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COMMISSION ON NARCOTIC DRUGS

Fifth Session

CONSOLIDATED SUMMARY RECORD OF THE JOINT COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES AND OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES

held at the Palais des Nations, Geneva,
from Monday, 14 August to Monday, 28 August, 1950

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LIST OF PERSONS ATTENDING THE MEETING

Chairman:	Mr. S. KRASOVEC, Chairman of the Commission on Narcotic Drugs

Delegations:

France	Mr. G. BOURGOIS Mr. M. VAILLE Mr. Y. COMAR
India	Mr. A. SATTANATHAN
Iran	Mr. A. AMINI Mr. A. MEYKADEH
Netherlands	Mr. A. KRUYSSE Mr. J. KEYZER
Turkey	Dr. C. OR Mr. DIKER Mr. KAYIHAN
United Kingdom of Great Britain and Northern Ireland	Mr. S. HOARE, C.B., Mr. D. WILSON Mr. R. MATHEW
United States of America	Mr. C. DYAR Mr. G. MORLOCK
Yugoslavia	Mr. D. NIKOLIĆ

Observers:

Mr. DEFLEUR	Belgium
Mr. BLONDEEL	Belgium

Observers: (continued)

Mr. FERRARA (present at the first meeting only)	Italy
Mr. CALLEA	Italy
Mr. FELICE	Italy
Mr. ERMENEGILDO	Italy
Mr. SCHNEIDER	Switzerland
Mr. GRANDJEAN	Switzerland
Mr. DELACHAUX	Switzerland

Secretariat:

Mr. Steinig	Representative of the Secretary-General, Director of the Division of Narcotic Drugs
Sir Harry Greenfield	Technical Adviser, Division of Narcotic Drugs
Mr. Lande	Legal Adviser, Division of Narcotic Drugs
Mr. Bolton	Secretary to the Committee, Division of Narcotic Drugs

FIRST MEETING

held on Monday, 14 August 1950, at 10 a.m.

Chairman: Mr. STEINIG, Director of the Division of Narcotic Drugs, United Nations Secretariat

later: Mr. KRASOVEC, Chairman of the Commission on Narcotic Drugs

Attendance: As shown in the list of persons attending the session (page 8 above).

1. OPENING OF THE SESSION

Mr. STEINIG (representative of the Secretary-General) expressed the regret of the Assistant Secretary-General in charge of the Department of Social Affairs at his inability to attend the opening meeting of the Joint Committee.

After drawing attention to the terms of reference of the Ad hoc Committee of the Principal Opium-producing Countries, which had met in Ankara, Turkey, in November and December, 1949, and of the Meeting of Representatives of the Principal Drug-manufacturing Countries, which had met at Geneva the previous week, he summarized the main results achieved by those two bodies. The former had agreed on a basis for the distribution of shares in the world's opium production, and that an international opium monopoly should be established; the latter had also agreed to the establishment of an international opium monopoly and to the principle of international inspection of the opium trade at every stage, so far as their own territories were concerned. If the Joint Committee achieved equally satisfactory results, the way would be clear for the conclusion of a formal instrument to give these decisions effect, and to limit the production of opium to medical and scientific needs. The Chairman of the Ad hoc Committee of the Principal Opium-producing Countries had declared, in closing its session, that at a time when discord and dissension were the rule of the day, agreement of the kind achieved by the Committee was of real importance. It could not fail to have some influence even outside the field with which it was principally concerned.

He then conveyed to the Joint Committee the Secretary-General's best wishes for its success in paving the way for the Commission on Narcotic Drugs and the Economic and Social Council to take the concluding steps in the preparation of the interim agreement to limit the production of opium to medical and scientific needs.

Before inviting representatives to submit nominations for the office of Chairman, he enumerated the countries represented in the Committee, namely:

France, India, Iran, Netherlands, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America and Yugoslavia.

The following countries had sent observers:

Belgium, Italy and Switzerland.

2. ELECTION OF OFFICERS

Mr. BOURGOIS (France) suggested that the Committee should request Mr. Krasovec, Chairman of the Commission on Narcotic Drugs, to act as its Chairman.

Mr. HOARE (United Kingdom) cordially supported the nomination.

Mr. OR (Turkey), and Mr. AMINI (Iran), also seconded that nomination.

Mr. Krasovec, Chairman of the Commission on Narcotic Drugs, was unanimously elected Chairman, and took the Chair.

The CHAIRMAN expressed his thanks for the confidence shown in him by the members of the Joint Committee, and assured them he would do all in his power to make sure that their work was crowned with success.

3. ADOPTION OF THE AGENDA (JC/3)

The CHAIRMAN asked whether any representative wished to comment on the provisional agenda contained in Conference Room paper JC/3. He explained that the report of the Meeting of Representatives of the Principal

Drug-manufacturing Countries would be available the following day.

The provisional agenda was unanimously adopted.

4. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1 and E/CN.7/188/Corr.1, 2, 3, 4), AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, and CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (JC/2).

The CHAIRMAN pointed out that the Joint Committee had a heavy task before it in its attempt to take the next step towards the conclusion of an interim agreement, which, if successful, would achieve an objective which for 40 years had been sought in vain, and in preparing the ground for the elaboration of a single international convention on the control of narcotic drugs.

Since the two groups represented in the Joint Committee had each separately expressed its views on the principles at issue, there seemed no necessity for a general discussion. If members of the Joint Committee agreed, discussion could therefore be directed immediately to a consideration of the draft interim agreement to limit the production of opium to medical and scientific needs. The draft had already been circulated as document No. E/CN.7/199 in both English and French, and a revised draft, available in English only for the moment, had been circulated as Conference Room Paper JC/2. The revised draft contained the various amendments proposed and approved during the Meeting of Representatives of the Principal Drug-manufacturing Countries.

In his view, it would be inadvisable to consider the various sections of the instrument in the order in which they appeared in the draft, as if that were done one of the most important points, the question of price fixing, would not be considered until near the end of the session. He suggested therefore that the four most complicated and delicate points should be taken for immediate consideration, after which the remainder of the document could be considered in their serial order. Those four points were as follows:

(i) Sections 2 and 6 - General Principle, and General Obligations of Parties.

(ii) Sections 29 and 33 (and intermediate Sections if necessary) - The Committee: Composition, and Voting in the Committee.

(iii) Section 48 - The Agency: Functions. And

(iv) Annex A - Price and Quality of Opium.

He pointed out that no amendments had been proposed by the Meeting of Representatives of the Principal Drug-manufacturing Countries to Sections 2 and 6, and that the first draft of the interim agreement contained in document E/CN.7/199, which was available in both English and French, could therefore be used as the basis for discussion.

The procedure proposed by the Chairman was unanimously adopted.

The CHAIRMAN suggested that, as the Joint Committee would have to get through a great deal of work in a short time, the meeting should rise, to enable representatives to study their documents, and that he should convene the next meeting, which would be closed, for the following morning at 10 a.m.

Mr. AMINI (Iran), supported by Mr. OR (Turkey) and Mr. BOURGOIS (France), pointed out that the French text of the revised draft interim agreement would not be available until the following morning, and proposed that the Joint Committee should not meet until the afternoon of that day.

After some discussion,

it was agreed that the Joint Committee should re-convene at 2.30 p.m. on 15 August 1950.

The meeting rose at 12 noon

SECOND MEETING

held on Tuesday, 15 August 1950, at 2.30 p.m.

Chairman: Mr. KRASOVEC

Attendance: As at first meeting, except for Mr. CALIEA, one of the observers for the Italian Government.

5. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, AND

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1 and E/CN.7/188/Corr.1, 2, 3 and 4; JC/2, JC/4, DM/9/Rev.1 and DM/9/Rev.1/Corr.1) (continued)

The CHAIRMAN asked whether representatives wished to sit in closed session; it had been found in the past that representatives could talk more freely if the public were excluded. That would not mean that the relevant papers could not be made public after the session, but merely that they would be kept private so long as the session lasted.

Mr. AMINI (Iran) agreed that, as the practice of holding closed meetings had earlier given good results, it should be continued.

It was so agreed.

The CHAIRMAN drew attention to three drafting corrections (DM/9/Rev.1/Corr.1) relating to the report of the Meeting of the Representatives of the Principal Drug-manufacturing Countries (DM/9/Rev.1). He also explained that the summary records of that Meeting were still subject to correction by representatives, since a number had only been issued that morning. He asked, therefore, that they be regarded as strictly provisional, as was indicated by their title.

Opening the detailed discussion on the revised draft of the proposed interim agreement to limit the production of opium to medical and scientific needs (JC/2 and JC/4), he suggested that the Committee should begin with Sections 2, 3, 4, 5 and 6, which were all closely related.

Mr. AMINI (Iran) asked whether it was intended to discuss the draft Section by Section, or Chapter by Chapter.

The CHAIRMAN said he would give the floor to any representative wishing to make a general statement on Chapter II. If no representative wished to do so, he would ask for comments on Section 2 therein.

Section 2 - General Principle (Limitation of the Production of Opium)

Mr. SATTANATHAN (India) drew attention to the footnote to Section 2, which related to the quasi-medical use of opium in India and certain other territories. There were various countries traditionally associated with India which had in the past imported opium from her for quasi-medical use. The sense of the discussions of the Ad hoc Committee of the Principal Drug-manufacturing Countries at Ankara in that connexion had been that the continued export of limited quantities of opium for such use should be allowed for a limited time. The Government of India had decided that these exports should be handled in the same way as the supplies of opium made available for quasi-medical use in India itself, namely, that they should be reduced by 10 per cent every year until December 1959, after which no further exports would be made for that purpose. He requested that the footnote be amplified to include mention of that fact.

The CHAIRMAN wondered whether the point would not better be made in connection with Section 6, which related to the conditions of import and export of opium. Certain manufacturing countries might wish to make reservations regarding re-exports within their Federal Unions or Commonwealth, which would also appropriately fall under Section 6 .

Mr. SATTANATHAN (India) repeated that the situation regarding the export of Indian opium for quasi-medical use was exactly the same as that of opium used for that purpose in India itself. Most of the territories to which such exports were made had until recently formed part of the territory of India, and the deliveries had therefore not then constituted exports. The object of the Government of India in continuing that trade on a decreasing scale was exactly the same as its object in continuing to allow such consumption within its own territories, namely, the gradual education of public opinion to a point at which people would no longer desire to continue using opium for quasi-medical purposes. He did not think the point could properly be included under Section 6, as India could not be said to have international responsibility for the territories in question, nor would the exports be in fulfilment of obligations resulting from commercial treaties, though they would be in continuation of commercial traditions. The only justification for continuing the exports was that the people in those countries had the same habits as opium consumers in India, and should therefore be treated in the same way.

Mr. AMINI (Iran) asked whether the exports in question would be included in the production share allocated to India by the Ad hoc Committee of the Principal Opium-producing Countries.

Mr. SATTANATHAN (India) pointed out that that share related to opium for scientific and medical purposes only, and did not therefore include opium intended for quasi-medical use.

If India was prevented from making those exports, the people in the habit of using the opium, finding supplies suddenly cut off, would somehow obtain it from other sources. The frontiers between India and its neighbours were such

that in these circumstances it would require a large army effectively to prevent the development of illicit traffic. In the interests of public health, and of the ultimate reduction of the consumption of opium for non-medical purposes, he urged that the Committee should allow the Government of India to carry out its plan of gradually reducing exports, which was the only reasonable way of eventually breaking the age-long habit of that use of opium.

Mr. AMINI (Iran) expressed satisfaction with the explanation given by the representative of India.

Mr. VAILLE (France) asked what guarantee there would be that the countries to which India intended to continue exports of opium for quasi-medical purposes on a gradually decreasing scale, would not make good the reduction by imports from other countries.

Mr. CATTAMANCHI (India) explained that the countries in question were Pakistan, Burma, Perak, Zanzibar and the French establishments in Africa and on the Indian sub-continent. The total quantity of opium exported to those places amounted to about 20 tons a year. He had no information on imports by these territories from other countries, but the point could easily be checked by application to the Drug Supervisory Body. He believed, however, that opium was not imported by them from sources outside India.

Mr. VAILLE (France) thought it would be necessary, before taking any decision on the point, to obtain the relevant import figures from the Permanent Central Opium Board.

The CHAIRMAN suggested that the representatives of France and India should draft an amendment to the footnote to Section 2 for consideration at a subsequent meeting.

It was so agreed.

In the absence of any further comments, the Chairman felt that section 2 (General Principle) might be adopted, subject to reservation regarding

the footnote.

It was so agreed.

Section 3 - (No specific title) (Limitation of the Production of Opium)

Mr. AMINI (Iran) wanted certain clarifications from the Secretariat on the provisions of section 3. He wished to know whether they were intended to include any guarantee that countries not at present cultivating the opium poppy for the purpose of producing opium would not begin to do so at some future date.

The CHAIRMAN explained that sub-paragraph (a) of Section 3 applied to such countries as the United States of America, where the cultivation of the opium poppy for any purpose whatever was forbidden by law; that sub-paragraph (b) applied to such countries as France, where the opium poppy was cultivated for the production of edible oil and poppy straw for the extraction of alkaloids, and that sub-paragraph (c) applied to countries in which the poppy was cultivated for the production of opium.

Mr. NIKOLIC (Yugoslavia) suggested that a sentence might be inserted in Section 3 to the effect that sub-paragraphs (a) and (b) applied to countries not currently producing opium, while section (c) applied to countries currently doing so.

Mr. STEINIG (representative of the Secretary-General) explained that sub-paragraphs (a) and (b) should also be construed as preserving the right of those countries which at present produced opium to prohibit such production if such a course should eventually seem advisable to them. If a Clause such as that proposed by the representative of Yugoslavia were inserted, it might be interpreted as binding them to continue to produce opium, whether they wished to or not. As drafted, Section 3 covered every possibility, while at the same time ensuring the necessary safeguards for limiting the production of opium to medical and scientific needs, and he hoped that it would not be found necessary to amend the text.

He asked whether the intention of the representative of Yugoslavia was to preclude any country not currently producing opium from starting to do so.

Mr. NIKOLIĆ (Yugoslavia) confirmed that such was his intention. It would be incompatible with the spirit of the interim agreement to limit the production of opium by the traditional opium-producing countries, and at the same time to leave the door open for other countries to begin producing their own opium.

Mr. STEINIG (representative of the Secretary-General) pointed out that, not only would it be possible to regard such a provision as a discriminatory measure, within the meaning of the provisions of the Havana Charter, but the manufacturing countries might justifiably request the insertion of an equivalent provision prohibiting any country not already engaged in manufacturing drugs from opium from starting such manufacture. The Secretariat had explored every means of restricting the areas where the opium poppy was grown, and of controlling the establishments in which opium was treated, and had concluded that, desirable as it would be, a measure such as that proposed by the representative of Yugoslavia could not be included in the interim agreement.

Mr. AMINI (Iran) did not agree that the production of opium could be considered as belonging to the same category as that of other commodities to which the Havana Charter applied. Since opium was a poison, its production should clearly be limited, and provision should be made for preventing the entry of other countries into the field of opium production when the traditional growers were voluntarily limiting their output. He would therefore consider submitting, at the end of the present session or in the Commission on Narcotic Drugs, a resolution to the effect that, if other countries began producing opium, the traditional opium-producing countries should be free to withdraw from the interim agreement.

The CHAIRMAN drew attention to Section 41 (paragraph 223-225) of the draft agreement, which provided that the Regulating Committee might assign shares of the world production of opium to new producers only with the approval of all producers thereby affected.

Dr. OR (Turkey) considered that, as space had been left in Section 33 (paragraph 169) for the inclusion of a list of consumers party to the agreement, and as Annex B included a list of opium producers party to the Agreement, there was no reason why Section 3 should not also include a list of recognized opium-producing countries. He therefore supported the proposal of the representative of Yugoslavia.

The CHAIRMAN drew attention to the percentage production share reserved in Annex B (paragraphs 458-463) for other potential opium producers, which indicated that the list of opium producers in the Annex was not exhaustive.

Mr. VAILLE (France) suggested that a Secretariat expert familiar with commercial agreements should be asked whether the provisions of the Havana Charter would apply to the voluntary accession of a party to the interim agreement and be regarded as a voluntary undertaking not to produce opium.

Mr. AMINI (Iran) declared that the share reserved for potential opium producers in Annex B had been intended to apply only to the Union of Soviet Socialist Republics, Bulgaria and Greece.

Dr. OR (Turkey) expressed the view that it had been intended to apply only to the first two of these countries, and not to Greece.

Mr. SATTANATHAN (India) said that, before hearing the explanation just given by the representative of the Secretary-General, he had not understood that Section 3 covered all possible alternatives for both opium-producing and drug-manufacturing countries, while at the same time safeguarding the aims of the interim agreement. He still considered that care should be taken to make sure that the percentage share set aside for other potential opium producers should not be exploited to allow of new opium production which would offset the limitation which the principal opium-producing countries would be imposing on themselves by acceding to the agreement.

He suggested that an additional clause should be added to Section 3, reading as follows:

"To this end, the principal producing countries shall either" - /reference should there be made to sub-paragraphs (a), (b) and (c)/ - "and other countries shall adopt such general principles as are laid down in Section 2 and in accordance with the provisions of Section 41 to carry out the purposes of this Agreement".

The Secretariat might be left to draft the final text, but it seemed to him necessary to make the meaning of the Section clearer than it was in the revised draft before the Committee.

The CHAIRMAN suggested that, in view of the legal delicacy of the issue, the representatives of India and Yugoslavia should prepare a joint written amendment for submission to the Committee at a later stage.

Mr. KRUYSSE (Netherlands) asked the two representatives in question to bear in mind the fact that Section 3 also applied (by virtue of sub-paragraph (b)) to countries which grew the opium poppy only for the purpose of extracting oil or alkaloids.

Mr. STEINIG (representative of the Secretary-General) pointed out that the first part of the amendment suggested by the representative of India would leave countries other than the principal opium-producing countries free to start opium production if they wished. In his view, Section 41 provided a very far-reaching guarantee that no country would be allowed to start producing opium unless all the principal opium-producing countries agreed to such a development.

Mr. SATTANATHAN (India) pointed out that the second part of the amendment he had proposed provided that countries not currently producing opium should abide by the spirit and general principle of the agreement and by the terms of Section 41.

The CHAIRMAN thought that nothing would be gained by carrying the discussion further until a written proposal was before the Committee. He

therefore proposed that further consideration of Section 3 should be deferred until an appropriate amendment had been submitted.

It was so agreed.

Section 4 - National Opium Monopolies (Limitation of the Production of Opium)

Mr. DIKER (Turkey), referring to the reference to his country in the first footnote to Section 4, informed the Committee that the legislation establishing an opium monopoly in Turkey had been promulgated on 23 March 1950, and had come into force on 29 March; he undertook to provide the Secretariat with a copy of the French text.

He wished to see the square brackets deleted from paragraph 42. All opium poppies could yield opium, and the idea of the provision was simply to restrict opium production by reducing the area sown.

Mr. AMINI (Iran) supported the Turkish proposal. Moreover, once the brackets were deleted, the word "or" might be inserted so that the last line would read: "with the opium poppy or for the production of opium."

Mr. HOARE (United Kingdom) thought that any alteration to the text should depend on the decision ultimately taken on Section 3. The effect of removing the brackets would be to widen the prohibition in paragraph 42. However, that might be an advantage.

Mr. VALLAT (France) thought that the meaning of the clause depended on the definition of "opium poppy" in Chapter I of the agreement (paragraph 22). If the aim of the agreement was to limit the production of opium, it should be understood once and for all that by "opium poppy" was meant a poppy for the production of opium. The whole question had been threshed out at the Meeting of Representatives of the Principal Drug-manufacturing Countries in connexion with poppies grown for the production of oil. The words in brackets were redundant and should be deleted.

Mr. AMINI (Iran) pointed out that poppies could be cultivated to provide seed or cattle feed, apart from their use for the production of opium. The expression "opium poppy" had been chosen precisely because it had been thought that it would not cover all categories.

Mr. BLONDEEL (Belgium) considered that the definition, in the agreement, of the "opium poppy" as the plant "Papaver somniferum L." settled the point.

Mr. MIKOLIĆ (Yugoslavia) drew attention to the definition of "opium" (Section 1, paragraph 21):

> "'Opium' denotes the spontaneously coagulated juice obtained from the capsules of Papaver somniferum L. whether or not it has undergone processes necessary to adapt it for medicinal uses or for such non-medical uses as smoking or eating."

