expenditure of an additional one million five hundred thirty thousand bolivares (Bs. 1,530,000) in which case its total contribution would be three million sixty thousand bolivares (Bs. 3,060,000).

Tenth. The salaries and other expenses of the members of the Food Production Mission in Venezuela, including travel expenses, shall be paid by the Institute of Inter-American Affairs from funds not assigned to the S.C.I.P.A.

Eleventh. All construction work, which is to be carried out in accordance with this *modus vivendi*, shall, upon termination of the latter, become the property of Venezuela. No work whatsoever shall be undertaken which will require materials or personnel indispensable to the prosecution of any phase of the war effort.

Twelfth. The work to be undertaken by the S.C.I.P.A. in the execution of the foodstuffs production plan shall be determined through mutual agreement between the Minister of Agriculture and Animal Husbandry or his representative and the Technical Director of the said Service.

Thirteenth. Any contract or agreement to be made by the S.C.I.P.A. with other entities or persons for the execution of the foodstuffs production plan must be previously discussed and agreed upon by the Minister of Agriculture and Animal Husbandry or his representative and the Technical Director of the S.C.I.P.A.

Fourteenth. The Director of the Technical Institute of Immigration and Colonization, with the previous approval of the Minister of Agriculture and Animal Husbandry and the Technical Director of the S.C.I.P.A. shall appoint the subordinate personnel required for the full execution of the foodstuffs production plan, and likewise discharge said personnel, and determine their salaries and obligations in agreement with the Minister of Agriculture and Animal Husbandry and the Technical Director of the S.C.I.P.A.

Fifteenth. The Accounts and files of the S.C.I.P.A. may be examined at any time by the persons designated for this purpose by the Minister of Agriculture and Animal Husbandry or the Chief of the Food Production Mission in Venezuela, to whom the S.C.I.P.A. shall make available, moreover, all of the information they may request.

Sixteenth. In view of the national interest involved in the intensification and development of the production of foodstuffs of primary necessity referred to in this *modus vivendi*, the Government of the United States of Venezuela agrees to exonerate from import duties the machinery, tools, vehicles, materials for the construction of buildings, repairs and other work required for the thorough execution of the plan of production of foodstuffs of primary necessity.

This note and Your Excellency's corresponding reply will constitute a *modus vivendi* for the duration of one year, and it may be extended for one year more by the simple statement of willingness of the Government of the United States of Venezuela.

Please accept, Excellency, the renewed assurance of my highest consideration.

Joseph FLACK,
Chargé d'Affaires ad interim.

His Excellency
Dr. Caracciolo Parra Pérez,
Minister for Foreign Affairs,
Caracas.

THE VENEZUELAN MINISTER OF FOREIGN AFFAIRS TO THE AMERICAN CHARGÉ D'AFFAIRES AD INTERIM

Office of the Director of Economic Policy
No. 02508-E.
Economics Section

Caracas, May 14, 1943.

Mr. Chargé d'Affaires:

Authorised by my Government I have the honour to confirm in this note that as a result of the conversations between your Honourable Embassy on the one hand and the Minister of Agriculture and Animal Husbandry of the United States of Venezuela and the undersigned on the other, regarding the best way of organising the development of foodstuffs production in Venezuela, and, consequently, of increasing the commercial and economic relations between the two countries, it has been agreed between the Government of the United States of Venezuela and the Government of the United States of America to execute a plan in accordance with the following clauses:

Clauses First to Sixteenth are identical with corresponding clauses of the note from the American Chargé d'Affaires to the Venezuelan Minister of Foreign Affairs above.

This note and Your Excellency's corresponding reply will constitute a *modus vivendi* for the duration of one year, and it may be extended for one year more by the simple statement of willingness of the Government of the United States of America.

I avail myself of this opportunity to renew to you, Sir, the assurances of my distinguished consideration.

C. PARRA PÉREZ.

The Honorable Joseph Flack,
Chargé d'Affaires ad interim
of the United States of America,
City.

Arrangement between the United States of America and the United Kingdom of Great Britain and Northern Ireland Approving Memorandum of Understanding concerning the Apportioning of Supplies of African Asbestos

Effected by Exchange of Notes signed at London, 30 April 1943

THE BRITISH SECRETARY OF STATE FOR FOREIGN AFFAIRS TO THE AMERICAN AMBASSADOR

Foreign Office, S.W. 1.
30th April, 1943.