Opium giving a 10 per cent yield of morphine had been produced in France during the war. In 1947 a German scientific paper had published an article on the extraction of morphine from poppies other than Papaver somniferum L. The definition of "opium poppy" should be widened to include all poppies from which morphine could be produced.

Mr. VALLE (France) recalled the discussion which had taken place in the Meeting of the Drug-manufacturing Countries on the uses of Papaver album, beta glabrum, alpha setigerum and Papaver nigrum. He had then pointed out that, though it had long been possible to extract morphine from poppies grown for oil, extensive plant was needed and very large quantities of poppy straw had to be treated. Nevertheless, a large part of Central Europe was producing morphine and related alkaloids from poppy straw. Neither that, nor the production of synthetic drugs, should be encouraged.

The French delegation wished the definition of "opium" in the draft agreement to be retained unchanged.

In reply to the representative of Yugoslavia, he wished to say that it had

not been opium that France had produced during the war, but very different substances, namely, extracts from poppies intended for therapeutical uses. For the sake of public health in the country, France could not agree to the prohibition of such manufacture.

The CHAIRMAN drew attention to the provisions of paragraph 43 in Section 4: "Such a Party shall also control the cultivation of the opium poppy for purposes other than the production of opium." That clause was quite compatible with the corresponding provisions of the report of the Ankara meetings (E/CN.7/138: Annex: Section C: last sentence of paragraph 2), which read: "The Government opium monopoly shall also supervise the cultivation of opium poppies grown only for seed purposes."

The International Monopoly could not exercise any control in respect of countries which grew poppies only for seed, or which extracted morphine from poppy straw.

Mr. HOLMES (United Kingdom), though pointing out that if the square brackets in paragraph 42 were removed the restriction would apply only to particular areas, agreed not to press his point.

The Committee agreed that the words in square brackets in paragraph 42 should be deleted.

Mr. DYAR (United States) pointed out that paragraph 41 carried a footnote relating to a reservation entered by the Government of India, which was set out in greater detail as the footnote to paragraph 31 (Section 2). Section 2, though of fundamental importance, could not be approved by the Committee until the footnote to it had been redrafted.

As he had stated at the Meeting of the Principal Drug-manufacturing Countries, the United States Government would wish to discuss at the fifth session of the Commission on Narcotic Drugs the use of opium for quasi-medical purposes in India.

The CHAIRMAN stated that the United States' representative's observations would be noted in the summary record.

Section 5 - Estimates (Limitation of the Production of Opium)

There were no observations on Section 5.

Section 6 - General Obligations of Parties (International Trade in Opium)

Mr. AMINI (Iran) proposed that the words "and for the duration of those treaties." be added to paragraph 62/Corr.1. It had been agreed at Ankara that both producing and manufacturing countries would accept obligations to export and import opium only through the International Monopoly. However, if there were any other treaties binding a party to the interim agreement, they would be binding for their duration.

Mr. HOARE (United Kingdom) pointed out that the comment of the Iranian representative applied equally to the clause relating to exports and imports - paragraph 60 - which pre-supposed the existence and functioning of the International Monopoly. One solution would be to word paragraph 58 as follows: "The Parties undertake, for the duration of the Agreement, not to permit any export or import of opium except...."

Mr. STEINIG (representative of the Secretary-General) thought he should remind the representatives of the drug-manufacturing countries that the representative of Switzerland had raised a point relating to the issue under discussion, which was still under consideration.

Mr. HOARE (United Kingdom) suggested that the reference in paragraph 62/Corr.1 was to the implementation of existing commercial treaties. If those treaties ceased to exist or were denounced, obligation imposed by them ceased automatically. There was therefore no need for the Iranian amendment.

Mr. STEINIG (representative of the Secretary-General) pointed out that there was a type of treaty which included a clause providing for their automatic renewal. In such cases, the treaty could be renewed indefinitely, unless a clause on the lines suggested by the representative of Iran were inserted.

Mr. AMINI (Iran) confirmed that his proposal was intended to deal with the question of automatic renewal.

Mr. NOAKE (United Kingdom) proposed that the final wording of paragraph 62/Corr.1 be left to the Secretariat.

It was so agreed.

Mr. SOURDOIS (France) asked the representative of the Secretary-General to clarify the position of the territory of Indo-China in relation to the general obligations of parties. Opium smoking there was to stop within five years in the case of Europeans and within ten years in the case of the indigenous population. Smokers were at present rationed, and the ration was being reduced yearly. The amount of opium at present used for smoking was less than 20 tons a year, and that quantity would decrease. Since the opium was issued only to addicts and its use was rationed, its use might be considered as "medical". Would an authorization from the International Monopoly for its importation direct from Laos, for example, into one of the other associated States be necessary?

Mr. STEINIG (representative of the Secretary-General) recalled that the agreement aimed at limiting the production of opium to medical and scientific needs. It would therefore be difficult for the International Monopoly to make sales for other purposes. No forecast of the decision by the Joint Committee or the Commission on Narcotic Drugs as to the Viet-Nam position in relation to "medical needs" could be made, but, if mention were made of the question in the summary records, the matter could be taken up at the fifth session of the Commission on Narcotic Drugs.

Mr. KRUYSSE (Netherlands) suggested that the question raised by the French representative was important, as it was very similar to that of the use of opium for quasi-medical purposes in India. He would suggest the addition of a footnote to Section 6, drawing attention to the abolition of opium smoking in Viet-Nam.

The CHAIRMAN pointed out that there was a difference between the two cases. Whereas India would supply opium for quasi-medical uses out of its own production, Viet Nam would be obliged to import supplies.

The Committee agreed to defer further discussion as to the advisability of including such a footnote.

Mr. AMINI (Iran) asked the representative of the Secretary-General to define the scope of paragraph 63/Corr.1.

Mr. STEINIG (representative of the Secretary-General) explained that a manufacturing country might re-export opium after processing it for medicinal use.

Mr. SATTANATHAN (India) asked whether exports of medicinal opium were covered by that paragraph. A producing country might wish to export opium which it had processed for medicinal use.

Mr. STEINIG (representative of the Secretary-General) stated that it was for the Committee to take a decision about allowing opium-producing countries to manufacture and export opium products; the question of re-exports and imports was closely bound up with that decision.

Mr. SATTANATHAN (India) said that he would refrain from discussing the matter further till the appropriate point in the report of the Meeting of Representatives of the Principal Drug-Manufacturing Countries was reached.

In connexion with paragraph 61/Corr.1, he wished to know what "territories" were meant, and what was to be understood by "international responsibility". A country which needed opium would have to obtain it from the International Monopoly. He could not therefore see the reason for a provision allowing a country to import opium and then to re-export it to territories for which it had international responsibility.

Mr. STEINIG (representative of the Secretary-General) explained that paragraph 61/Corr.1 should be considered as linked with sub-paragraph (b) of

Section 6 (paragraph 60 - exports or imports carried out with the previous consent of the International Monopoly). As he had pointed out at the Meeting of Representatives of the Principal Drug-Manufacturing countries, the Secretariat had tried to ensure that the adoption of the interim agreement should require as few departures as possible from the long established usages of the legitimate opium trade. The countries concerned could ask the Regulating Committee, under paragraph 60, for a standing arrangement covering several years.

At present, certain not entirely self-governing territories bought opium from opium-producing countries, whereas others obtained it from the countries which bore international responsibility for them. If both the metropolitan country and the territories for which it was responsible desired that that arrangement should continue, the agreement should make no attempt to disturb it. There was no objection under paragraph 61/Corr.1 to such territories buying direct from the International Monopoly.

Mr. SATTANATHAN (India) agreed that further discussion of paragraph 61/Corr.1 should be deferred.

The meeting was suspended at 5.00 p.m. and was resumed at 5.20 p.m.

Section 29 - The Committee: Composition (Organization of the International Monopoly).

Mr. AMINI (Iran) proposed that paragraph 159/Corr.1 should be amended to read: "The Committee shall be composed of one representative of each producing country and one representative of each drug manufacturing country, and a Chairman and a Vice-Chairman who shall not act as representatives of the abovementioned countries."

Mr. VALLAT (France) thought that the discussion of the voting procedure should precede that of the composition of the Committee. In practice, the voting procedure would prove of greater importance, but the representatives of the drug-manufacturing countries were not yet sufficiently prepared to discuss the question.

Mr. NIKOLIC (Yugoslavia) and Dr. OK (Turkey) supported the Iranian proposal. Since all parties would not be represented on the Committee, which had the special functions of purchase, sale and price-fixing, a decision on its membership was of primary concern.

Mr. DuYVENE (Netherlands) referring to the remarks of the representative of France, said that the question would be difficult to discuss, since various matters of principle had not been agreed among the drug-manufacturing countries, which would find it difficult to accept Section 29 as it stood. Other representatives would perhaps allow those of the drug-manufacturing countries to revert to consideration of paragraph 159/Corr.1 after the voting procedure had been decided on.

The CHAIRMAN thought that the order adopted in the Secretariat's draft was logical. It was reasonable to decide the right to membership of, that was, the composition of, the Regulating Committee before discussing members' rights. It might, however, be possible to discuss the two issues together.

The draft interim agreement provided for only one assembly, not - as did the Statutes of the International Bank for Reconstruction and Development - for an assembly and a council elected from among the general committee. It would be advisable to leave Section 29 unchanged. The representative of Iran would perhaps explain certain of his remarks. If there were parties to the Agreement who were not represented on the Committee, what would be their function? Would they have a vote?

Mr. NIKOLIC (Yugoslavia) quoted Section 40, paragraph 222, in relation to the composition of the Committee. In that context, what parties could be without a right to vote?

The CHAIRMAN reminded the Committee that, as a result of the amendments set out in Conference Room Paper JC/4, the second part of paragraph 222 had been deleted from the draft agreement.

Mr. VALLAT (France) thought that that deletion was a great mistake. The International Monopoly was authorized to sell opium to consumers who had not become parties to the agreement. They could be asked for contributions towards the expenses of the agency, but were not bound to pay. The paragraph in question referred to consumers who were not represented on the Committee.

From the draft agreement and its annexes it appeared that votes would be equally distributed between producing and manufacturing countries. There was nothing to prevent producing countries from immediately discussing the distribution of their votes, but manufacturing countries would be free to revert to the question when paragraph 169 came up for discussion.

Mr. ADLI (Iran) could not see the force of the arguments of the French representative. The Committee might be said to perform the functions of a Board of Directors. It was important that the views of both producers and manufacturers should be represented, but there was a third class, that of drug importing countries, which were also interested in the price of opium-drugs, and hence in that of opium itself. These importers might be invited to send observers to meetings of the Committee, but could not be fully represented on it.

Mr. HOARE (United Kingdom) asked whether, in speaking of "manufacturing countries", the representative of Iran meant purely manufacturing countries, or "consuming countries", the term used in the agreement. Not all countries buying opium manufactured drugs from it. If only manufacturing, as distinct from consuming, countries were to be represented on the Committee, the entire voting procedure proposed by the Secretariat would become inappropriate. It would be better not to discuss the composition of the Regulating Committee until a decision on voting procedure had been taken.

Mr. SIENAERT (Belgium) drew attention to another aspect of the Iranian proposal. It appeared that the Iranian representative did not wish to see Government representatives on the Regulating Committee, but only private individuals. Representatives of Governments would be mainly concerned with the moral and social aspects of the limitation of opium production, and only secondarily

with its economic aspects; that would not, however, preclude their being attended by private economic advisers to consider the latter aspects. At least in the case of producing countries, where there were State opium monopolies, a Government official should represent his country on the Regulating Committee.

Mr. AMINI (Iran) regretted that he had been misunderstood. Far from wishing to exclude Government representatives, he had suggested that, if nominated by their Governments, directors of drug-manufacturing concerns should be accepted as members of the Regulating Committee.

Mr. STEINIG (representative of the Secretary-General) recalled that it had been stated at Ankara, and repeated at the previous week's meeting, that opium-producing and drug-manufacturing countries were exposed to serious competition from countries which manufactured morphine from poppy straw, or were concentrating on the development of synthetic drugs. To adopt restrictive measures against prospective consumers would be an unwise action on the part of the International Monopoly. On the contrary, as many States as possible should be induced to become parties to the interim agreement, so as to provide the necessary support for the International Monopoly. Only thus could the apparently opposed interests of the opium-producing and of the drug-manufacturing countries be reconciled.

It would be a mistake to think that drug-consuming countries were not interested in the price of opium, and a still greater mistake to create within the Regulating Committee two groups, one with voting rights, the other without. If it were conceived that fifty countries might accede to the interim agreement, but that only twelve of them would have the right to say what should happen to the others, neither the Economic and Social Council nor the General Assembly of the United Nations would be likely to accept the proposal.

If there were two groups of parties with an equal number of votes, the producing countries, probably only four in number, would share fifty percent

of the total votes. Manufacturing and consuming countries would have to evolve their own systems of voting. The Secretariat's proposal by which every party would have one basic vote plus one vote for every ton of opium purchased, fully respected the principle of equality between States. Although the proposed interim agreement was not a commodity agreement the terms of Articles 64.2 and 63 (b) of the Havana Charter should be borne in mind:

> "Each participating country shall be entitled to have one representative on the Commodity Council. The voting power of the representatives shall be determined in conformity with the provisions of Article 63 (b)."

Article 63 (b) read:

> "Under such agreements, participating countries which are mainly interested in imports of the commodity concerned shall, in decisions on substantive matters, have together a number of votes equal to that of those mainly interested in obtaining export markets for the commodity. Any participating country, which is interested in the commodity but which does not fall precisely under either of the above classes, shall have an appropriate voice within such classes."

It was to the advantage of all that every country should have one vote and be entitled to sit on the Regulating Committee. If the International Monopoly functioned satisfactorily, countries which bought only very small quantities of opium would be unlikely to incur the expense of sending a representative twice a year to its meetings; but if it functioned badly, they would have the right to send a representative to vote. A voting procedure which would enable producing and manufacturing countries to reach rapid agreement was highly desirable.

Mr. SATTANATHAN (India) thought that a new conception of the Regulating Committee had emerged from the explanation given by the

representative of the Secretary-General. That organ would somewhat resemble the Board of Directors of a commercial firm, and such a Board was usually a compact affair.

A Committee composed of all parties to the agreement might prove bigger than the Commission on Narcotic Drugs. If it were as broad as Mr. Steinig seemed to think advisable, it would be unwieldy and hence, probably, inefficient.

It was not safe to prophesy that countries which were small consumers would not trouble to send representatives. If the place where the meetings were held was convenient to several such countries, they might pack the meeting, and the interests of small consumers would thus predominate over those of the principal producing and manufacturing countries.

However broadly based the Regulating Committee might be, its active direction should be left to five or six representatives. To have one set of representatives with extensive voting rights and another with restrictive voting rights would be undemocratic. There should not be two kinds of membership, but one.

A compromise by which representatives would be drawn mainly from the principal opium-producing and drug-manufacturing countries, but which would also give representation to consumers, would probably be advisable.

The CHAIRMAN suggested that, as both the representatives of producing countries and those of manufacturing countries had much to discuss separately, the meeting should rise. The latter could meet informally at 9 a.m. the following morning, and the producers at 10 a.m. The representative of the Secretary-General would be available to both groups, on request, for any assistance required.

The next joint meeting could then be fixed for 2.30 p.m. on Wednesday 16 August.

It was so agreed.

The meeting rose at 7.05 p.m.

THIRD MEETING

held on Wednesday, 16 August 1950, at 2.30 p.m.

Chairman: Mr. KRASOVEC

Attendance: As at second meeting, except for the presence of Mr. ANDERS, an expert attached to the Swiss delegation.

6. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, AND

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188 Add. 1 and E/CN.7/188 Corr. 1, 2, 3, 4; JC/2, JC/4, DM/9/Rev.1 and DM/9/Rev.1/Corr.1) (Continued)

Section 29 - The Committee: Composition (organization of the International Monopoly) (continued)

Mr. AMINI (Iran), referring to the previous day's discussion, thought that the Committee should consist of: a large general assembly, composed of representatives of all opium-producing and drug-consuming countries; and a small regulating committee, composed of perhaps twelve persons, to which the general assembly would delegate the necessary powers to enable it to solve questions more easily and quickly than would be possible in an assembly of unwieldy size.

The CHAIRMAN asked the representative of Iran whether he would be satisfied with the provisions of paragraph 203, in which it was provided that the Committee may "delegate such of its functions under such conditions as it may see fit to its chairman, to several of its members forming a committee, to the Director or to members of the staff of the Agency....."

Mr. AMINI (Iran) replied that the system envisaged in paragraph 203, where it was the Committee itself which delegated powers, differed from his idea of the arrangements. He envisaged the general assembly as resembling a meeting of shareholders in a commercial firm; the Regulating Committee would then resemble the Board of Directors.

Mr. VAILLE (France) informed the meeting that the representatives of the drug-manufacturing countries had discussed the question at length, and thought that, if the Chairman's suggestion was to be followed, paragraph 159 should be settled before paragraph 203 and those following.

With regard to the composition of the Committee, they believed that consumers should be represented as well as manufacturers. Their discussion had been influenced by the observations made at the previous meeting by the representatives of Yugoslavia and India. Whereas the general assembly would meet only once a year, the meetings of the Regulating Committee should be frequent; moreover, its decisions would need ratification. If the wording of paragraph 203 were retained, it would be necessary to amend the references to the delegation of powers in subsequent paragraphs. The proper functioning of the International Monopoly would depend on the way in which the general assembly delegated its powers to the Regulating Committee, and on the way in which votes were distributed between the opium-producing and drug-manufacturing countries.

Mr. AMINI (Iran) considered that the French representative was in fundamental agreement with his point of view. If paragraph 159 were left unchanged, the Regulating Committee would act as a general assembly, with the proviso that it should be empowered to delegate powers to a small committee to be set up later.

The CHAIRMAN stated that, subject to the Iranian reservation, paragraph 159 would remain unchanged. The question of setting up a small committee could be discussed in connection with paragraph 203, after the matter of voting procedure had been settled.

Subject to the above reservation, paragraph 159/Corr.1 was adopted.

Paragraph 160/Rev.1 was approved without discussion.

Paragraph 160a was approved without discussion.

Mr. AMINI (Iran) speaking to paragraph 161, believed that various proposals had been made concerning the method of electing a chairman and vice-chairman. In his opinion, those officers should be chosen by the Regulating Committee itself from a panel of candidates submitted by the Economic and Social Council.

Mr. VAILLE (France) agreed that it should be for the Committee to elect its chairman and vice-chairman, but thought that a unanimous vote should be required. Nominees should also be chosen by the Committee itself. In the event of failure to reach unanimity on the officers, the Committee would submit the names of the candidates concerned to the Secretary-General or to the Economic and Social Council, with whom the final decision would then lie.

Mr. AMINI (Iran) believed that any nominee of the Economic and Social Council should not be imposed on the Committee; such nomination should merely serve to help it in its choice. The essential thing was that the person selected should be a man of adequate standing, impartial and unconnected with any of the interests involved.

Mr. SATTANATHAN (India) agreed with the representative of Iran. If the Economic and Social Council provided a panel of names, the persons nominated were more likely to be impartial and acceptable to the Committee than if chosen by the latter itself. The Committee would still be free to choose from among the names submitted.

Mr. VAILLE (France), though agreeing that the Economic and Social Council should submit several names, thought that it would not be easy to find enough people with the desired qualities to form a lengthy list. The Regulating Committee might be provided with, say, four names.

There arose the question of what would happen if the votes were split between a number of candidates. If the margin were too narrow to provide a substantial majority, the Chairman elected would find himself in a difficult position. He should therefore be elected unanimously. Where no nominee obtained a three-fourths majority, the Economic and Social Council or the Secretary-General should appoint the Chairman.

Dr. OR (Turkey) supported the representative of Iran. If the Committee were left to choose its Chairman entirely unaided, votes were more likely to be evenly distributed between candidates than would be the case with nominees of the Economic and Social Council.

Mr. KUŠEVIĆ (Yugoslavia) also supported the representative of Iran, for identical reasons.

Mr. GRANDJEAN (Switzerland) was prepared to support the Iranian proposal, provided that the rights of States non-Members of the United Nations were respected.