No. U 954/301/71

Your Excellency,

On the 6th January negotiations between the Ministry of Supply of the United Kingdom and the Board of Economic Warfare and the Metals Reserve Company of the United States relative to the apportioning of supplies of African asbestos were brought to a conclusion by the signing on their behalf of a Memorandum of Understanding, a copy of which I have the honour to transmit to Your Excellency herewith.

2. In response to the desire which I understand is shared by the Government of the United States of America, that the arrangement should be formally adopted by the two Governments, I have the honour to inform you that the Government of the United Kingdom of Great Britain and Northern Ireland approve of the principles contained in the Memorandum of Understanding annexed hereto and are willing to give effect to the provisions thereof, subject only to the understanding that the expression "cessation of hostilities" in Article 11 (eleven) of the annexed Memorandum means the date of the signing of the latest general armistice suspending general hostilities between the United Kingdom and the United States of America on the one hand and any of the Powers with which they are now at war on the other, or such later date as may be agreed between the two contracting Governments.

3. If the Government of the United States are likewise prepared to give effect to this arrangement on these terms, the present note and your reply to that effect will serve to place on record the understanding between the two Governments in this matter.

I have the honour to be, with the highest consideration,
Your Excellency's obedient Servant,

Anthony EDEN.

His Excellency
The Honourable
John G. Winant,
etc., etc., etc.,
1, Grosvenor Square, W.1.

MEMORANDUM OF UNDERSTANDING

6th January, 1943.

1. *Statement of Principle.*

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland agree so to regulate the importation of African asbestos and take such other practicable steps as to apportion supplies in accordance with the following principles:—

(*a*) Where 1943 production is adequate supplies will be so apportioned as to enable each of the Governments to create, by 1st January, 1944, stocks (whether privately or publicly owned) of each grade of asbestos equivalent to one year's consumption.

(*b*) Where 1943 production of a particular kind of asbestos is inadequate to achieve this objective, the apportionment of available supplies shall be made with reference to the relative importance to the war production programmes of the respective Governments of the uses of that asbestos. It is agreed, therefore, that the requirements of H.M.G. in U.K. for supplies of blue M.S. and S. asbestos shall be given prior consideration and, conversely, that requirements of the U.S.G. for supplies of amosite shall be given prior consideration.

(*c*) Necessary requirements of the other friendly nations for raw African asbestos fibre (as stated in the Appendices) shall be met to the extent of available supplies.

(*d*) When, as a result of inadequate supplies, the requirements of either Government are not fully met in any grade, such Government may, at its option and in agreement with the other Government, secure equivalent quantities of other grades by way of replacement for its reserve, if there are available surpluses after essential war requirements have been met.

(*e*) Any surpluses of available 1943 supplies remaining after meeting the stock-pile objectives of U.S.G. and H.M.G. after meeting the necessary requirements of other nations and after providing for such additional quantities as may be secured by the respective Governments pursuant to sub-paragraph (*d*) above

shall be apportioned between the U.S.G. and H.M.G. in U.K. in proportion to the estimated consumption in the U.S. and the U.K.

(*f*) Available supplies in 1944 and thereafter shall be apportioned between the U.S.G. and H.M.G. in U.K. in proportion to the estimated consumption in the U.S. and the U.K. after allowing for quantities in stock or estimated to be in stock at 31st December, 1943, and allowing for the necessary requirements of friendly nations.

(*g*) The nominal requirements of the U.S.G. for blue A. and C. asbestos shall be met in full in 1943.

(*h*) In apportioning the various types of chrysotile asbestos within any particular grade (as for example in apportioning quantities of C. and G.2, H.V.L.2, and V.R.A. 2) consideration shall be given to the interchangeability of the grades in the U.K. and to the unfamiliarity of the U.S. manufacturing companies with grades other than C. and G. The U.S.G. will in 1943 use its best efforts to induce the manufacturers to run manufacturing tests to ascertain the interchangeability and usability of grades other than C. and G. The U.S.G. and H.M.G. will encourage the full interchange of technical information. . Any limitation of the quantities of V.R.A. or H.V.L. grades which may be delivered to the U.S.A. in 1943 is agreed without prejudice to the producers' claim that these grades are fully interchangeable with the C. and G. grades.