Mr. STEINIG (representative of the Secretary-General) suggested that, before a decision on the method of electing a chairman was taken, his functions under the agreement should be considered. It would not be his duty to represent the interests of any group whatsoever. It was essential that he should be impartial and independent, that he should see that the agreement was carried out both in the spirit and in the letter, and that the Regulating Committee and the International Monopoly as a whole should function satisfactorily.

The person responsible for the commercial functioning of the Agency would be the Director.

There would certainly be some embarrassment in choosing between names on a list submitted to the Committee; it was far better that an independent body should make the choice. There was no certainty that the Economic and Social Council would accept that task, but if it did it would have to appoint the Chairman immediately after the signature of the agreement, and before the first meeting of the Committee, if the latter was to function. Nearly every Government represented on the present Joint Committee was represented on the Economic and Social Council, and so in a position to advise it. Thus, from the point of view of impartiality and from that of practicability, appointment by the Economic and Social Council seemed the best solution.

Mr. VALLE (France) thought the solution proposed by the representative of the Secretary-General the right one, but suggested that the supporters of the Iranian proposal might be satisfied if it were provided that the first Chairman should be nominated by the Secretary-General, whereas subsequent Chairmen and all Vice-Chairmen might be elected on a three-fourths majority vote from a list of four names put forward by the Council.

Mr. AMINI (Iran) maintained that, however impartial an independent body might be from the point of view of nominations, every committee was entitled to elect its own chairman, and not have him imposed from outside.

Mr. VALLE (France) considered that the Chairman, however great his natural authority, would find himself in an impossible position unless he secured at least fifty per cent of the votes of both the producing and the manufacturing countries.

Mr. AMINI (Iran) felt that the French representative was regarding the Chairman in the light of a chairman of a political body, where prestige depended upon votes he commanded. A nominee of the Economic and Social Council would not be in that position.

Mr. VALLE (France) replied that he was thinking not in political but in psychological terms. Accepting the Iranian representative's parallel

with a commercial firm, it would be disastrous if the Chairman enjoyed only a very small majority. For that reason, he could not support the Iranian proposal.

Mr. HOARE (United Kingdom) said that the proposal of the representative of Iran that the Committee should have the final say on the appointment of its Chairman would be unobjectionable if the selection of a name from a list supplied by the Economic and Social Council were a pure formality, but in actual fact there would be many problems connected with the Iranian suggestion. At its first meeting, the representatives on the Committee would be strangers who had never before worked together. In the circumstances, the names submitted by the Council might well give rise to dispute on the ground of alleged connection with particular interests, on personal grounds, even possibly on such grounds as nationality. In the result, the situation which the Iranian representative had himself described as a political situation would arise. He agreed with the French representative that that would be disastrous. He therefore thought that the person of standing, ability, character and experience who was needed would be better appointed by an outside body, thus avoiding all risk of generating a political atmosphere from the outset.

Mr. KUČEVIĆ (Yugoslavia) disagreed. The Council would provide either someone generally acceptable, or someone unacceptable because he was connected with particular interests. In the latter case, the Committee would still be bound to accept him.

Mr. ADAMI (Iran) drew the attention of the United Kingdom representative to the difficulty of choice. If it were hard for the Committee to choose between four or five persons nominated by the Council, it would be still harder to accept a single name designated by that body. Rejection of a single candidate would mean an undesirable conflict with the Economic and Social Council; acceptance might well mean an unsuitable chairman. The best solution would still appear to be that of allowing the Committee itself to choose from four or five nominees proposed by the Council.

The CHAIRMAN said that a solution taking account of all the proposals submitted must be found. It seemed to him that a satisfactory method would be to request the Economic and Social Council or some other impartial body to nominate the Chairman in the first instance, but only if the nomination were unanimously accepted by the Regulating Committee, which would have the right of veto. The method would be democratic, and the Chairman would not be placed in a difficult position. At its first meeting, a three-fourths majority vote would decide the chairman's acceptability. If he were unacceptable, the Council would be asked to nominate another from its reserve list, and so on, possibly in order of preference. The Committee's independence would thus be preserved.

Mr. STEINIG (representative of the Secretary-General) drew attention to a difficulty. If the Committee should veto the Council's nomination, it would not be possible to provide another name at once, since four or five months might elapse before the Council's next session.

Mr. AMINI (Iran) thought that one advantage of a list would be that the competence of a chairman would not be discussed in his presence, and his susceptibilities would not be wounded if he were found unacceptable.

Mr. BLONDEEL (Belgium) suggested that, if the Economic and Social Council were asked to nominate a chairman, it would undoubtedly consult the Commission on Narcotic Drugs as to possible nominees. There seemed to him to be no objection to the Chairman of that Commission taking the chair at the first meeting of the Regulating Committee.

Mr. VAILLE (France) proposed that, if the Council submitted two names, the Committee should be empowered to reject one by secret ballot; that method should satisfy the representative of Iran, since the chairman would not be embarrassed by knowing who had voted against him.

Mr. DYAR (United States of America) supported the view that at least the first Chairman of the Committee should be appointed by the Economic and Social Council. There could be no grounds for lack of confidence in its

ability to make a proper choice, and would certainly consult the Commission on Narcotic Drugs before making it. To meet the various objections put forward, the initial chairmanship should be a temporary appointment. Paragraph 16(1 stipulated, in blank, the tenure of office. Either the Council or the Secretary-General might decide the period for which the office would be held.

Mr. AHMI (Iran) thought that the meeting was approaching agreement on the French proposal that there should be two candidates. If, however, a three-fourths majority was to operate, there seemed little difference in choosing between two or between four or five candidates.

There seemed no need for a provisional chairman, whether the Economic and Social Council were in session or not. The Joint Committee could, at the Council's next session, ask it to submit names and, if it did so in consultation with the Commission on Narcotic Drugs, the Chairman and Vice-Chairman suggested were likely to prove acceptable to the Regulating Committee. There could be consultation before the first meeting and a three-fourths majority vote should not be difficult to obtain.

The CHAIRMAN suggested that, as agreement seemed in sight, the representatives of Iran and France should meet informally to draft a joint formula which could provide the basis for a decision at the next meeting.

Mr. OR (Turkey) said that if the principle that the Committee should choose its own chairman might be regarded as adopted, he wished to draw the attention of the meeting to paragraph 16(a/Corr.1, which laid down procedure in the absence of the chairman or vice-chairman; "The Secretary-General shall appoint a suitable person to hold the office of Chairman during the said session or part thereof or to fulfil functions under Sections 30 and 33, paragraph 10, on the said occasion".

Mr. VALLAT (France), referring to the Chairman's suggestion, regretted that he would not be in Geneva that evening.

The CHAIRMAN therefore asked the representative of the United Kingdom to consult with the representative of Iran in drafting a formula which would take account of the United States suggestion, and not overlook the question of a majority qualification.

Mr. HOARE (United Kingdom) said he would gladly respond to the Chairman's request, but as the proposal he had supported had been diametrically opposed to that of the representative of Iran, the latter might prefer to choose another collaborator.

Mr. AMINI (Iran) intimated that he would be happy to collaborate with the United Kingdom representative.

Mr. STEINIG (representative of the Secretary-General) pointed out that the office of Chairman would mean a great deal of work with few compensating advantages. On the other hand, the Committee would hope to secure an independent and impartial Chairman of great ability and integrity. In view of that, and the added fact that the Chairman's remuneration would be low, he thought it would be unwise to expose him to the possibility of the humiliating experience of being rejected by a vote of the Committee. Those difficulties would be overcome if the Economic and Social Council was able to find and appoint two suitable and acceptable men for the offices of Chairman and Vice-Chairman.

If, however, that procedure was not acceptable, another alternative would appear to be for the Council to appoint a Chairman and Vice-Chairman for a reasonable period of time immediately the agreement entered into force. At the end of that period, the Council might submit the names of two groups of three men prepared to accept each post, unless the Negotiating Committee itself asked to be allowed to retain the Chairman and Vice-Chairman originally appointed. Any other procedure would, in his opinion, make it exceedingly difficult to find the right Chairman.

He recalled that the ad hoc Committee of the Principal Opium-producing Countries had agreed, as was recorded in its report, that the Chairman of the

Committee might be the Chairman of the Drug Supervisory Body. Thus, they had already agreed to accept, as Chairman of the Regulating Committee, a person appointed by another body.

The CHAIRMAN considered that all substantive issues connected with the appointment of the Chairman and Vice-Chairman had been raised, and that the Joint Committee could rely on the representatives of Iran and the United Kingdom to prepare an appropriate draft capable of commanding unanimous acceptance. He therefore suggested that further consideration of paragraphs 161 and 161a/Corr.1 be deferred until that draft was available.

It was so agreed.

Taking up paragraph 162, Mr. AMINI (Iran) expressed the view that the honoraria and expenses of the Chairman and Vice-Chairman should be borne by the United Nations, as it was in the interests of all parties to avoid any unnecessary increase in the cost of operating the International Monopoly.

The CHAIRMAN emphasized that the main argument in favour of requesting the United Nations to bear such expenditure was that it would be incurred in the interests of all nations, that was, in the interests of the limitation of opium production and of the elimination of the illicit traffic.

Replying to a point raised by Mr. KRUYSSE (Netherlands), Mr. STEINIG (representative of the Secretary-General) explained that the word "honoraria" had been used because it was not yet settled what kind of remuneration the Chairman would receive. He might be paid the usual per diem allowance, or the compensation normally paid to United Nations consultants, or, if necessary, full compensation for all time spent on the Committee's business. It would, of course, be for the General Assembly to decide whether it would accept responsibility for his honoraria and expenses, if the Joint Committee requested the United Nations to do so.

Mr. HOARE (United Kingdom) agreed that the expenses of the International Monopoly should be kept as low as possible, but pointed out that the expenses incurred by the Chairman and Vice-Chairman of the Regulating Committee would be very small compared, for example, with those of the Agency, its Director and staff. He suggested, therefore, that the whole question of expenses should be left open until it could be discussed as a whole.

It was so agreed.

Section 33 - Voting in the Committee
(Organization of the International Monopoly)

The CHAIRMAN hoped that the discussion on Section 33 would not be lengthy, as the Joint Committee was already in its third day, and had not yet settled any of the substantive points before it.

Mr. AMINI (Iran) asked that discussion of the matter be deferred, since the new draft prepared by the Secretariat as a result of a previous discussion (JC/5) had only been circulated that afternoon.

Mr. VALLAT (France) summarized briefly the proposals made in that draft, which were to the effect that the total number of votes should be 10,000 (a figure arbitrarily selected to allow of considerable sub-division), of which 5,000 should be allocated to the group of opium producing countries present or represented, and 5,000 to the group of consuming countries present or represented. The group of consumers would be further divided into countries which both manufactured and consumed drugs derived from opium, and countries which did not manufacture, but only consumed such drugs, each sub-group being allocated 2,500 votes. Among the manufacturing countries, the 2,500 votes would be allocated in proportion to the number of tons of opium purchased by each country. The remaining 2,500 votes would be divided equally among the whole group of consuming countries. That system of division seemed the only fair one capable of meeting the wishes of all concerned.

It would be for producers to decide on the division of the 5,000 votes allocated to them, if they agreed to the basic principle of the division.

The CHAIRMAN invited comments on the voting system proposed by the representative of France.

Mr. VIELLE (France) added that the group of manufacturing countries had already agreed to the system proposed, and suggested that the representatives of the producing countries should meet to prepare the complementary text regarding the division of the votes allocated to their group. It should then be possible for the Joint Committee to adopt the combined text unanimously.

Mr. AMINI (Iran) agreed to that proposal. The principle opium-producing countries had also considered the question of voting and had drafted a formula in so far as it concerned them. He suggested that the two groups should meet outside the Joint Committee to prepare a formula which would reconcile both points of view. The assistance of the representative of France would be particularly valuable in preparing that text.

Mr. NIKOLIĆ (Yugoslavia) supported the Iranian representative.

Mr. VIELLE (France) welcomed the Iranian proposal, but suggested that the representative of the Secretary-General should also be invited to assist in drafting the agreed text.

After some discussion, the CHAIRMAN suggested that the representatives of the principal opium-producing countries should meet in private to prepare a complementary text to the draft submitted in Conference Room Paper 30/5, with the assistance of the representatives of France and of the Secretary-General, and should submit a final text to the Joint Committee the next day at 11.30 a.m.

It was so agreed.

The meeting rose at 5.30 p.m.

FOURTH MEETING

Held on Thursday, 17 August 1950, at 11.30 a.m.

Chairman: Mr. KRASOVEC

Attendance: As at the second meeting

7. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, AND

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1, and E/CN.7/188/Corr.1, 2, 3, 4; JC/2, JC/2/Corr.1, JC/4, JC/5, DM/9/Rev.1 and DM/9/Rev.1/Corr.1) (continued)

Section 29 - The Committee: Composition (Organization of the International Monopoly) (resumed from the third meeting)

The CHAIRMAN invited the representatives who had been requested to prepare a joint draft provision relating to the appointment of the Chairman and Vice-Chairman of the Regulating Committee to submit their text.

Mr. AMINI (Iran) said that agreement had been reached on the principles involved, and that the representative of France had been requested to prepare a written text based on them.

Mr. VAILLE (France) regretted that the written text was not yet ready; the principles on which agreement had been reached were as follows. The Regulating Committee would elect a Chairman and Vice-Chairman from a panel drawn up by the Economic and Social Council; the nominations on that panel should exceed the number of offices to be filled, that was, there should be three or four names; election would be by secret ballot, and a three-fourths majority of those present and voting would be required; the Committee would continue to meet until one candidate had secured the required

majority, but not longer than eight days; if, by the end of that period, no Chairman or Vice-Chairman had been elected, the Secretary-General would be empowered to appoint those officers for a period of two years.

Mr. AMINI (Iran) wished to amend the final principle to the effect that the Chairman and Vice-Chairman, if nominated by the Secretary-General, would be appointed for one year only.

Dr. OR (Turkey) proposed that, if called upon to do so, the Secretary-General should be required to make the appointments from the panel of nominees drawn up by the Economic and Social Council.

Mr. VALLÉE (France) accepted the Iranian amendment. He feared, however, that the proposal of the Turkish representative might result in imposing upon the Committee a Chairman whom it had already rejected. If one of the candidates had only just failed to be elected by a three-fourths majority, the Secretary-General would naturally appoint him Chairman, but if the votes had been widely distributed over all the candidates the Secretary-General would be placed in an embarrassing position in being obliged to elect one of them.

Mr. STEINIG (representative of the Secretary-General) suggested that it would be more practical if the Secretary-General were empowered to make the appointment for eighteen months, since the Economic and Social met only twice a year, and would hardly find it possible between sessions to draw up a new list of candidates if the first had been rejected.

Mr. AMINI (Iran) hoped that the Turkish representative would withdraw his suggestion in view of the difficulties to which attention had been drawn by the representative of France.

Dr. OR (Turkey) withdrew his proposal.

Mr. AMINI (Iran) declared that, after the explanation given by the representative of the Secretary-General, he was prepared to propose formally that the Secretary-General should appoint a Chairman and Vice-Chairman for the Regulating Committee, if the necessity arose for him to do so, for a period of eighteen months.

It was so agreed.

The Joint Committee provisionally adopted the principles enunciated by the French representative, as amended.

The CHAIRMAN asked if there were any comments on the fifth paragraph of Section 29 (paragraph 161a/Corr.1), which had been drafted with a view to such an emergency as the death of the chairman and the inability of the vice-chairman to attend for reasons of force majeure.

There being no comments, paragraph 161a/Corr.1 was provisionally adopted.

The CHAIRMAN recalled that it had been agreed to consider paragraph 162 in connexion with the question of the expenses of the International Monopoly as a whole.

Section 33 - Voting in the Committee (Organization of the International Monopoly) (resumed from the third meeting)

The CHAIRMAN explained that certain delegations wished to have more time to consider the proposals relating to Section 33, which had recently been circulated, and that further discussion would be deferred until the afternoon meeting.

Section 1 - Definitions

The CHAIRMAN suggested that the short time remaining for the present meeting should be devoted to consideration of Section 1-Definitions (Chapter I).

Mr. KNIJSER (Netherlands) pointed out that the definition of "consumer" in paragraph 11 should be amended to take account of the view adopted by the Meeting of the Representatives of the Principle Drug-Manufacturing Countries that the group of consumers included those who had not necessarily sent in a requisition to the International Monopoly.

Mr. HOLME (United Kingdom) pointed out that, as it stood, the definition would apply to any State which had at any time sent in a requisition to the International Monopoly. He thought it should be amended to apply only to those which had sent in a requisition during the previous one or two years.

Mr. VAILLE (France) suggested that a definition of the term "manufacturer" should be included to apply only to those who had sent in requisitions to the International Monopoly in the previous one or two years, and that the word "consumer" should apply to all States which consumed opium. It might be left for the Secretariat to revise the actual text of the definitions in the light of the views expressed in the Joint Committee.

Mr. STEINIG (representative of the Secretary-General) explained that one change in Section 1 might entail a great number of consequential changes throughout the agreement. He suggested therefore that the Joint Committee should authorized the Secretariat to amend the definitions at the end of its discussions in the light of the various changes decided upon in the substantive sections of the draft agreement.

The CHAIRMAN proposed that the Joint Committee should resume consideration of paragraph 11 later, in the light of the remarks of the Secretary-General's representative.

It was so agreed.

There being no comments on the definitions in paragraphs 12 to 20, he asked for observations on paragraph 21.

Mr. NIKOLIĆ (Yugoslavia) recalled the earlier discussion on the definition of "opium".* Since the objective of the entire agreement was to stamp out addiction to opium and its derivatives, he thought it would be unwise to restrict its application only to the capsules of Papaver somniferum L, since morphine could be extracted from poppies grown for edible oil and from poppy straw. He suggested, therefore, that the definitions should include the phrase "or other types of poppy from which morphine can be extracted". A similar addition should be made to paragraph 22.

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* See Summary Record of the Second Meeting above.

Mr. VAILLE (France) agreed as to the objective of the agreement. Since however, opium produced from poppies grown for oil had, in fact, never been found hitherto in the illicit traffic, that objective could be achieved by suppressing entirely the cultivation of all opium poppies, and allowing only the cultivation of oil-producing poppies, from which morphine could be equally well extracted. However, the most serious danger in the field of drug addiction came from synthetic drugs. In that respect the position taken by the Government of France was against its own economic interests, and was aimed primarily and directly at suppressing drug addiction. In France no new authorization for the manufacture of a synthetic drug was issued unless it could be shown that the properties of the new drug were greatly superior to those of drugs already available.

Considerable and serious competition could be expected from countries which extracted morphine from poppy straw. Such morphine had even, in certain cases, been extracted and sold at a price lower than that of raw opium.

In view of the clinical evidence that certain drugs prepared from morphine which had been extracted from poppy straw had more beneficial effects than drugs prepared from opium with the same morphine content, it would be clearly against the interests of public health to restrict the cultivation of poppies whose straw was used for the extraction of morphine. If any such provision were included in the agreement, France would be unable to accede to it, indeed, he would then consider there was no further object in his attending the discussions.

The meeting rose at 12.55 p.m.

FIFTH MEETING

held on Thursday, 17 August 1950, at 3.30 p.m.

Chairman: Mr. KRAJSOVEC

Attendance: As at Second Meeting

REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, AND

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/138, E/CN.7/138/Add.1, and E/CN.7/138/Corr.1, 2, 3, 4; JC/2, JC/2/Corr.1, JC/4, JC/5, DR/9/Rev.1, DR/9/Rev.1/Corr.1 and MD/1/50) (continued)

Section 33 - Voting in the Committee (Organization of the International Monopoly) (resumed from the fourth meeting)

The CHAIRMAN drew attention to the two Conference Room Papers (JC/4 and JC/5), containing proposals for amendments to Section 33. He suggested that the discussion be based on the proposals contained in JC/5.

Mr. AMINI (Iran) explained that before the representatives of the producing countries had seen the latest proposals (JC/5) they had agreed among themselves on a system of voting based on their respective shares in the world production of opium. Now that he had seen them, he was prepared to accept the new proposals, but wished to reserve his position on the question of price fixing, with a view to ensuring protection for the consumers against the risk of making a loss on their opium sales.

Mr. DINÇ (Turkey) regretted that agreement had not been reached among the producing countries on the proposals put forward in Conference Room Paper JC/5. During the group's endeavour to meet those proposals, it had become evident that they would place Turkey in a totally different position from that which she would have enjoyed under the producers' scheme (JC/4). Whereas, under the latter, Turkey would have held 54 per cent of the producers' votes, under

the new proposals she would have only 39½ per cent. As a compromise proposal, it had been suggested that the figures in the theoretical example given in Conference Room Paper JC/5 should be amended to give a voting distribution more closely related to the Ankara decisions. To that end, the representative of the Secretary-General had proposed that the number of votes for each producer in column 3(a) in paragraph 8 should be reduced from 625 to 250. The representative of Turkey had suggested that, since the question was one of form and not of substance, one vote only should be allocated in that column for each producer. Later, the Turkish representative had accepted a suggestion by the representative of France that the figure in question should be 10. It had finally emerged, however, that all the producing countries could not agree to that system.

The Turkish delegation considered that there was no good reason for abandoning the principle agreed upon at Ankara, with which the provisions of paragraph 174 of the draft agreement accorded.

The CHAIRMAN concluded that the producers had no objection to the system proposed in Conference Room Paper JC/5 by the manufacturers for the latter's group, and for their own group might agree to a system of voting based on production shares only.

Mr. VAILLE (France) asked what paragraphs would remain in Section 33 after the proposals put forward in Conference Room Paper JC/5, amended if necessary, had been embodied in it. Assuming that paragraph 172/Rev.1 would be retained, he asked whether the phrase in the third line reading "as long as such Consumer shall not become a Producer" would apply conversely, namely, when a producer became a consumer.

Mr. STEINIG (representative of the Secretary-General) said that the whole of Section 33 would have to be re-drafted once a decision had been taken on the proposals in Conference Room Paper JC/5.

With regard to the second question, it had not been considered necessary to state the converse of the provision quoted from paragraph 172/Rev.1, since paragraph 169 was to contain a list of all countries who were to be regarded as consumers. However, as he had said, the whole Section would require re-drafting.

The CHAIRMAN asked whether the Iranian representative's proposal would be met if paragraphs 3 (a) and 3(c) were deleted from Conference Room Paper JC/5, and the figure 2,500 in paragraph 3(b) amended to read 5,000.

Mr. AHINI (Iran) replied that if the Joint Committee would agree to a separate voting system for the group of producers, he would support the latest Turkish proposal.

Mr. SATTANATHAN (India) recalled that the Indian delegation had given only qualified approval to the production shares agreed on at Ankara, mainly because it was anxious that the whole project should not wreck itself on that rock. The provisions of Section 33 were the direct outcome of that agreement on production shares. In considering that Section, the Joint Committee should bear in mind that it was not trying to establish a commercial company working for profit, but simply a control organ to suppress the illicit traffic. To achieve that end, the discussion must be raised to a higher plane than the purely commercial one. A compromise between an international control organ and a concern trading in opium must be found. The manufacturers had viewed the problem in that light, and had agreed on a democratic principle of voting in which every consumer was to have one voice, and the big manufacturers a somewhat larger one. While he himself would have preferred complete equality in voting for all parties, he thought that the producers should at least follow the same lines as the manufacturers.

There was little to be gained from continuing to examine the problem from the profit angle. Furthermore, if the Regulating Committee were to function successfully, every possible measure must be taken to avoid dividing it permanently into two rigid blocs by defining a different set of voting principles for each group represented. He urged, therefore, that the producing countries should approach the question of the voting system in a similar manner to the manufacturing countries, and with a clear idea of the ultimate aim of the agreement.

Mr. DIKER (Turkey) maintained that his proposal was not a new one; nor did it differ from the principle accepted by all the producing countries represented at Ankara. A token number of votes would be allocated to each producer, namely 10, and the remainder would be divided according to their production shares. Thus, the same principle as had been adopted by the manufacturing countries for voting in the Committee would apply in the case of the producing countries.

Mr. MIHAILIC (Yugoslavia) appealed to representatives to co-operate in finding a compromise solution. At the first producers' meeting he had stated that the system of voting proposed in the original draft of Section 33 was unacceptable to him as it would give Turkey 54 per cent of the producers' votes. Therefore, the two-thirds majority required for price fixing decisions in the Regulating Committee could be obtained if the United States of America, the United Kingdom, France and one producer - Turkey - were in agreement. He had then pointed out the desirability of a system that gave one producer a decisive vote in fixing the price. The Turkish delegation had accepted that view, and had agreed that the two-thirds majority would only be valid if it included the votes of two producing countries.

When the proposals contained in Conference Room Paper 30/5 had been under informal discussion, he had pointed out that it would be possible for a group of consuming countries together with India and Yugoslavia to make up the required two-thirds majority. Since Turkey and Iran together exported about 350 tons of opium a year, whereas India and Yugoslavia exported only about 100 tons between them, that system, too, had seemed to him inequitable. He hoped, therefore, that the Joint Committee would be able to devise a voting formula by which the larger producers and the larger consumers would have a preponderant voice in fixing the price.

Mr. ok (Turkey) pointed out that the consuming countries had been able to elaborate the complex voting system on which they had agreed largely because they were so numerous. Under that system, one consumer country might have fifty votes and another one thousand. Among the principal producing countries, however,

of which there were only five, the smallest share would be of the order of 500 votes, a figure beyond comparison with the smallest vote among the consumers. In order to meet the wishes of the manufacturing countries, the producers had agreed to include one vote for each consumer, purely as a symbol, in column 3(a) in paragraph 8 of Conference Room Paper JC/5, and had subsequently increased that figure to ten, which was still a symbol. To increase it further would involve the adoption of a totally different principle from that agreed upon at Ankara, and he would be very reluctant to agree to any such change.

Mr. STEINIG (representative of the Secretary-General) suggested that it would be better to consider the whole question of voting from the point of view of the decisions to be taken, rather than from a purely arithmetical standpoint. Where decisions of the first importance were concerned, the necessary guarantees would be provided for.

Reference should be made to working Paper AD/1/50, which classified the majority requirements envisaged for decisions of the Regulating Committee. Assuming that the basic price of opium would have been agreed before the agreement was signed, decisions on the adjustment of prices could be taken subsequently on the basis of objective criterion.

He then quoted the following instances of the majority requirements for various decisions:

Paragraph

76 - 81 (Change of allocations of production shares.) A simple majority was required, but since all producing countries would be affected by such a decision, all would have to concur in the decision so taken.

83 (Indication of areas to be sown). There were reservations on the provisions concerned, which could be discussed later. The number of votes which any Party disposed of was, however, immaterial for those decisions.

134/Rev.1 (Changes in obligations of withdrawing Parties in regard to stocks). The assent of the withdrawing Party would be required to a simple majority decision.

145 (Waiving of the immunity of the International Monopoly in specific cases). A simple majority was required.

190 and 223 - 225 (Assignment of new Production Share). Only a simple majority was required, but the producers affected must assent, as must also all consumers.

194 and 213 (Decision on larger commission or deduction). That decision must be unanimous, as must also decisions on loans (paragraphs 195-197 and 214-220), the delegation of powers (paragraphs 203-205), amendment of the agreement (paragraph 208) and decisions relating to annual contributions (paragraph 222).

446 - 446b (Permission to a non-party to pay in its own currency, and to a party to pay for late requisitions and special requests in its own currency). A two-thirds majority was required, but all producers must consent.

449 (Requirement for consumers' party to pay for requisitions in United States dollars). A unanimous vote was required.

In the light of those examples, some of the arguments adduced at the present meeting lost their weight. The Joint Committee itself had suggested that a three-fourths majority should be required for the election of a Chairman. The representative of Turkey might perhaps reconsider his position in the light of the facts stated.

Dr. OR (Turkey) thanked the representative of the Secretary-General for his statement, but pointed out that not all the majorities to which he had referred had yet been accepted by the Joint Committee. Turkey had no desire to dominate the Regulating Committee or to dictate to it. It was merely a question of prestige - that votes should be allotted in accordance with the principles laid down at Ankara, not one of a majority in discussions. The wishes of other countries would be respected.

Mr. VALLAT (France) proposed a solution which, he thought, might

satisfy the Turkish delegation. In sub-paragraph 3a), 10 per cent of the 5,000 votes allocated to producing countries might be equally distributed between them all, and the remainder allocated under sub-paragraph 3b) to producing countries, present or represented, in the ratio of their percentage shares in the annual world production. The latter sub-group would thus have 4,500 votes.

Dr. OR (Turkey) accepted the French proposal.

The Joint Committee agreed that, in sub-paragraph 3a) of Conference Room Paper JC/5 a figure of 500 votes would be substituted for the figure of 2,500 votes, and a figure of 4,500 votes for that of 2,500 votes in sub-paragraph 3b).

Mr. KRUYSSE (Netherlands) recalled the fact that the previous day the observer for the Belgian Government had drawn attention to the possible results of a transfer of consumer votes. An example might be given in connexion with paragraph 7 of Conference Room Paper JC/5. It was possible that 6 consumers might represent 19 others by transfer. Thus 2,500 votes would be distributed among the 25 members represented, and consumers who were not also manufacturers would receive 1,900 votes, whereas the principal manufacturing countries, representing 50 per cent of world output, would secure only 1,350 votes. Such a distribution, by which the principal manufacturing countries would have far fewer votes than a group of small consumers, would be very undesirable. To avoid such a situation it would be advisable slightly to amend paragraph 7 of Conference Room Paper JC/5 to read: "Each consumer to which this section of the Agreement shall apply may transfer its votes to another consumer in accordance with paragraph 4 b) above for a designated session of the Committee or for any part thereof."

Mr. VAILLE (France) supported the Netherlands proposal. If accepted, it would entail deleting the words "or represented" from both points where they occurred in paragraph 4 b).

Mr. STEINIG (representative of the Secretary-General) pointed out that if the Netherlands proposal were accepted, there might be a difference in the number of votes in each group, instead of equality, for example, if all members of one group were present and some members of the other were absent.

Mr. NICHOLIĆ (Yugoslavia) said that, though the example given in Conference Room Paper JC/5 was theoretical, it seemed that Yugoslavia had a 13 per cent share in world production of opium.

Mr. VALLÉE (France) replied that country "D" in the theoretical example in paragraph 8 did not represent Yugoslavia.

Mr. BLONDEL (Belgium) wished to avoid any possibility of misunderstanding. There were 2,500 votes to be distributed between representatives present and those absent. Only the distribution of those votes would differ as between the new and the old text. It would be desirable to guard against consumers' being able to transfer their votes too easily, and so create large blocs. If a non-manufacturing consumer wished to use his vote, he should attend the meeting of the Regulating Committee. Under the system proposed, manufacturing countries, if absent, lost their share of the first 2,500 votes, but not that of the second 2,500. The system would avoid putting a premium on absenteeism. As the representative of the Secretary-General had point d out, the number of votes was not in itself important.

Mr. MAINI (Iran) thought that the provision of paragraph 5, that the distribution of votes would be made at each session on the basis of the results of the preceding business year, was unjust. Bad weather would put a producing country in an unfavourable position the following year, even if its output then returned to normal. Paragraph 5 should not apply to producers.

Mr. VALLÉE (France) pointed out that there had been various drafts of paragraph 5. There was no vital reason for retaining the phrase "the preceding business year". Some such phrase as "a period of years" might be substituted for it.

Mr. STERNIG (representative of the Secretary-General) pointed out that, so long as the production shares prevailed for which Annex B to the Agreement remained in force, they would cover the producing countries, and no other provision would be necessary.

Mr. MAINI (Iran) agreed, and requested that any redraft of paragraph 5 should take account of the explanation given by the representative of the Secretary-General.

Mr. HOARE (United Kingdom) considered that the drafting of the Conference Room Paper JC/5 was imperfect. As it stood, it implied that the first distribution of votes would take place after the end of the first business year, but there must be provision for voting at the outset of the Regulating Committee's work. Paragraph 3 b) would have to be redrafted to take account of shares of world consumption before the establishment of the International Monopoly.

Mr. VALLEE (France) pointed out that if paragraph 5 were re-drafted on the lines proposed, it would be necessary to delete paragraph 8.

Mr. SATTANATHAN (India) said that, since the position of consumers under paragraph 7 had been modified, the position of producers under paragraph 8 remained to be considered. As they were only four in number, the provision that all should have the right to transfer their votes should be dropped. From the business point of view, it was desirable that all should be present at all meetings of the Regulating Committee.

Mr. AMINI (Iran), replying to a query by the CHAIRMAN as to what would happen if the small producing countries with 4 per cent of the votes wished to transfer them, said that it was important to be logical. Such countries should be given the same rights as consumers, but would be morally bound to be present during voting to protect their interests.

Mr. SATTANATHAN (India) repeated his request that paragraph 8 be re-drafted.

The CHAIRMAN summed up the results of the discussion on Conference Room Paper JC/5:

Sub-paragraphs 3 a) and 3 b), as amended by the representative of France, had been adopted.

Paragraph 4), subject to the deletion of the words "or represented" at the two points where they occurred in sub-paragraph 4 a), had been adopted.

Paragraph 5), as amended to exclude producers, had been adopted.

Paragraph 7) had been adopted, as amended, the English text reading: "Each consumer to which this section of the present shall apply may transfer its votes to another consumer under paragraph 4 b) for a designated session of the Committee or for any part thereof."

The French text would read: "Chaque consommateur visé à la présente Section de l'Accord pourra, quant à l'usage de ses voix dans le cadre de l'alinéa 4 b), en charger un autre consommateur pour une session déterminée du Comité ou pour une partie de la dite session."

Paragraph 8) would be re-drafted.

He pointed out that paragraphs 169 to 176 inclusive in Section 33 of the Agreement were covered by the amendments adopted at the present meeting.

Mr. VALLAT (France) reminded the Chairman that the Secretariat had been asked to re-draft paragraph 172 to include the phrase: "as long as such Consumer shall not become a Producer" (see paragraph 172/Rev.1).

Mr. STEINIG (representative of the Secretary-General) pointed out that, in incorporating the amendments just adopted, the Secretariat would be guided by principles previously agreed on by the meeting.

The CHAIRMAN invited comments on paragraph 179/Corr.1.

Mr. AMINI (Iran) could see no difficulty in that paragraph, except in relation to Section 30 (paragraph 163). He would like to know whether the Secretary-General of the United Nations and the Chairman of the Drug Supervisory Body would have the right to vote, and if they would, how they would exercise that right.

Mr. STEINIG (representative of the Secretary-General) replied that neither would enjoy voting rights.

Mr. VALLAT (France) asked whether paragraph 177 would be deleted from the Secretariat's draft, or whether it would be retained to apply to the persons mentioned by the representative of Iran. If it was intended to apply to consumers, it should be deleted.

Mr. STEINIG (representative of the Secretary-General) pointed out that neither the Secretary-General, nor any other of those mentioned, could be a party to the agreement. Paragraph 177 had now lost its meaning, because there would be no parties without voting rights, and should therefore be deleted. Paragraph 178/Rev.1 might be left as it was.

It was agreed that paragraph 177 should be deleted.

Mr. HOARE (United Kingdom) thought that paragraph 179/Corr.1 could be discussed only in principle, since it referred to paragraphs 173, 175 and 176, which were to be re-drafted and which must necessarily be taken into consideration.

He also had questions to put on paragraph 178/Rev.1.

Mr. AMINI (Iran) proposed that paragraph 178/Rev.1 should be left as it was. It was necessary to specify that wherever a qualified majority was not expressly required, there should be a simple majority.

Mr. HOARE (United Kingdom) supported by Mr. MILOLIĆ (Yugoslavia), asked that discussion of paragraph 178/Rev.1 be deferred until members of the Committee had had time to study the documents recording the results of the day's work.

It was so agreed.

The meeting rose at 6.30 p.m.

SIXTH MEETING

held on Friday, 18 August 1950, at 10 a.m.

Chairman: Mr. KRASOVEC

Attendance: As at second meeting

9. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, and

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1, E/CN.7/188/Corr. 1, 2, 3, 4; JC/2, JC/2/Corr.1, JC/4, JC/5, JC/6, JC/7, DM/9/Rev.1 and DM/9/Rev.1/Corr.1.) (Continued)

Annex A - Price and Quality of Opium

The CHAIRMAN invited representatives to take up Annex A to the draft Interim Agreement (Conference Room Paper JC/2), beginning with a general discussion on the question of price-fixing.

Mr. NIKOLIĆ (Yugoslavia) recalled that the principal opium-producing countries had agreed, after considerable discussion and the acceptance of some sacrifices, on the shares of the total world production of opium that each should have. The question now appeared to have been re-opened, since there was a very close connection between price and production, and both would have their effect upon national economies. He believed it

to be essential that agreement should be reached on a basic price for opium before the interim agreement was opened for signature, otherwise the whole structure set up by the agreement would collapse.

In considering the basic price, arrangements should be made for that price to be adjusted when necessary. The primary factor on which the basic price was to be calculated might be the morphine content of the opium; for example, opium with a 12 per cent morphine content would be priced at 20 dollars per kg., and for each additional one per cent of morphine content the price would be increased by a determined sum. That principle would be in accordance with current practice. Secondly, he suggested that the price should be further increased if the morphine content was 16 per cent or more, since the cost of producing such opium was appreciably higher than the cost of producing opium with a lower morphine content. Thirdly, the content of other alkaloids should be taken into account in fixing the price.

It was also important that provision should be made for adjusting the basic price according to world price trends. He suggested that an average should be struck of the world wholesale price indices published by the London "Economist" and by the Labour Department of the United States Government, and that when that average showed a considerable rise or fall, say 10 or 15 per cent, the basic price of opium should be adjusted accordingly. The basic price itself should be calculated as the average price paid for opium in the European and United States markets over the past five years.

The question of the area to be sown to the opium poppy was intimately bound up with the question of price. Section 8 of the draft interim agreement provided that the Regulating Committee should decide on the area to be sown, but if that provision were maintained, it would be necessary to arrange for a compensation fund to ensure that opium producers did not suffer heavy loss if there was a poor crop. If the Regulating Committee were to indicate that the International Monopoly required, say, 60 tons of opium from Yugoslavia, the Yugoslav authorities would arrange for a large area to be sown, which might produce more than 60 tons of opium. In that case, the extra

tonnage would be stored by the national opium monopoly. If, however, the Regulating Committee instructed Yugoslavia to sow, say, 6,000 hectares and to export 60 tons of opium, it might well happen that only 20 tons would be obtained from that acreage in a poor summer. Some compensation would have to be allowed for to mitigate the considerable loss which Yugoslavia would suffer in such circumstances.

Mr. KRUYSSE (Netherlands), in the name of the manufacturers, asked the representative of the Secretary-General to explain the relationship of the proposals in document E/CN.7/198 - Study on the Possibilities of Fixing the Price of Opium - to the provisions of Annex A.

Mr. STEINIG (representative of the Secretary-General) recalled that he had explained, early in the Meeting of Representatives of the Principal Drug-Manufacturing Countries, that the Secretariat had had no precedents to guide it in preparing the studies necessary for the series of meetings concerned with the limitation of opium production. It had accumulated knowledge of relevant factors in the course of that preparation, and document E/CN.7/198 presented the knowledge available to the Secretariat at the time it had been drafted. The revised draft of the proposed interim agreement, (JC/2), embodied additional knowledge acquired in the intervening period between the publication of the two documents. It would be found that some of the provisions of the latter were not in complete accordance with the conclusions reached in the earlier studies, because the fuller knowledge available had led to the revision of those conclusions. Document E/CN.7/198 should therefore be regarded as a background document, and Annex A to the draft interim agreement as the basis for discussion.

Commenting on the statement made by the representative of Yugoslavia, he agreed that it would be most valuable if agreement could be reached on the basic price of opium before the interim agreement was opened for signature.

It appeared that the price of opium was at present determined by its content of opium alkaloids, mainly morphine but also codeine, and by certain

other properties which characterized national brands. That view was expressed in the footnote to paragraph 412 of the revised draft of the interim agreement. Desiring to follow existing practice in the opium trade, the Secretariat had suggested, in that draft, that the price of opium should be fixed according to its country of origin and morphine content.

The representative of Yugoslavia, if he had understood him correctly, had suggested that the price of opium should be adjusted, not only according to world commodity indices, but also according to its content of various alkaloids of commercial importance. In order to assess the average world prices of opium alkaloids, the Regulating Committee or the International Monopoly, would have to undertake certain calculations. It would, however, be possible to correlate the price of opium to the index of wholesale prices. The two sources suggested by the Yugoslav representative were most reliable, but it would be advisable not to specify them in the agreement in case one or other should cease to publish such statistics, and to provide alternatively that the world wholesale price indices to be used should be selected by the Regulating Committee at appropriate times.