2. *Apportionment of Supplies.*

Appendix 1 sets forth the agreed apportionment of supplies between U.S.A., U.K., the Empire and neutral destinations. This apportionment has been calculated in accordance with the principles set forth in paragraph 1.

3. Insofar as the requirements of the U.K. for African asbestos have been stated on the assumption of the continuance as hitherto of Canadian supplies, the respective Governments agree that the apportionments are subject to review in the event that adequate supplies of Canadian fibre are not forthcoming.

4. *Assurances of Blue Production.*

In view of the real shortage in supplies of blue M.S. and S. grades, all practical steps will be taken to increase blue M.S. and S. production to levels adequate to provide for the current essential requirements of the U.S. and the U.K. and, if possible, to provide for minimum reserve stocks.

5. *Assurance of Chrysotile (C. and G.) Production.*

In view of the high importance attached by users for important war production to the C. and G. 1 and 2 grades, the production of these grades will be closely watched and every effort made to secure maintenance of production at an adequate level.

6. *Exchange of Information.*

(*a*) *Information Furnished by U.S.G.* The U.S.G. undertakes to furnish to H.M.G. within 60 days after the end of each three months' period a statement, by grades, of the receipts, consumption and stocks of African asbestos in the United States and of afloats and sinkings. The first such statement shall be made as of 31st December, 1942.

(*b*) *Information Furnished by H.M.G.* H.M.G. in U.K. undertakes to furnish to the U.S.G. within 60 days after the end of each three months' period a statement, by grades, of the receipts, consumption and stocks of African asbestos in the United Kingdom and of afloats and sinkings. The first such statement shall be made as of 31st December, 1942. Quarterly statements will also be furnished to the U.S.G. of mining production and African stocks of the African producers.

7. *Provision for Review of Apportionments.*

Upon exchange of information as to receipts, consumption, stocks, afloats and sinkings, either Government may request a review of the apportionment in any grade of African asbestos, to bring the actual position into line with the principles set forth in paragraph 1.

8. *Appointment of Representatives.*

The U.S.G. and H.M.G. in U.K. will appoint a representative each to recommend the re-apportionment outlined in paragraph 7 above, or to adjust difficulties of interpretation of this agreement which may arise from time to time.

9. *Agreements between Metals Reserve Company and Producing Companies.*

H.M.G. in U.K. takes note of the agreements entered into between Metals Reserve Company on the one hand and Cape Asbestos Company and Raw Asbestos Distributors on the other dated 22nd December, 1942, and 18th December, 1942, respectively and finds them to be in accord with the spirit of this agreement. The U.S.G. undertakes to provide H.M.G. in U.K. with copies of such contracts and of any documents bearing on the interpretation or extension of those contracts.

10. *Provision for Review by C.R.M.B.*

The terms of this Agreement are subject to any action which may be taken at any time by the C.R.M.B.

11. *Duration of Agreement.*

Except by mutual consent, this agreement shall terminate nine months after the cessation of hostilities. The disposition of stocks remaining in the two countries shall be the subject of full and mutual discussion between U.S.G. and H.M.G. in U.K.

APPENDICES A-C[1]

. . . . . .

THE AMERICAN AMBASSADOR TO THE BRITISH SECRETARY OF STATE FOR FOREIGN AFFAIRS

Embassy of the
United States of America
London, April 30, 1943.

Your Excellency:

I thank you for your note of today's date relative to the apportioning of supplies of African asbestos, with which you transmitted a copy of a memorandum of understanding signed on January 6 last by representatives of the Ministry of Supply of the United Kingdom and the Board of Economic Warfare and the Metals Reserve Company of the United States.

In view of your assurance that the Government of the United Kingdom of Great Britain and Northern Ireland approves of the principles contained in the

[1] For the text of these Appendices, see United States Executive Agreement Series 332, U.S. Government Printing Office, Washington, 1943.

memorandum of understanding annexed to your letter, I have the honour to inform Your Excellency that the Government of the United States of America likewise approves of those principles and is willing to give effect to the provisions thereof. I also have the honour to inform Your Excellency that the Government of the United States of America concurs with your interpretation of the expression "cessation of hostilities" in Article 11 of the memorandum of understanding.

Accept, Sir, the renewed assurance of my highest consideration.

John G. WINANT,
American Ambassador.

The Right Honourable
Anthony Eden, M.C., M.P.,
Secretary of State for Foreign Affairs,
Foreign Office, London.

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