The same representative had drawn attention to the important question of the area to be sown to the opium poppy. It should be noted that Section 8 provided that the Committee should indicate the area which, if sown to the opium poppy, could be expected to yield the amount of opium required by that year's allocation to the particular producer. That provision was not binding, and the producer would be free to sow a larger or smaller area than that indicated by the Committee if he wished. If he did so, however, it would be at his own risk. But whether he sowed the area indicated by the Committee or a greater area, all the opium obtained from the indicated area would in any case be bought by the Agency, any quantity produced in excess of that amount being taken over for storage (paragraph 138/Add.1,Section 18).

It should also be borne in mind that the Regulating Committee would indicate the area to be sown on the basis of an assessment made by the producing

country itself. If the area yielded more opium than was required to meet the allocation, the excess would be available for sale to the International Monopoly in a year of bad harvests. If the text were amended as the representative of Yugoslavia had proposed, a producer would be free to sow a larger area than that indicated by the Committee several years in succession, the International Monopoly would be obliged to take over the excess production and the cost of building up such vast stocks might eventually make it bankrupt. That, admittedly, would be an extreme case, and it should be possible for producers to work reasonably under the guidance of the Regulating Committee in sowing the area indicated.

Mr. NIKOLIC (Yugoslavia) pointed out that the system proposed might cover a producing country in a year of good harvests, but would not protect him from serious loss in a year of bad harvests. The alternatives seemed to be that a producer would be obliged either to risk a heavy loss by sowing the area indicated, or to disregard the Committee's advice and sow a larger area. In the second case, he would export the appropriate allocation, and would be able to store any excess as part of the national stocks permitted under the agreement. Thus, by acting in good faith he would have to risk severe financial loss, whereas by acting in bad faith he would be able to cover himself.

Mr. GRANDJEAN (Switzerland) suggested that the basic price of opium should be calculated from the average prices paid over the previous twenty years, with the exception of the five war years, during which prices had been abnormal.

Dr. OK (Turkey) supported the views expressed by the representative of Yugoslavia, which, he believed, were shared by all producers. He considered that the provision in Section 8 that the Committee should indicate the area to be sown to the opium poppy would be quite unworkable. In Turkey, the area to be sown to the opium poppy was determined every two years by the Council of Ministers, and the schedule was detailed down to provinces, districts and even communes. According to the legislation recently passed, a copy of which had

been handed to the Secretary-General's representative, a poppy cultivator was required to obtain a licence to extract opium from his crop. Every cultivator was, however, entitled to change his mind at the last minute, and decide that he would not extract opium, but would harvest the crop for seed. It was clear, therefore, that the Turkish Government could not precisely control the exact area to be sown to poppies for the extraction of opium.

The CHAIRMAN requested representatives to confine their remarks primarily to the question of the basic price of opium and not to take up related factors until a later stage.

Mr. VAILLE (France) had been impressed by the constructive suggestions made by the representative of Yugoslavia, many of which he could support. He agreed as to the importance of settling the basic price of opium as soon as possible. On the question of factors to be taken into account in adjusting that basic price, he thought everyone agreed that the main factor must be the morphine content of the opium. He thought the suggestion that a higher price should be paid for opium with a morphine content of 16 per cent and over required further technical study, perhaps in connection with the factor "n" suggested by the Secretary to indicate the individual bonus value of each national brand. He supported the idea that the basic price of opium should be adjusted in accordance with movements in world price indices. There seemed to be general agreement that the basis for the calculation must be the export price of opium, and not necessarily its alkaloid content.

The question of compensation was one which concerned manufacturers too, particularly those with a large export trade. Under the system proposed, countries not party to the agreement would be favoured in the export market, as they would not have to pay the higher price caused by the expense of operating the International monopoly. The Government of France had already had to contend with serious competition in the export market from drugs manufactured from morphine extracted from poppy straw. It seemed reasonable to infer that if the export price were kept down artificially, manufacturers would be enabled to

produce more cheaply through mass production methods, owing to the large market which would thereby be ensured to them, and would thus be able to compete with outside manufacturers.

There appeared to be a reasonable case for the compensation fund suggested by the representative of Yugoslavia to ensure that producers did not suffer undue loss in a year of bad harvests. He hoped that some solution might be found which would protect producers in such circumstances without involving the International Monopoly in heavy expenses, and hence exaggerating the price of the opium it sold. It was clearly in the interests of producers, as well as in those of manufacturers, to help the International Monopoly to keep its operating expenses to the minimum, since they would thus be helping to safeguard the market for their own opium. Some system of adjusting the basic price would have to be evolved, since it was likely that the production of synthetic codeine would soon be an economic possibility, and manufacturers would then no longer import opium unless the price were adjusted to make it economically profitable.

With regard to the period which should be taken as the basis for the calculation of the average price of opium, he agreed that the war years should be disregarded, for the reason given by the representative of Switzerland.

As to the question of the area to be sown to the opium poppy, he considered that to be a very important factor in achieving the final object of the agreement, which was to limit the production of opium to medical and scientific needs. The national authority should be able to agree with the International Monopoly on a suitable area, to be indicated by the latter through the Regulating Committee.

Finally, he drew attention to Section 10 in the report of the Meeting of Representatives of the Principal drug-manufacturing countries. Eventually a decision would have to be taken on the suggestion that opium-producing countries should undertake not to export drugs which they had manufactured from opium.

Mr. NIKOLIC (Yugoslavia) welcomed the general approval expressed by the representative of France, of the principles of price-fixing he had suggested, and of the idea of a compensation fund.

He could not support the suggestion made by the representative for Switzerland that the basic price of opium should be based on the average price for the previous twenty years. Economic conditions had undergone such great changes during that period that 1930 prices no longer bore any real relation to current prices. The figures for the preceding five years, however, would form a satisfactory basis for that calculation, as he had convinced himself from the examination of prices paid by an American company over the previous twenty years. In 1946, for example, the price paid by that company for opium had been 13 dollars per kg.

Mr. KRUYSSE (Netherlands) agreed with the representative of the Secretary-General that it was of the greatest importance that the basic price of opium should be established before the agreement was opened for signature. Of equal importance, however, was the commission which would be charged by the International Monopoly. In view of the Agency's many tasks, and bearing in mind the large loans it would have to raise before it could begin operations, it seemed that that commission would be heavy. That, indeed, was one of the reasons which had prompted the proposal by the French delegation that a compensation fund should be established for manufacturers suffering losses on the export market. Without going into the details of the other proposals made by the representative of France, he agreed that they should all be taken into consideration in arriving at the basis for fixing the price of opium.

Since all methods of financing would ultimately derive their funds from the Agency's commission, a realistic view must be taken of the situation. It was most probable that some of the large opium-producing or drug-manufacturing countries would remain outside the agreement. All parties to it would therefore have to face the competition of alkaloids made from opium offered at a lower price than the opium of the Monopoly and the competition of morphine made from poppy straw. It was therefore of equal interest to all parties that

the commission charged by the International Monopoly should be kept as low as possible. He hoped that the Joint Committee would soon be provided by the Secretariat with an estimate of the cost of running the Agency.

In their zeal to suppress the illicit market, representatives should not expect that the interim agreement would solve the problem as soon as it came into effect. He himself was not convinced that seizures of contraband opium would fall off. There would be several countries not party to the agreement where opium could be grown, and the craving of addicts for opium was so strong that he believed a new illicit market would develop in countries which had so far not supplied that market which would simply take the place of countries acceding to the agreement in doing so.

Mr. SATTANATHAN (India) agreed that the general approach to the question of price-fixing adopted by the representative of Yugoslavia was common to all producing countries. While not in full agreement on the details, all the producing countries represented at the meeting considered it unnecessary to distinguish between the countries of origin in the matter of price and quality. The general practice was to fix the price in terms of the morphine or codeine content, and the national quality would be adequately reflected in those terms. He had hoped that the producing countries would be able to submit an alternative text for Annex A, which, he believed, would have made the discussion clearer. Unfortunately there had not been time to do so.

India could not accept the suggestion that the basic price of opium should be calculated from the average export price over the previous twenty years, or even over the last five years. As a crop, opium competed with other food crops in mainly agricultural countries. World food prices had been consistently rising over the last twenty years, and even during 1949. At best, he could only agree to taking the average price over the previous two or three years, and even that average would have to be revised after a short time.

Commenting on the observations of the representative of the Netherlands, the CHAIRMAN expressed his firm conviction, which he believed was in harmony

with the general feeling of the Commission on Narcotic Drugs, that the limitatio of the production of opium in the main producing countries would substantially decrease the illicit traffic. Private calculations estimated current production of opium in the principal producing countries at between 1,000 and 2,000 tons a year. The medical and scientific needs of the world amounted to 450-500 tons. If the International Monopoly succeeded in limiting production in those countries to 500 tons, the illicit traffic would certainly decrease. It had been calculated by the principal opium-producing countries at their meeting at Ankara that the producing countries not represented at that meeting, together produced between 10 and 50 tons of opium a year. Even if they remained outside the agreement, their production could not be compared to the 500-1,000 tons of opium by which the production of the principal opium-producing countries would be cut as a result of the signature of the agreement.

Mr. KRUYSSE (Netherlands), replying to the Chairman's remarks, set out three factors on which his (Mr. Kruysse's) opinion had been based.

First, consideration of the establishment of an International Monopoly had originally been proposed by the Chinese delegation, and other countries had assumed that China would be a party to the agreement. In the prevailing world circumstances, there could no longer be any certainty on that point.

His second doubt as to the eventual efficacy of control was founded on the notorious unwillingness of farmers to hand over their crops to governmental authorities. It seemed to him unlikely that all the opium produced on all the farms concerned could ever be collected.

The third factor was the physical necessity for addicts to obtain opium by hook or by crook which, he was convinced would result in the maintenance of the illicit market.

He did not wish to imply that his delegation did not support the establishment of an International Monopoly. On the contrary, it considered such a step the only possible one, but it wished to emphasize the importance of keeping the cost of its operation down to the minimum.

Mr. STEINIG (representative of the Secretary-General), replying to the points raised by the representative of the Netherlands, declared that China had never had any intention of becoming party to the agreement as a producing country, since opium production in China was illegal. So long as that situation persisted, China could only become a party as a consumer. Secondly, it was for the principal producing countries to consider whether their governmental authority was sufficient to ensure the carrying out of their international obligations. Thirdly, the need of addicts to obtain opium was certainly a major factor to be taken into consideration. When the 1931 Convention had come into force in July 1933, illicit factories had sprung up, first in the Balkans, then in the Near East, and finally, when they had been driven out of the Near East, in the Far East. It was quite possible that when the four principal producing countries limited their production to medical and scientific needs, new centres of illicit opium production would arise. Nevertheless, since the Hague Conference of 1912, the main force in eliminating illicit opium traffic had been world public opinion, and when the regions where illicit opium had been produced had eventually been identified, the whole weight of world public opinion, represented by the Commission on Narcotic Drugs, the Economic and Social Council and the General Assembly of the United Nations, would be brought to bear on them until they, too, had been prevented from continuing their operations.

It had never been claimed that the establishment of an international opium monopoly would suppress the illicit opium traffic at once. But, if all opium outside the opium monopoly could be regarded as contraband and seized, it would be an enormous advantage in fighting that traffic.

With regard to the costs of the International Monopoly, the ad hoc Committee of the Principal Opium-Producing Countries, at their Ankara meeting, had provided that it should be a self-supporting, non-profit-making international organization with commercial functions, established within the framework of the United Nations and operating on strictly business lines.

Mr. HOARE (United Kingdom) supported the excellent statement made by the representative of France. He, too, welcomed the knowledge that there was general agreement between producers and manufacturers on the approach to be adopted to the question of prices.

Careful consideration should be given to the point raised by the representative of the Netherlands regarding the charges to be made by the International Monopoly. If the International Monopoly controlled completely all sources of opium and opium alkaloids, it would be comparatively simple for its operations to be carried on from revenue obtained by subsequent sales of manufactured drugs to consuming countries; the effect of an increase in charges by the International Monopoly could easily be passed on to the final consumer. But, in fact, the Monopoly would have no such complete control, and manufacturers who bought from the International Monopoly would have to compete with manufacturers who did not have to bear the charges required to cover the expenses of that Monopoly. Representatives of the producing countries who had read the summary records of the Meeting of Representatives of the Principal Drug-manufacturing Countries would recall that emphasis had been laid on the competition to be expected by manufacturing countries from sources outside the Monopoly. It was vital that the charges of the International Monopoly should not render it impossible for parties to the agreement to compete in the export market of manufactured drugs with countries manufacturing drugs from morphine derived from uncontrolled poppy straw. The point was as important for opium producers as it was for drug manufacturers, and he hoped that it might be possible to come to some agreement, if only of a general and provisional character, as to the way in which these charges should be shared between manufacturers and producers, since it would be intolerable if they were all to be borne by the manufacturers.

The meeting rose at 1 p.m.

SEVENTH MEETING

held on Friday, 18 August 1950, at 3 p.m.

Chairman: Mr. KRASOVEC

Attendance: As at second meeting

10. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, and

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1 and Corr.1, 2, 3, 4; JC/2, JC/2/Corr.1, JC/4, JC/5, JC/6, JC/7, JC/8, DM/9/Rev.1 and D/M/9/Rev.1/Corr.1) (continued)

Annex 1 - Price and quality of Opium (continued)

Mr. GRANDJEAN (Switzerland) referred to his statement at the seventh meeting on the fixing of prices. He still wished the reference periods to be 1931 - 1939 or 1936 - 1949. Prices to manufacturers could be based on the averages for those periods. Prices based on the average for the post-war years would be unacceptable to Switzerland and other manufacturing countries, since the period had been one of instability, and prices had steadily fallen between 1946 and 1949. The method of price fixing suggested by the Swiss delegation would make for a return to pre-war stability.

Mr. SATTANATHAN (India) said he had already explained the reasons why India could not agree to so long a period, and especially a pre-war period, being taken as the basis for fixing prices. Conditions had changed greatly since the war.

Opium was an agricultural commodity, and the international trade price should be related to the prices paid to farmers by the respective national monopolies. In India, at least, the price was fixed in relation to that of other agricultural produce, such as wheat, rice or maize, and the balance so achieved should be maintained.

Mr. AMINI (Iran) stated that his delegation, too, would find it difficult to accept the Swiss proposal, for reasons which were identical with those adduced by the representative of India.

Mr. NIKOLIĆ (Yugoslavia) supported the representatives of India and Iran. If the representative of Switzerland was anxious that the price of opium should be stabilized, perhaps he could suggest means of stabilizing the post-war prices of all other commodities, and so creating a stable world economy. It was not possible to maintain stability in the price of one product when there was no stability in the price of others. The International Monopoly would provide means of conferring a great benefit on humanity, and the attendant calculations should not be based solely on commercial considerations.

Hitherto, producing countries had fixed their prices with manufacturers on the basis of conditions existing at the time of sale, not over a period such as 1931 - 1939. The International Monopoly should interfere with existing practice as little as possible, particularly as its purpose was humanitarian.

Mr. DIKER (Turkey) said that Turkey was essentially an agricultural country, and for that reason the Turkish delegation could not accept the Swiss proposal.

Mr. VAILLE (France) had been much struck by the arguments of the producing countries. He agreed that it would be difficult to revert to pre-war practice, especially if so long a period of years were taken as the basis for calculating the basic price. However, the representative of Switzerland had been right in saying that the last five years could not be considered normal; they formed a period during which the aftermath of war had become apparent in widespread

instability. Moreover, taking due account of social and economic factors, including the war in Korea, there was likely to be a further increase in commodity prices in relation to their pre-war level. Another factor which should not be forgotten in any discussion of prices was the recent currency devaluations which had taken place in Europe and elsewhere.

The representative of Yugoslavia had not been quite accurate in saying that prices generally could not now be stabilized. The price index for raw materials should take account of world conditions, whether they were the reflection of war or social revolution; but a solution for the price of opium was difficult to formulate. The trend of the present discussion had been too commercial. All representatives present wanted to see the International Monopoly succeed; it was therefore essential that prices should not be fixed at a level which would reduce it to bankruptcy.

Instead of the long periods proposed, it would be well to take the two years 1938 and 1939, which most planning authorities now took as their reference period, as the basis for price fixing. If those two years were considered in conjunction with the period 1948 - 1949, it should be possible to strike a satisfactory average. That method was more reasonable than choosing years when prices had been either abnormally high or abnormally low.

The CHAIRMAN considered that some progress had been achieved, since all delegations had agreed to consider morphine as the commodity in relation to which opium prices should be fixed. It remained to decide whether the reference period should be one of 3, 5 or 20 years.

He would draw the attention of the Joint Committee to the general course of index prices as they appeared in the Monthly Bulletin of Statistics issued by the United Nations. That publication took 1937 as its base year. A review of all countries showed that there was not a single one where wholesale prices had not

increased since 1938, often by as much as 80 per cent in relation to 1937. To take three hard-currency countries, the figures were:

	1945	1946	1947	1948	1949	Month of May, 1950
United States of America	123	140	176	191	180	-
Switzerland	198	193	201	209	199	190
Sweden	170	163	175	188	189	194

The general trend of index numbers should be taken into account in any general discussion on opium prices.

Mr. NIKOLIĆ (Yugoslavia) said that during the discussion, the fear of outside competition had often been adduced as an argument for reducing the price of opium. One remedy for the danger would be the inclusion in the agreement of a clause whereby parties would undertake to buy opium alkaloids only from other parties to the agreement. Such a course would remove the fear of outside competition.

Mr. SATTANATHAN (India) agreed that the French representative had probably hit on a reasonable solution to the question of price fixing. However, the statistics quoted by the Chairman supported India's case. In India, poppy cultivation was licensed by the Administration, and a percentage of the price of the opium to be produced was advanced to cultivators before the sowing. When the crop had been harvested and stored, the balance of the price due was paid by the Government, which was thus in a position to control its level. As a result, it was possible to say that whereas commodity prices in general had doubled or trebled since before the war, that of opium had been strictly controlled, and did not exceed the pre-war price by more than 40 per cent, so that it was much lower than those of other products. Of the price, 60 per cent went to the peasants; the remainder represented the cost of transport and related expenses.

Any price now fixed for export opium must inevitably be reflected in the price paid to cultivators. A reduction which would give the farmers only three-quarters of their previous annual earnings would have disastrous results; it would mean, in

fact, the use of sweated labour. As the ultimate outcome, either opium cultivation would cease - a result which might be desirable - or the illicit market, which was already paying five or six times the normal price, would expand.

Even at the best of times it was difficult to estimate yields, and farmers would have no difficulty in falsifying their returns in order to obtain opium to dispose of illicitly. Prices should therefore be decided in relation to the current world position, by means of an elastic system, by which the price of opium could be constantly adjusted as prices of other world commodities rose or fell.

Mr. VAILLE (France) thought the proposal made by the representative of Yugoslavia, that a provision should be inserted binding parties to the agreement to buy opium alkaloids only from other parties, a good one. Non-manufacturing consumers would not thereby be prevented from signing, indeed, it would be to their interest to do so. They should regard themselves as working for the good of humanity. Many parties to the 1925 and 1931 Conventions would prefer accession to the new agreement to competition.

The Chairman had given statistics for hard-currency countries. If the chief reason given by the producing countries for their reluctance to accept a pre-war period for reference purposes, namely, the general post-war increase in prices, was taken into account, it would be advisable to consider the index of wholesale prices for countries which had not devalued their currencies, and ascertain whether 1937 would provide a basic price for opium comparable with that of other commodities. The last two years were too near to provide a sound basis for planning. Moreover, opium prices were now tending to rise to a greater extent than were those of other commodities. Before the Korean war, stocks had been rising in relation to demand. The index for 1937 could be taken from the figures for countries where there had been no devaluation, such as Canada, Sweden, Switzerland and the United States of America, and the resulting figures discussed from both the producing and manufacturing angles. 1937 had been unfavourable to the manufacturers, since prices had continued to drop thereafter until 1939.

Mr. AMINI (Iran) recalled that it had been agreed at Ankara that the prices paid to producers should be sufficiently attractive to kill the illicit traffic. Any solution must therefore ensure a just price for cultivators. The French proposal was not acceptable to his delegation.

Mr. STEINIG (representative of the Secretary-General) pointed out that, so long as the Ankara discussions had remained abstract, it had been difficult to reach agreement on practical matters. It would be advisable if representatives put all their cards on the table, as they had done at Ankara on the question of shares, and for the producers to say: "these are the prices we want", and for the manufacturers to say: "these are the prices we will pay", and negotiated on that basis.

Another possibility would be to fix the price of opium on the basis of the index of wholesale prices in 1937 and in May, 1950, for the two or three countries, such as Sweden, Switzerland and the United States of America, which had not suffered from inflationary tendencies. It would be possible to take either the general index, the index for raw materials, or the index for manufactured goods; that for raw materials was usually slightly higher than the others. If, at the next day's meeting the representatives of manufacturing countries were able to give the prices paid for opium in those countries in 1937, it would be possible to calculate the price in May 1950 on the basis given.

The CHAIRMAN suggested that the Secretariat should translate the main proposals put forward into figures, for consideration at the next meeting.

Mr. VAILLE (France) supported that proposal, but asked that the Secretariat should also make a rough calculation of the expected cost of operating the International Monopoly, since all such factors were linked.

Mr. SATTANATHAN (India) thought the proposal valuable, but considered that where prices had been higher than those reflected by index levels, special provision should be made for protecting producing countries.

It was important to fix a buying as well as a selling price. The difference between them would represent the cost of running the International Monopoly. If the various factors concerned were set out in the draft proposals, it would be easier to see how the International Monopoly would be operated. Since that institution would be a non-profit-making organization, manufacturers should be able to buy from it far more cheaply than they could from producers at the present time, since many expenses connected with the existing system would disappear

Mr. STEINIG (representative of the Secretary-General) agreed to produce the statistics asked for in time for them to reach representatives by 8.30 a.m. on Monday, 21 August. If, however, he was to be able to do so, he would need manufacturers' figures by the end of the present day. Prices normally varied somewhat in the course of a year, and, in fairness, both the maximum and minimum prices obtaining in 1937 should be provided.

In reply to a request by Mr. VAILLE (France) to the effect that the document should include the composition of the products considered in the general index quoted for the four hard-currency countries, he regretted that the limited time at the Secretariat's disposal, would not permit of so much statistical calculation.

Mr. VAILLE (France) suggested that, to save time, the representatives of producing countries should also take part in the work, since they were better acquainted with selling prices.

Mr. AMINI (Iran) regretted that he had no statistics available.

Mr. HOARE (United Kingdom) explained that he was quite unable to give statistics for the year in question, since the relevant documents had been utterly destroyed during air raids on London. He would, however, willingly accept the French or Swiss figures.

Mr. VAILLE (France) said that, in working out their figures, manufacturers would have to take account of devaluation. Price levels had not risen at the same rate in all countries, and the paper to be produced by the Secretariat

should take account of countries where the rise had not been due to devaluation alone.

The meeting was suspended at 5.00 p.m. and was resumed at 5.20 p.m.

Section 1 - Definitions (resumed from the fourth meeting).

Mr. NIKOLIĆ (Yugoslavia) asked for the views of representatives on the question of amending the definitions of "Opium" and "Opium poppy" in paragraphs 21 and 22.

Mr. KRUYSSE (Netherlands) considered that all that was necessary was to define "poppies", and not "opium poppies" alone. During the Meeting of Representatives of the Principal Drug-manufacturing countries, the question of the existing definitions as they affected countries which grew poppies solely for seed or oil had been raised, but under Section 3 of the agreement it was possible to draw a distinction between those and poppies used for the production of opium. The question was really botanical: it would be possible to refer to Papaver somniferum L and all its varieties. The Secretariat, in a document which it had produced on definitions in connection with the proposed new single convention, had concluded that all varieties of poppy were covered by the definitions in question; those definitions should, therefore, be adequate for the purpose of the present agreement.

Mr. AMINI (Iran) supported the representative of the Netherlands. The definitions given in the draft Agreement should be retained, at least for the time being.

Mr. DIKER (Turkey) concurred.

Mr. BOURGOIS (France) reminded the meeting that the preamble to the agreement could be drafted so as to remove any doubts as to the meaning of the two terms in question.

It was agreed that the definitions in paragraphs 21 and 22 should be retained unchanged.

Mr. NIKOLIĆ (Yugoslavia) asked that, in paragraph 25, the definition of "Producer" should be modified to signify one who produced, rather than one entitled to sell, opium.

Mr. STEINIG (representative of the Secretary-General) explained that a term that was in fact a legal fiction was sometimes used to achieve a short definition and avoid prolixity. The definition in paragraph 25 covered both producing and selling.

Mr. NIKOLIĆ (Yugoslavia) thought that the substitution of the term "Exporter", that was, the country producing the opium, as the "Party which is entitled to sell" would be clearer.

The CHAIRMAN pointed out that such a change would involve consequential changes throughout the entire text of the agreement since, if "Producer" were changed to read "Exporter", it would be necessary to change "Consumer" to read "Importer".

Mr. HOARE (United Kingdom) suggested that "Producer" was a wholly general term. As the representative of the Secretary-General had pointed out, it was necessary to convey the idea of the right to sell. It was that right which distinguished the "Producer" named in the agreement from other producers of opium, such as the Union of Soviet Socialist Republics, which would not be entitled to sell to the International Monopoly unless they acceded to the agreement.

Mr. SATTANATHAN (India) proposed that, to satisfy the representative of Yugoslavia, paragraph 25 should be re-drafted to read as follows:

"'Producer' denotes the Party which is entitled to sell opium produced within its territory to the International Monopoly under the provisions of the present Agreement".

The Indian amendment was adopted.

The CHAIRMAN declared Section 1 adopted.

Section 7 - Requisitions of Opium and Allocation of Production (International Trade in Opium)

Mr. VAILLE (France) stated that, having had insufficient time to study the question in detail, he reserved his position on the voting majority required for the implementation of certain of the provisions of section 7.

Mr. AMINI (Iran), Mr. KRUISSE (Netherlands) and Mr. HOARE (United Kingdom) announced that they were in the same position.

The CHAIRMAN said that, as the question of voting had been raised, he would ask representatives to study, before the next meeting, the completely re-drafted text of Section 33 - Voting in the Committee, contained in Conference Room Paper JC/8.

Section 8 - Area of Cultivation (International Trade in Opium)

Dr. OR (Turkey) asked that, for reasons he had explained at the sixth meeting, the Joint Committee should either delete Section 8 or re-draft it in accordance with the views of the Turkish delegation. Turkey had objections, not to the principle involved, but simply to the manner of its application.

Mr. AMINI (Iran) supported the representative of Turkey. As the question was important and was bound up with that of general inspection, he suggested that it would be better discussed in that context.

The CHAIRMAN proposed that, as the matter was of primary importance, two representatives of producing countries should meet to draft, with the help of the Secretariat if they so desired, a provision which would be acceptable to their Governments.

Mr. SATTANATHAN (India) thought that the discussion of too many provisions was being deferred; that would mean a heavy burden of work for the following week. As the Regulating Committee would include representatives of all producing and all manufacturing countries, it would hardly be so unreasonable as to

indicate unsatisfactory areas for cultivation. He would suggest amending the text to read: ..."the Committee shall indicate, after due consultation with the producing countries concerned, the area which...".

Since no country could foresee climatic conditions, the Regulating Committee would certainly not cause it to suffer from an act of God.

Mr. NIKOLIĆ (Yugoslavia) considered that the Indian amendment changed nothing. Since producers would be represented on the Regulating Committee, they would of necessity be consulted.

Dr. ÖR (Turkey) could not understand the object of including Section 8, which seemed to serve no purpose. It would be entirely academic for the Regulating Committee to specify that a certain tonnage of opium should be produced from a determined area of ground. As he had explained that morning, Section 8 could not be applied in Turkey, where the total opium production could only be assessed when the harvest had actually been taken in, as it was never known until the last few days immediately preceding the harvest on how many hectares the poppy capsules would be incised, and what areas would be reserved solely for the production of oil and seed. Either Section 8 must be amended to make it possible for its provisions to apply in Turkey, or it should be deleted. Turkey, which was a country open to all, would have no objection to the inspection of her opium-growing areas.

Mr. KRUISSE (Netherlands) asked the representative of Turkey to bear in mind that the manufacturing countries were being requested to submit requisitions, which would entail considerable difficulties on their part. The producing countries might therefore similarly endeavour to overcome the difficulties they would encounter in carrying out the provisions of the agreement.

Mr. STEINIG (representative of the Secretary-General) asked the representative of Turkey how the Government of Turkey ascertained beforehand the approximate amount of opium it expected to produce in a given year. If the area to be used for opium production was not finally fixed until a few days before

incision started, it would surely be impossible for the Government or the International Monopoly to have any influence on the area sown for the production of opium. He had previously believed that that area was laid down by the Government.

Mr. SATTANATHAN (India) pointed out that paragraph 39 in Section 4 provided that parties should determine the extent and location of the areas on which the opium poppy might be grown for the production of opium. Having agreed to Section 4, representatives could hardly object to Section 8.

Ever since the Opium Administration had been established in India, that authority had decided the area to be sown for the production of opium in the following year, detailing its decision down to the districts and sub-districts concerned. Such an arrangement was, incidentally, absolutely necessary for carrying out the annual percentage reduction in opium production for quasi-medical purposes decided on in 1949. India would therefore have no difficulty in accepting Section 8. The producing countries wished to have a dispensation to protect them from the consequences of the uncontrollable influence of the weather. If the International Monopoly was to act efficiently, it must be based on control of the area of land to be sown to poppies for opium production.

Dr. OR (Turkey) read out article 3 of the Turkish Opium Monopoly Law, to which he had referred, which replaced article 18 of the previous law relating to the cultivation of the opium poppy. That article provided that the areas to be cultivated with poppies for opium production would be determined by the Ministers of Trade and Agriculture, whose decision would be made public not later than 1 July in each year. The cultivation of poppies in any other area was prohibited, except for poppies grown for oil. In the areas set aside for opium production, the cultivator was free to decide, up to the last minute, that he would not incise for opium, but would harvest only for oil. Experience over seventeen years of similar control had shown that there was never any danger of over-production, though a bad crop sometimes resulted in under-production.

Mr. AMINI (Iran) renewed his proposal; the discussion should be deferred, so as to allow time for the preparation of a text satisfactory to producers, and

which would also cover the manufacturers' risks. He had no fundamental objection to the provisions of Section 4, since they provided that the Government should control the poppy-growing area. Section 8, on the other hand, permitted interference by the International Monopoly in a matter which was solely for national authorities to decide.

Mr. STEINIG (representative of the Secretary-General) suggested that all views would be met if the word "indicate" in the second line of Section 8 were replaced by the word "recommend", and similar changes made in all other places where the context required it.

Mr. AMINI (Iran) accepted that amendment, as he considered that the word "recommend" was less binding than the word "indicate".

The suggestion of the representative of the Secretary-General was adopted.

Annex A - Price and Quality of Opium (resumed)

Mr. AMINI (Iran) suggested that it would facilitate further discussion of the principles according to which the basic price of opium was to be fixed if a small sub-committee of two representatives each of the producing and the manufacturing countries were to meet early the following Monday to consider the draft which was being prepared by the Secretariat.

Mr. HOARE (United Kingdom) agreed that such a sub-committee could save much time for the Joint Committee.

Mr. AMINI (Iran) suggested that the representatives of Yugoslavia and Turkey should sit on the sub-committee on behalf of the producers.

Mr. KRUYSSE (Netherlands) proposed that the manufacturers should designate their representatives in the course of the informal meeting they would be holding the next morning. He assumed that delegations not nominated to the sub-committee would be able to sit in as observers.

The CHAIRMAN thought it would be wiser to allow the sub-committee to discuss the draft without the presence of observers.

Mr. VAILLE (France) agreed to the proposal made by the Netherlands representative, as amended by the Chairman.

The CHAIRMAN asked whether the sub-committee would require the presence of the representative of the Secretary-General.

Mr. VAILLE (France) hoped that the Secretary-General's representative would be able to assist.

It was so agreed.

The meeting rose at 6.30 p.m.

EIGHTH MEETING

Held on Monday, 21 August 1950, at 3.30 p.m.

Chairman: Mr. KRASOVEC

Attendance: As at second meeting

11. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, AND

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.7, JC/2, JC/2/Corr.1, JC/6, JC/7, JC/8, JC/9, JC/10, JC/11, JC/12, DR/9/Rev.1 and DR/9/Rev.1/Corr.1) (continued)

Section 33 - Voting in the Committee (organization of the International Monopoly) (resumed from the fifth meeting)

The CHAIRMAN invited the meeting to discuss the amended version of Section 33 given in Conference Room Paper JC/8. The Secretariat had completely re-drafted the Section, which covered paragraphs 169 to 179 inclusive of the draft interim agreement.

. . . . .

Mr. KRUYSSE (Netherlands) said that the representatives of the drug-manufacturing countries had studied Section 33 as now amended, but considered that the re-draft prepared by the Secretariat had not been drawn up on the lines proposed in the Committee. The most important consideration in connexion with voting procedure was that the number of votes should always be equal. It was not unlikely that, at a particular meeting, some of the

smaller manufacturing countries would be absent, but would not have transferred their voting rights. The votes provided by such rights would, however, have to be distributed among the members present or represented. The basis for calculating the distribution of the votes should not be the import total, but the imports of the manufacturing countries present at the meeting. Paragraphs 171 c, 171 d, and 171 e should be amended accordingly.

The amendments proposed by his delegation were:

Paragraph 171 c The first sentence should be amended to read:

"2,500 votes shall be divided amongst those of them that import at least 0.4 percent of the world total imports of opium in proportion to the total imports of the consumers represented."

Paragraph 171 d The opening passage should be amended to read:

"During the period from the coming into force of the present agreement up to and including the last day of the third full business year following such coming into force the said total shall be computed from their imports of opium during the period from 1 January 19 .. to 31 December 19 .. .."

Paragraph 171 e The opening passage should be amended to read:

"After the last day of the said third full business year, the imports of opium shall be considered as equal to the annual sales of opium to each consumer concerned and the percentage of each consumer shall be computed from his average annual purchases ....."

The reference to the International Monopoly should be deleted.

The CHAIRMAN gave mathematical reasons for believing that the wording proposed by the representative of the Netherlands would have an effect contrary to that which he intended.

Mr. VAILLE (France) expressed agreement with the representative of the Netherlands, but thought that paragraph 171 a should be the first to be considered. It had been decided at a previous meeting that it was not desirable that absent non-manufacturing consumers should be represented by proxy in the Regulating Committee. Paragraph 171 a should therefore state that the 2,500 votes were to be divided equally between the consumers present and the remaining 2,500 between consumers present or represented.

In the Secretariat's draft, the "Consumers" represented were Governments, and the first 2,500 votes (paragraph 171 b) should be equally divided between those present. In paragraph 171 c, the votes should be divided among those present or represented.

The CHAIRMAN invited the representatives of France and the Netherlands to re-draft the paragraphs under discussion in co-operation with the Secretariat.

Mr. BLONDEEL (Belgium) believed that the terminology required further clarification. The drafting should be left to the Secretariat, and if the Committee disagreed on the text it produced, the final drafting should be left to the Commission on Narcotic Drugs or the Economic and Social Council. The Joint Committee was already agreed to as to substance, only the wording was in dispute.

Mr. HOARE (United Kingdom of Great Britain and Northern Ireland) agreed with the observer for the Belgian Government. What the Secretariat's draft failed to make clear was that "consumer" might mean either a State which sent its own representative, or one which was represented in the Regulating Committee by another delegation.

Mathematically, it appeared that the results given by the Netherlands proposal and by those of the Secretariat might turn out to be identical.

In paragraph 173/Rev.1, the square brackets enclosing the words "under paragraph 3(b)" should be deleted. With those amendments, the revised draft

might be approved, with the exception of paragraph 178/Rev.1, which remained to be discussed.

Mr. FLANDELL (Belgium) pointed out that there were two issues at stake, of which one was a pure matter of wording. In the agreement, "Consumer" represented either a State buying opium for manufacturing or other purposes and directly represented on the Regulating Committee, or one represented thereon by a third party.

Producers would always be represented, as it was in their interests to be so. For the sake of clarity, the agreement should distinguish between a consumer or producer present, that was, one having its national representative on the Regulating Committee, and a consumer or producer absent and represented by a third party.

Mr. STEINIG (representative of the Secretary-General) wondered whether the earlier part of the discussion had not been provoked by a slight misunderstanding. Paragraph 171 c referred to the world total imports of opium. However, it was not the world total of imports which determined the proportional distribution of votes, but consumers' percentages of that total. For instance, if 63 per cent of total world imports were represented at a meeting in the proportions of 3, 4, 27 and 29 per cent, the various votes would be calculated by taking 3/63 of 2,500, 4/63 of 2,500, 27/63 of 2,500 and 29/63 of 2,500 respectively. With that system, all difficulties would disappear.

As requested by the United Kingdom representative, the square brackets in paragraph 173/Rev.1 would be removed, and his other observations taken into account, if he could agree that the point made by the Secretariat corresponded to his wishes and was adequately covered by the text.

Mr. VALLEE (France) maintained his request that paragraph 171 b should be re-drafted to exclude consumers represented but not present.

In paragraph 178/Rev.1, the inverse of the Secretariat's text would be desirable. The French delegation wanted to keep a "simple majority" where it appeared, but also wanted a provision that, on all matters of importance, there

should be a majority of consumers, which could be included within the simple majority.

Mr. HOOKE (United Kingdom) entirely agreed with the representative of France, but would propose that further discussion of his suggestion be deferred until the whole question of majorities was reached. He agreed with the representative of the Secretary-General as to the drafting changes required in the various paragraphs.

In connexion with paragraph 171 c, 0.04 per cent of the world total imports of opium represented about 3½ cwt (or about 150 kg.) of opium, which seemed far too small a quantity to give a country a vote under that paragraph. The matter should be discussed in connexion with majorities, but one ton (or 1,000 kg.) would seem a more appropriate quantity.

Mr. VAILLE (France) asked that in the French text of paragraph 173/Rev.1 the words "dans le cas prévu par le paragraphe 3 b)" should be substituted for the words "en vertu du paragraphe 3 b)".

Mr. BLONDEEL (Belgium) was in agreement with the French representative, but thought that the Secretariat should find a clearer expression to replace the term "Consumer represented". As an instance of the ambiguity inherent in that term, he pointed out that, though representing Belgium as a State, he was not a Belgian consumer of opium; and so long as he was present at a meeting, Belgium was directly represented.

It was highly desirable that producers should fall into line with consumers, and that the arrangements for the transfer of votes should be the same for both groups of countries.

In reply to an observation by the CHAIRMAN, to the effect that the term "Consumer" had been re-defined, in Conference Room Paper JC/8, he said that he doubted whether the point would be clear to those who had not been present at the Joint Committee's discussions.

Dr. ÖR (Turkey), speaking to paragraph 173/Rev.1, by which an absent producing country might transfer its voting rights to another, pointed out that provision should be made for the case of absent producers and consumers which did not transfer their votes. The manner of distributing those votes should be specified in the agreement.

Mr. AMINI (Iran) thought that the point made by the Turkish representative did not hold good for consumers. If the French proposal were accepted, the producers would doubtless see no objection to falling into line with the consumers.

Mr. BLONDEEL (Belgium) drew a distinction between the distribution of consumers' and that of producers' votes. He had no objection to the provisions of paragraph 170 b, with their equal partition of 500 votes, or to those of paragraph 170 c with their proportionate division of 4,500 votes.

He wished, however, to know what would happen in the case of a small consuming country who imported less than 0.04 per cent of world total imports of opium. It could, as it preferred, be present and vote, be present and abstain, or transfer its vote. If such a country failed to take the trouble to arrange for representation in one of those forms, it should forfeit its vote.

Such a situation was most unlikely to occur in the case of producing countries. It would be greatly to their interest to be present at meetings, and their proportion of votes could be derived from Annex B direct. In redrafting the text the Secretariat should aim particularly at simplicity.

Mr. VAILLE (France) suggested that the proposals made by the representative of Belgium were in harmony with his own. The only difference lay in the use of the word "present". A consumer or producer who was "present" or "represented" clearly had not transferred its vote.

Dr. ÖR (Turkey) said that, like the representative of Iran, he was prepared to fall into line with the consumers.

Mr. KRUYSSE (Netherlands) pointed out that as the agreement spoke throughout of producers and consumers, it would only make for confusion to introduce manufacturers. He did not entirely appreciate the views advanced by the Belgian observer, though he understood his desire that absenteeism from the Regulating Committee should not be encouraged.

The main lines of the voting procedure, were, however, generally agreed though there seemed to be various misunderstandings on small points. He urged, therefore, that the Secretariat should be requested to re-draft paragraphs 171 a, b and c, in consultation with the interested delegations, as suggested by the Chairman. There remained one substantial point to be settled, namely, the question of the tonnage of opium to be imported by a consumer which would entitle that consumer to a vote under paragraph 171 c. The United Kingdom representative had suggested that the figure of 0.04 per cent of the world total imports of opium in paragraph 171 c should be amended to read 1,000 kg. He thought that that point could also be settled by discussion with the Secretariat.

The CHAIRMAN suggested that, if there were no further comments on the preceding paragraphs, the meeting should turn to paragraph 178/Rev.1.

Mr. VAILLE (France) declared that, as he had already mentioned, the manufacturing countries desired the converse of what was laid down in that paragraph. A simple majority should be required only where expressly stated, and in the case of all other decisions except unanimous decisions it should be stipulated that the majority should include 50 per cent of the votes of the consuming countries.

Mr. HOARE (United Kingdom) explained why the manufacturing countries wished to include that provision. It was possible that some importers of very small quantities of opium would attend meetings of the Regulating Committee, but would not have enough interest to support the consumer group wholeheartedly. It might even happen that the agreement would be couched in such terms as to make it advantageous for certain States to subscribe to it, and to use their votes for a purpose other than that of promoting harmony in the

International Monopoly. By the terms of the Secretariat draft, as it stood, there were several important decisions requiring a simple majority in which it would be sufficient for one consumer to vote with the producers for the decision to go against the great majority of the consumers' wishes.

To illustrate that point he referred to Working Paper MD/1/50, which tabulated the majority requirements envisaged for decisions of the Regulating Committee. That document showed that a simple majority would be sufficient to secure a decision on such matters as the indication by the Committee of the area to be sown to poppies for the production of opium (paragraph 83), the prescription of the form for requisitions, late requisitions and special requests (paragraph 186) and the assignment of new production shares (paragraph 223-225). Consuming countries which were dependent on existing shares, so far as their own choice of opium was concerned might have a very vital interest in the last case.

Again, the decision on a limited commission or deduction would require only a simple majority, whereas a decision on a larger commission or deduction would require a unanimous decision (paragraphs 194 and 213). In each case the consumers would have a considerable interest and there seemed no good reason for differentiating between the two. A simple majority would also suffice to secure a decision on directives to the Director and on definitions of his powers (paragraphs 199 and 249), which might be of very great interest indeed to consumers. Relief for late requisitions and special requests would also depend, to a certain extent, on a simple majority.

In all of the cases he had referred to the consuming countries had a considerable interest, which should be protected. Provision should also be made to make sure that defection by one small consumer would not suffice to secure a decision in face of the wishes of the remaining consumers. Producers might also wish to safeguard their position, but the consumers wished that, at the least, it should be made impossible for any decision on those subjects to be taken unless half the votes in their group were cast in favour.

The CHAIRMAN urged the Committee to take a decision on paragraph 178/Rev.1 before discussing other points.

Mr. ZAINI (Iran) agreed with the French proposal that a majority should be understood as requiring the assent of two producing countries and at least half of the consuming countries, if the consumers so desired.

Mr. MIKOLIC (Yugoslavia) pointed out that as Turkey would have 2,375 votes under the provisions of paragraphs 170 b and 170 c, it would in any case be necessary for a second producer to support it in order to secure a majority in the producer group.

Mr. BLANDEL (Belgium) supported the proposals of the United Kingdom representative. If a simple majority of each group favoured any decision, both together would provide about 55 per cent of the total votes. As members of the Regulating Committee could be assumed to desire the success of the International Monopoly, it seemed likely that such a majority would emerge reasonably frequently.

Mr. STEINIG (representative of the Secretary-General) pointed out that a provision that a simple majority must be made up of half of the votes in each group would rule out the possibility of a tied vote. The suggestion that a simple majority must include two countries in the producer group would in effect mean that a simple majority would require 65 per cent of the total votes. He urged the Joint Committee to reflect carefully before deciding that routine decisions should require such a large majority. He suggested that every provision in the agreement which called for voting should be reviewed, in order to determine which could be decided by a simple majority and which by the qualified simple majority outlined by the representatives of the United Kingdom and Iran. In cases where the interests of one group or the other were very heavily involved, the qualified simple majority would doubtless be necessary.

Mr. SATTANATHAN (India) agreed with the representative of the Secretary-General. In democratic political bodies where a large number of voters were involved, a simple majority normally ruled. In the Regulating Committee,

however, there would not be a large number of voters, at least in the producer group, nor would their votes be of equal value. Special provision must therefore be made, and he thought that paragraph 178/Rev.1 should be amended to read:

> "6. Except when a unanimous decision is required the Committee shall adopt all decisions by a simple majority, voting as Producers and Consumers separately, and at least two Parties shall be included in the Consumer group."

It would be simple to define the questions on which a unanimous decision would be necessary, but it would be much less simple to decide on suitable voting formulae for the remainder. He urged therefore that normal voting should be by simple majority to include two producers.

Mr. VALLEE (France) pointed out that if a total of 26 per cent of all the votes were cast by the consumer group, and Yugoslavia and India supported them, that would together give 52 per cent of the total votes. Thus, two of the smaller producers could decide a point requiring a simple majority including two producers.

Four types of voting had been suggested: unanimous decision, a three-quarters majority, a simple majority, and a qualified simple majority requiring 50 per cent of the consumer votes and two producer votes. The only possible course seemed to be to review every point requiring a decision, and to place it in one of those four categories.

Mr. NIKOLIC (Yugoslavia) pointed out that since the three smaller producers could not muster a simple majority of the votes in their group, Turkey would ultimately decide every point. It seemed, therefore, that the question required further consideration.

Mr. AHMI (Iran) agreed that a special formula would have to be devised for voting in the producer group, and that further consultation would be necessary.

The CHAIRMAN suggested that the meeting be suspended to allow the group of producers to reconsider the question of voting in the Committee, and that representatives should meet privately at 9 p.m. that evening with a view to reaching agreement between producers and the consumers on a text for paragraph 178/Rev.1, to be formally adopted the next day.

It was so agreed.

Mr. BLONDEEL (Belgium) asked whether he could submit a draft resolution relating to the presentation of the interim agreement. While the draft as submitted to the Joint Committee was an excellent working document, he thought it failed to take sufficient account of the prerogatives of the legislative bodies of States. The general principles included in the instrument, as well as the budgetary implications, would have to be submitted to the Parliaments of States acceding to the agreement. The details were less the concern of legislative bodies, and more that of Government departments. He suggested, therefore, that the agreement should be redrafted with the help of legal experts before it was submitted to the Commission on Narcotic Drugs or to the Economic and Social Council, and that in its new form it should consist of two parts, one part to include the general principles and budgetary implications, the other to include the detailed provisions of the present draft. The latter could then be amended in accordance with the provisions of Section 57, but the former should be amendable only in the traditional manner, though the procedure might be simplified by a system of amendment by correspondence which would allow Governments to judge whether the matter should be submitted to their Parliaments or not.

If the Joint Committee agreed, he would embody those suggestions in a draft paper.

It was so agreed.

The meeting rose at 6.30 p.m.

NINTH MEETING

Held on Tuesday, 22 August 1950, at 10 a.m.

Chairman: Mr. KRASOVEC

Attendance: As at second meeting

12. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, and

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1 and E/CN.7/188/Corr.1-4; JC/2, JC/2/Corr.1, JC/6, JC/7, JC/8, JC/9, JC/10, JC/11, JC/12, DM/9/Rev.1 and DM/9/Rev.1/Corr.1) (Continued)

Section 33 - Voting in the Committee (Organization of the International Monopoly)(continued)

The CHAIRMAN stated that the conclusions reached in the course of the unofficial discussions held the previous day would be reported for the record.

Mr. DIKER (Turkey) said that, as a result of discussions between the producing countries, the Turkish delegation proposed, on condition that it should be clearly stated in the summary record that the distribution would not affect the production shares agreed on at Ankara, the following allocation of votes, based on the assumption that there were four principal producing countries:

1,000 votes should be divided equally between the four producing countries, and the remaining 4,000 allocated so as to give the following final partition:

India	250 +	280	=	530 shares
Iran	250 +	1,040	=	1,290 "
Turkey	250 +	2,160	=	2,410 "
Yugoslavia	250 +	520	=	770 "

Mr. AFNI (Iran) agreed, but wished it to be clearly specified that the first thousand votes should be equally distributed among the four producing countries, and the remaining four thousand in proportion to their shares in the total world production of opium for medical and scientific needs.

Mr. DIKER (Turkey) agreed.

The CHAIRMAN stated that, as paragraphs 170 b and 170 c had already been covered, paragraph 171 c would be amended to read as follows:

"2,500 votes shall be divided among those of them as import at least one metric ton of opium in proportion to their respective percentages of the world total imports of opium".

Paragraphs 171 d and 171 e would remain unaltered.

Paragraph 173/Rev.1 would be replaced by the following text:

"Each Producer and Consumer may transfer its voting rights under paragraph 3(b) /dans le cas prévu par le paragraphe 3(b)/ for a designated session of the Committee or for any part thereof to another Producer or Consumer party to this Agreement, as the case may be.

Such voting rights shall be exercised by the Producer or Consumer to which they have been transferred in accordance with the provisions of paragraphs 2 and 3 of this Section respectively".

Mr. HOARE (United Kingdom), in agreement with Mr. VAILLE (France), wished to make sure that the text would make it clear that the transfer should be from producer to producer and from consumer to consumer. Hence, paragraph 173/Rev.1 should refer to "voting rights under paragraph 2(b) and paragraph 3(b)."

It was so agreed.

Mr. VAILLE (France) pointed out that the French word "respectivement" would not clarify the text as did the use of the word "respectively" in the English text. It should therefore not be used in the French text.

Mr. HOARE (United Kingdom) expressed the view that it was a mistake to refer, in the second part of paragraph 173/Rev.1 to the exercise of rights. What mattered was the distribution of votes among producers or consumers. He would suggest the following text for the second clause:

"A consumer or producer whose votes have been so transferred shall be represented for the purposes of paragraph 2 or paragraph 3 by

the consumer or producer to whom those votes have been transferred".

The wording would then be more satisfactory than the original statement that voting rights "should be exercised", since the exercise was not in question.

Mr. AMINI (Iran) said that, if he had rightly understood paragraph 171 a as drafted in Conference Room Paper JC/8, as further amended in conjunction with the French proposal, there was no need to amend the text. It was only the votes covered by paragraph 171 b which could be transferred, not those referred to in paragraph 171 a. All that was necessary was to specify that paragraph accurately.

There followed a brief discussion in which Mr. KRUYSSE (Netherlands), Mr. AMINI (Iran) and Mr. DIKER (Turkey) took part, during which the suggestion made the previous day by the observer for the Belgian Government, that producing countries should fall into line with consuming countries on the system of voting, was recalled.

The CHAIRMAN pointed out that the new draft made the position of producers and consumers identical, but that there was no compulsion on either group of countries to transfer a vote; they would merely be provided with an opportunity of doing so, if they desired.

It was finally agreed that the drafting of the paragraphs under discussion should be left to the Secretariat.

The CHAIRMAN proposed that paragraph 178/Rev.1 should be replaced by the following text:

"Except as otherwise provided in this Agreement, all decisions of the Committee shall be taken by simple majority, which shall include a simple majority both of the Producers and of the Consumers taking part in the vote. In the case of a tied vote the Chairman shall decide".

Mr. AMINI (Iran) agreed, but said that during their unofficial discussions the producing countries had decided that, to form a simple majority in their case, there must always be a two-thirds majority.

Mr. NIKOLIĆ (Yugoslavia), replying to a question by the CHAIRMAN, as to the producing countries' conception of a "simple majority" when a decision was to be taken, explained that the four countries concerned considered 51 per cent a simple majority.

Mr. HOARE (United Kingdom) recalled that it had been asked whether the Economic and Social Council would allow any one State to exercise the right of veto. If, in the Regulating Committee as a whole, a simple majority must of necessity include a two-thirds majority of producers, it would be impossible to attain it if one producing country withheld its agreement.

Mr. AMINI (Iran) disagreed. A simple majority in the whole Committee would be 51 per cent of the total votes therein. A simple majority among producing countries would be two-thirds of their total votes. Unless that system were adopted, it would be possible for Turkey plus one small producer (to take a hypothetical case) to impose its will on the other producing countries concerned.

The CHAIRMAN pointed to the further result that such a vote could in effect constitute a veto, not merely where producing countries alone were concerned, but in cases affecting producing and consuming countries alike.

The meeting was suspended at 10.45 a.m. and was resumed at 11.00 a.m.

Mr. AMINI (Iran), in the light of the United Kingdom's observations and an unofficial discussion held during the suspension, accepted the simple majority for decisions of the producing countries, but reserved his right to revert to the question of the distribution of votes.

The revised text of paragraph 178/Rev.1 read out by the Chairman was adopted.

The revised text of paragraph 179/Rev.1 was adopted without discussion.

Mr. VAILLE (France), replying to Mr. NIKOLIĆ (Yugoslavia), wanted to know what would happen in the event of a tied vote in the Regulating Committee. In the business world provision was invariably made for arbitration by an

adjudicator in the event of a dispute, and some similar provision should be made in the agreement.

Mr.KRUYSSE (Netherlands) suggested that a tied vote would be a very unlikely occurrence. If one representative on the Regulating Committee were to vote for instead of against a given proposal, a difference of several hundred votes would be involved, thus making a tied vote almost impossible mathematically, especially as the total number of votes involved would be 5,000 on each side. There therefore seemed no need to provide for arbitration.

Mr. VAILLE (France), in reply to a request from the CHAIRMAN for a specific example of what he had in mind, referred to the decision required to alter the level of the International Monopoly's opium stocks. If a decision to alter the stock level was rejected by a 75 per cent majority, the proposal would be patently defeated, but the Joint Committee should consider the case of a contract which might be essential to the satisfactory working of the International Monopoly. If that majority could not be achieved, the contract could not be signed. Were such a situation to arise in the case of an ordinary commercial undertaking, there would be recourse to arbitration. The same should apply in the case of the Regulating Committee.

Mr. NIKOLIĆ (Yugoslavia) considered that some provision for arbitration was essential. It was proposed that in certain cases, where a simple majority was required for a decision in the Regulating Committee, a 75 per cent majority of consumers should be required. Since producers were also anxious to provide for a three-fourths majority in such cases, it was essential to consider what would happen if the consumers obtained their 75 per cent majority, but the producers failed to do so. Would the proposal in question be considered as rejected ? If either group failed to obtain a 75 per cent majority, there could not be a simple majority in the Committee as a whole. As the representative of France had pointed out, the functioning of the International Monopoly might be affected unless a solution were found to that difficulty.

Mr. HOARE (United Kingdom) said that, though he normally found himself in agreement with the representative of France and had much respect for his proposals, he could not agree with him on the present issue. At a previous meeting, representatives had considered: first, subjects on which the Secretariat had thought there should be unanimity in voting (instead of unanimity, a 75 per cent majority had finally been accepted), and secondly, decisions in which consumers required a 75 per cent majority. The subjects of those two types of decisions were important, but there were not many of them where failure to reach a decision would completely paralyse the International Monopoly. There remained decisions for which a simple majority (including simple majorities within the ranks of consumers and those of producers) was required, and a few for which a simple unqualified majority was required. Those might be important for the day-to-day conduct of the International Monopoly's business. The Director of the Agency would, however, always be present to explain to the Regulating Committee what decisions should be taken for the proper functioning of the International Monopoly, and why. To envisage deadlock was unduly pessimistic.

The operation of arbitration machinery was of necessity a slow process, involving statements of cases and other factors which would make quick decisions impossible. Both consumers and producers would clearly be anxious that the International Monopoly should function, and would be careful to do nothing to put an end to its operation. As a general principle, great care should be taken not to set up, over the Regulating Committee, a higher authority which might, or might not, agree on the way in which the business of the International Monopoly should be conducted.

Cases where arbitration was considered necessary would, in any case, be extremely rare.

Mr. STEINIG (representative of the Secretary-General) proposed that it should be stated in the summary record that it was understood that, should a case for arbitration arise, the Chairman of the Regulating Committee should arrange for impartial arbitration at the earliest possible moment.

Mr. VAILLE (France) concurred, in the main, with the representative of the United Kingdom. It was proposed that voting on the adoption of the Agency's budget should be unanimous. In that case, at least, there should be some provision for arbitration, since, if unanimity was unachievable, the International Monopoly would be unable to function for lack of a budget.

A procedure such as that suggested by the representative of the Secretary-General could only be brought into operation too late, but where the Chairman of the Regulating Committee could forsee that arbitration would be necessary for the proper functioning of the International Monopoly, he should be able to take appropriate measures.

Mr. BLONDEEL (Belgium) recalled that the previous day he had suggested the need for changing the structure of the draft agreement so as to give it a form which would meet with the approval of experienced lawyers, if it were to stand any chance of being approved by the legislatures of the countries wishing to accede to it.

All international agreements included legal provision for arbitration in the case of any dispute concerning its interpretation or application. It was essential that similar provision should be made in the interim agreement for recourse to arbitration.

The CHAIRMAN pointed out that such legal provision for arbitration in the case of disagreement on the interpretation or application of the interim agreement was already made in Section 59 (Disputes). That procedure should not, however, be used to impose on the Regulating Committee decisions which had been defeated as a result of voting within that Committee. There seemed no point in the Joint Committee's having spent so much time and trouble in settling the question of majority voting if provision was also to be made for a defeated representative immediately to invoke arbitration procedure.

Mr. HOARE (United Kingdom) distinguished between the point raised by the observer for the Belgian Government and the case for arbitration at present under discussion. It was true that every treaty embodied a clause bybwhich

disputes on interpretation or application had to be referred to the International Court of Justice. Where the International Monopoly was concerned, however, any disagreements would be between members of the regulating committee of a commercial organization.

Every budget gave rise to dispute, especially in a parliament, where it provided the opposition with a means of endeavouring to defeat the government and gain office. A commercial organization, in which it was necessary to secure agreement between two groups which would remain members whatever budgetary decisions were taken, was very different. Unless agreement on the functioning of the International Monopoly could be reached, it might as well not be brought into existence. There was no question on which recourse to arbitration could be less useful than that of the adoption of a budget. A committee incapable of deciding an issue so fundamental would be better non-existent.

Mr. STEINIG (representative of the Secretary-General) suggested that, in citing as an example the budget of the International Monopoly, the representatives of France and the United Kingdom had made out a convincing case for its adoption by simple majority, since it would be the very basis of the Agency's functioning. There would be ample opportunity within the Regulating Committee for discussion of all budgetary provisions, not on parliamentary lines, but simply to ensure the International Monopoly's proper operation. There therefore seemed no reason for a qualified majority. To obtain a simple majority of consumers and a simple majority of producers might require discussions of inordinate length, the simple majority of the Regulating Committee should therefore be adequate.

Mr. HOARE (United Kingdom) agreed that, in principle, it would be better if the decisions of the Regulating Committee were taken by simple majority. But the complicated structure of voting made it necessary to take precautions to obviate the danger of a defeat of the consumers' side by the transference to the producers' side of the votes of a single consumer. It was only the peculiar voting structure which made a weighted majority desirable.

Mr. VALLE (France) quoted a hypothetical case in which the budget was rejected by an overwhelming majority. The International Monopoly would nevertheless be obliged to incur expenditure if it was to continue to function. Though such a situation was most unlikely to occur, the Chairman of the Regulating Committee (who would be impartial) should have at his disposal a system of appeal swifter than the usual arbitration machinery.

The CHAIRMAN, though admitting that cases necessitating arbitration might arise, could not conceive of their doing so in connexion with the adoption of the budget. A situation of that kind could not be permitted, nor could the judgment of two individuals ever be allowed to decide the budget of the whole International Monopoly.

Mr. NIKOLIC (Yugoslavia) had been convinced by the arguments adduced by the representative of the United Kingdom, and would not press for the provision of arbitration machinery.

Mr. KRUYSSE (Netherlands) thought that two excellent statements of the problem had been put forward by the French and United Kingdom representatives respectively. Both were right. A person who had not been present at the earlier meetings of the Joint Committee might read the draft interim agreement and agree with the representative of France that, in the event of disagreement over important decisions, there should be some way of resorting to arbitration.

It was, however, very unlikely that there would in practice be any failure to reach agreement. The representatives of producing and consuming countries would be accustomed to working together, and each group was necessary to the other.

Even in the case put forward by the representative of the United Kingdom, where the International Monopoly might be prevented from functioning as a result of failure to reach a decision, there was no need to provide for arbitration. It would be enough to indicate in the Joint Committee's report that, as suggested by the representative of the Secretary-General, it was understood that, if differences arose, the Chairman of the Regulating Committee should be bound to find a solution in a particular case. Such a provision would be neither too

strong nor too specific. It would simply show that the Joint Committee had examined the question in the light of all eventualities.

Mr. VAILLE (France) pointed out that if, in the French National Assembly, there was disagreement on the budget, the Government fell. Every deputy, whatever the number of his constituents, had the same number of votes, and could not use them without realizing that he was answerable to public opinion and that his reasons for so using them would be critically reviewed by the electors. If, after the fall of one Government, agreement could not be reached on the budget when re-introduced by the next Government, that Government too would fall, and in certain conditions even the National Assembly might be dissolved. Thus, in effect, the electors represented a court of arbitration.

Though he shared the hope of the representatives of the Netherlands and the United Kingdom that the need for arbitration would never arise, he had never seen a commercial agreement which did not make provision for it. It would not be enough to state, as the representative of the Netherlands had proposed, that the Joint Committee had considered the question; its report should make it clear that, after due consideration of the question, it had been thought that the Chairman of the Regulating Committee should be empowered to arrange for arbitration where necessary.

The CHAIRMAN thought that it would be difficult to resort to arbitration in the case of a vote prescribed by the Agreement. The question was complicated. Since cases in which arbitration would prove necessary might well arise, the requests of various representatives that suitable provision for such a procedure should be included in the interim agreement should be noted in the summary record, and the Commission on Narcotic Drugs asked to investigate the matter with the object of finding a solution which would enable the agreement to be operated.

Mr. KRUYSSE (Netherlands) thought that a solution should be reached in the Joint Committee before the question was referred to the Commission on Narcotic Drugs. He would propose, therefore, since arbitration seemed to be desirable, a clause worded somewhat as follows should be inserted in the

agreement:

"In cases where a decision cannot be reached by the method of voting prescribed, the Committee may decide by simple majority to refer the question to arbitration".

The form of arbitration should be decided by the Regulating Committee.

Mr. SATTANATHAN (India) suggested that the Joint Committee had been mistakenly comparing the procedure to be applied in the case of a commercial organization with parliamentary procedure. A State budget inevitably gave rise to controversy, since the entire life of a country and its inhabitants was affected by budgetary decisions. That was not true of a trade organization, in which the budget was almost entirely determined by arithmetical calculations. It was difficult to visualize the possibility of the total rejection of the Agency's budget, although its every provision might be discussed and, if necessary, revised. For that reason the comparison with a parliamentary budget was unreal.

The references to arbitration were also unreal. Section 59 of the draft agreement provided for arbitration in the case of dispute about the interpretation or application of the agreement. Within the Regulating Committee, the distribution of votes was to be such that a tied vote was inconceivable unless consumers and producers voted wholly independently, in which case the International Monopoly would not be able to function at all, and it would in any event be risky to give the Chair a casting vote. In all other possible cases, there would be a majority of one kind or another, and if a minority remain unconvinced, it would be the duty of the majority to win it over.

It was possible that some provision for arbitration would be necessary, but any decision in the matter should be left to the Chairman, who should be empowered to carry on the work of the Regulating Committee until its next meeting, by which time representatives would have had an opportunity of consulting their Governments. By such means the International Monopoly could be enabled to continue to function. Unless its existence were jeopardized, there would be no need for arbitration.

Mr. HOARE (United Kingdom) expressed complete agreement with the observations of the Chairman and of the representative of India. The comments of the representative of the Netherlands had made it quite clear that the difficulties in the way of providing for arbitration were even greater than had been thought. The agreement stipulated the type of majority required in voting on every conceivable question. There would inevitably be acceptances and rejections; hence it was difficult to see how it could ever be said that a decision had not been reached. By adopting Section 33, the parties to the agreement would commit themselves to a system under which every proposal would have to be accepted by a majority, either simple or qualified. If rejected, the proposal would inevitably be introduced in a modified form, until agreement was finally reached. Finally, it was difficult to envisage either the type of arbitration machinery which could appropriately be set up, or how, and on what qualifications, the arbitrators would be selected and appointed.

Mr. VALLE (France) supported the Chairman's suggestion that the Commission on Narcotic Drugs should be asked to study the question of arbitration, and put forward an appropriate solution.

It was so agreed.

There being no further comments, Section 33 as a whole, as amended, was approved.

Annex A - Price and Quality of Opium (resumed from the seventh meeting)

The CHAIRMAN suggested that to avoid a lengthy discussion about the bases on which prices should be fixed, representatives might agree to hold a secret ballot in which they would give their ideas on a just basis for fixing the price of opium from the four producing countries, and on the extent of the price adjustment to take account of variations in morphine content above or below 12 per cent. The ballot could be absolutely secret, as figures alone would be used.

Mr. AMINI (Iran) said that the question of price was of the utmost importance to producers and consumers alike. He could not agree to its determination by the speculative method of a secret ballot, which he strongly opposed, as it had proved unsuccessful at Ankara when carried out in connexion with the allocation of production shares.

Mr. NIKOLIC (Yugoslavia) stated that those present had met to consider the draft interim agreement and the bases on which prices should be fixed, but not the actual prices themselves. He could see no need for fixing prices in the course of the meeting, and would abstain if any attempt were made to do so.

Mr. STEINIG (representative of the Secretary-General) assumed that representatives had come to the meeting with some ideas concerning the approximate selling and buying prices of opium. The methods adopted at Ankara would do no harm and if representatives proceeded, in private, to exchange their ideas on the subject, direct, some valuable information might be obtained. Such discussions would not be included in the summary record, but would be helpful in eliciting the views of others. Representatives could say what they thought the price should be at the moment of discussion, and the method of price fixing to be adopted could be determined by the price it was hoped to obtain. Representatives should not part without knowing at least the extent of their differences. Whatever could not expediently be stated publicly could be said anonymously, and the Chairman might be authorised to decide whether the results should be made public. Whatever the decision, it was necessary that agreement be reached by November, 1950.

Mr. DIKER (Turkey) supported the representative of Yugoslavia. Producers and consumers were already in unofficial contact, and had ideas, albeit very general ideas, to put forward. It would be more useful to hold unofficial discussions for the remainder of the day.

Mr. SATTANATHAN (India) thought that the meeting was a purely exploratory one in which no binding decisions onprices should be taken. Representatives lacked the necessary instructions from their Governments for taking decisions, and no one country could determine the price of opium for another. If progress was to be made, manufacturers would perhaps state the prices they would be prepared to offer for various brands of opium. Producing countries would find those statements very useful.

Mr. NIKOLIC (Yugoslavia), replying to the representative of the Secretary-General, explained that at Ankara representatives had been asked to fix shares in the annual limited production of opium. In the present instance, they had only to settle a basic system for the fixing of prices, not the prices themselves. Though, in his opinion, a secret ballot would not yield results of any value, all must agree that such a procedure would usefully clarify the position of consumers and purchasers.

Mr. VALLIE (France) saw no objection to a secret ballot. If it gave an indication of the relative values the various countries wished to place on their opium, much time might be saved the next day.

The CHAIRMAN said that, in view of the opposition evinced by the representatives of producing countries, and in view of the fact that they had not been explicitly briefed by their Governments on that point, he would withdraw his suggestion that a secret ballot be held.

The meeting rose at 1.25 p.m.

TENTH MEETING

Held on Tuesday, 22 August 1950, at 3 p.m.

Chairman: Mr. KRASOVEC

Attendance: As at second meeting

13. REPORTS OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES TO CONSIDER THE POSSIBILITY OF CONCLUDING AN INTERIM AGREEMENT FOR LIMITING THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS, AND OF THE MEETING OF REPRESENTATIVES OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES, and

CONSIDERATION OF THE REVISED DRAFT OF THE INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/188, E/CN.7/188/Add.1 and E/CN.7/188/Corr.1-4; JC/2, JC/2/Corr.1, JC/6, JC/7, JC/8, JC/9, JC/10, JC/11, JC/12, JC/13, DM/9/Rev.1, DM/9/Rev.1/Corr.I and MD/1/50) (continued)

General Question of Voting in the Regulating Committee.

The CHAIRMAN asked the meeting to consider working paper MD/1/50, which contained a tabulation of the majority requirements envisaged for decisions of the Committee, as laid down in the draft interim agreement. He asked whether the expression "simple majority" should be considered as implying simply more than half the total votes in the Regulating Committee, or whether it should be considered as implying the requirements of more than half the votes of producing countries and more than half the votes of the consuming countries, unless otherwise provided.

Mr. HOWES (United Kingdom) suggested that the expression should mean simply more than half the votes of the Regulating Committee as a whole, unless otherwise provided.

Mr. VALLIS (France) agreed with the United Kingdom representative, as it was important to provide, wherever possible, for the Committee to act as a whole, and not as two separate groups of interests.

Mr. MIKOLIC (Yugoslavia) considered that there would be only two or three cases requiring a decision by simple majority of the whole, and that it would be simpler to define a simple majority as valid only with the assent of more than half the votes in each group.

Mr. SATTANATHAN (India) suggested that the Joint Committee should review each of the Regulating Committee's possible decisions listed in working paper MD/1/50, to see how many could be considered as falling within the definition in the final text of paragraph 178/Rev.1 agreed that morning,

and that the remaining decisions should thereafter be considered to establish whether they should be taken by a unanimous vote, by a two-thirds majority, or on any other principle. If a meaning other than that given in paragraph 178/Rev.1 were given to the term "simple majority", that would entail re-drafting the greater part of the interim agreement.

Mr. VAILLE (France) urged that the term "simple majority" should continue to mean what it was normally understood to mean, and that the expression "combined majority" should be used in speaking of a majority which was required to include more than half the votes of the producers and more than half of those of the consumers.

After some further discussion, it was so agreed.

The CHAIRMAN asked for comments on the voting required in the case of the decisions envisaged in paragraphs 73-75 of the draft interim agreement, relating to the allocation of production shares.

Mr. HOARE (United Kingdom) pointed out that the consuming countries would have a great interest in the allocation of production shares, as on that allocation would depend their hope of getting the right amount of opium of the qualities they desired. Nevertheless, they considered the procedure to be purely mechanical, as it would involve simply the totting by the Agency of all the requisitions received, and their allocation, according to Annex B, among the producing countries. They were, therefore, willing to agree to adoption of the allocations, worked out by the Agency, by the Regulating Committee by a simple majority of the whole.

Mr. AMINI (Iran) stated that the producing countries would prefer the decision on the allocation of production shares to be taken by a combined majority, in order to safeguard their interests.

Mr. HOARE (United Kingdom) said that, in that case, the consuming countries would wish to protect their own interests, and would also prefer the decision to be taken by a combined majority.

Mr. NJKOLIC (Yugoslavia) thought there was no need to complicate a simple matter of calculation by stipulating a special type of voting, and urged that the allocation of production shares should be approved by a simple majority of the Regulating Committee acting as a whole.

It was so agreed.

The CHAIRMAN suggested that the voting required in the case of decisions covered by paragraphs 76-81, relating to change of allocations of production shares, should be considered in the same light as those just disposed of. The Secretariat draft provided that a simple majority of the whole could ensure a decision, provided that that majority included all producing countries, who might be required to change their plans at a late hour.

It was so agreed.

The CHAIRMAN asked whether a simple majority would be sufficient for a decision on the indication of the area to be sown, dealt with in paragraph 83.

Mr. HOARE (United Kingdom) suggested that the required majority should include the majority of the consumers, and as he understood that the producing country desired a similar provision, he suggested that the decision should be taken by a combined majority.

It was so agreed.

Turning to paragraph 129/Rev.1, relating to the annual percentage addition to or deduction from stocks, the CHAIRMAN asked whether the Joint Committee agreed that, in normal cases, the decision should be taken by simple majority.

Dr. OR (Turkey) proposed that the decision be taken by a combined majority.

It was so agreed.

The CHAIRMAN asked whether, if the annual percentage to be added to or deducted from stocks were greater than the conventional percentage, it would

necessary to maintain the requirement for unanimity.

Dr. OR (Turkey) suggested that in that case the requirement should be a three-fourths majority of the Committee as a whole.

It was so agreed.

The CHAIRMAN asked for comments on the voting on alterations to stock levels, dealt with in paragraph 130/Rev.1, which, as drafted, required unanimity.

Mr. AMINI (Iran) proposed that the decision should be taken by a three-fourths majority of the Committee acting as a whole.

It was so agreed.

The CHAIRMAN asked whether the meeting agreed that a simple majority of the Committee acting as a whole should suffice for a decision on the matters dealt with in paragraph 134/Rev.1 (changes in the obligations of withdrawing parties in regard to stocks), that simple majority to include the assent of the withdrawing party.

It was so agreed.

The CHAIRMAN asked whether there was any objection to a simple majority of the Committee acting as a whole for the decision provided for in paragraph 145 (waiving of the immunity of the International Monopoly in specific cases).

There being no objection, it was so agreed.

The CHAIRMAN recalled that it had been proposed that decisions under paragraph 146 (advance waiving of the immunity of the International Monopoly in specific contracts) should be taken, not by a unanimous vote, but by a three-fourths majority of the Committee as a whole.

It was so agreed.

The CHAIRMAN asked whether there was any objection to making a similar change in the voting required under paragraph 147 (advance waiving of the immunity

of the International Monopoly in respect of defined groups of cases), namely, that a decision should be taken by a three-fourths majority of the Committee acting as a whole.

There being no objection, it was so agreed.

A decision having been taken on paragraph 178 (general voting clause) at the previous meeting, the CHAIRMAN asked if there was any objection to providing for a simple majority to govern decisions on rules of procedure, dealt with in paragraph 180.

There being no objection, it was so agreed.

Referring to the voting required under paragraph 186 (prescription of the form of requisitions, late requisitions and special requests), Mr. HOARE (United Kingdom) proposed that a combined majority be stipulated.

It was so agreed.

Turning to the voting required under paragraphs 189 and 471-473 (approval of the renunciation of a production share), the CHAIRMAN suggested that the provision that decisions would be taken by a simple majority, to include all producers affected, should stand.

It was so agreed.

The CHAIRMAN asked whether any amendment was proposed to the voting provided for under paragraphs 190 and 223-225, relating to the assignment of new production shares. As it stood, the draft provided for a simple majority to include all producers affected. He understood that the consumers wished to provide for the assent of 75 per cent of the consumers to such a decision.

Mr. STENNIG (representative of the Secretary-General) pointed out that if a new party to the agreement were allowed to become a producer, and one of the existing producers was prepared to give up part of its production share to the newcomer, that producer would be the only one affected. On the other hand, all the consumers would be affected, because there would be changes in the quantities of opium of determined quality available.

In response to a request by Mr. AMINI (Iran), Mr. HOARE (United Kingdom) explained that the consumers wished to prevent a snap decision on the assignment of new production shares, should one of the consumers decide to support the producers' group in the Regulating Committee. The consumers had a very serious interest indeed in the qualities of opium available, and the interest of the principal manufacturing countries could only be safeguarded if provision were made that 75 per cent of the consuming group must assent to any re-allocation of production shares.

Mr. NIKOLIC (Yugoslavia) considered that such a provision would give the manufacturers power to decide whether one country or another should be allowed to sell opium to the International Monopoly.

Mr. HOARE (United Kingdom) recalled that the draft interim agreement already provided that the preferences of consumers regarding the qualities of opium should be met as far as possible. His request that 75 per cent of the consumers should be required to assent to any new production share was therefore fully justified.

Mr. NIKOLIC (Yugoslavia) thought it illogical that an agreement for the limitation of the production of opium should make it possible for a new State to accede to the agreement as a producer.

Mr. AMINI (Iran) recalled that paragraph 225 already provided that the affirmative vote of all the consumers was necessary before a decision could be taken as to the percentages of the various qualities of opium to be assigned to parties other than those referred to in Annex B.

Mr. STEINIG (representative of the Secretary-General) pointed out that two questions were dealt with in Section 41. First, there was the question of allowing a new State to become a producer. Under the existing draft, the admission of a new producer would require the agreement of all producers, since all producers would be directly or indirectly affected. The second question related to the percentages of the various qualities of opium to be assigned to

such new producer. There the consumers had a very large interest, and a provision that 75 per cent of the consumers must agree would safeguard the interest of the principal manufacturing countries.

Mr. AMINI (Iran) suggested that the last two lines of paragraph 224 should be amended to require the affirmative vote of all producers.

Mr. STEINIG (representative of the Secretary-General) thought that the text could not be misunderstood as it stood. If country A wished to surrender part or all of its quota to country X, why should country B wish to prevent it doing so?

Mr. AMINI (Iran) pointed out that there was a special Section providing that in the case of renunciation of a share, the consent of all producers would be required, not only the consent of the producer affected. In any case, when a country renounced any part of its share it would be for the Regulating Committee to decide how that share was to be re-allocated. Provision had already been made that any such share would go to Iran, up to a certain percentage.

Mr. NIKOLIC (Yugoslavia) pointed out that all producing countries would be affected by such renunciation.

Dr. OR (Turkey) agreed, and suggested that the word "affected" should be deleted from the last line of paragraph 224.

The CHAIRMAN thought that unnecessary, as all producers could consider themselves affected, particularly since they were reducing their production of opium substantially as a result of the agreement reached at Ankara. However, he would have no objection to the deletion of the word "affected" if the representative of Turkey pressed the point.

Mr. SATTANATHAN (India) thought that any change envisaged under paragraph 224 would be a matter for the Regulating Committee as a whole. As the text stood, it would entitle two or three producing countries to claim the

sole right to produce opium if a fourth producing country failed to carry out its obligations to produce opium for the International Monopoly. He considered, therefore, that the affirmative vote of the majority in both the producer and consumer groups should be required, as in the case of decisions on matters of general importance.

Mr. HOARE (United Kingdom) recalled that any change in production shares contemplated by the Regulating Committee, when there was no question of a new producer entering the field, required the unanimous agreement of all producers and all consumers under the provisions of Section 57. It was reasonable to propose, therefore, that 75 per cent of the consumers should have to consent to a re-allocation caused by the entry of new producers into the field of opium production.

Mr. SATTANATHAN (India) concluded that, if his interpretation of paragraph 224 were correct, the whole of Section 41 would need re-drafting to provide that no assignment of shares involving changes in the shares provided in Annex B could be carried out without amendment of the agreement as provided for in Section 57.

Mr. HOARE (United Kingdom) thought there was no need to re-draft Section 41. It would be sufficient if provision were made in paragraphs 224 and 225 that 75 per cent of the consumers must assent to any change. With regard to producing countries, he understood that there was agreement; paragraph 224 would require the assent of all producers, whereas paragraph 225 would require the assent of only 75 per cent of the producers.

After some further discussion, the CHAIRMAN asked whether there was any objection to amending the words "producers so affected" in paragraph 224 to read "all producers".

There being no objection, it was so agreed.

The CHAIRMAN asked whether it was agreed that decisions under paragraph 224 should be taken by the consent of 75 per cent of the consumers and of all the producers.

It was so agreed.

The CHAIRMAN asked whether there was any objection to providing for decisions under paragraph 225 to be taken by 75 per cent of the consumers and 75 per cent of the producers.

There being no objection, it was so agreed.

The CHAIRMAN asked whether the Joint Committee agreed to a simple majority governing decisions under paragraph 192 (consent to trade outside the International Monopoly).

It was so agreed.

The CHAIRMAN asked for comments on the voting required under paragraph 193 and Annex A, relating to the determination of prices and currency.

Dr. OR (Turkey) requested that decisions should be taken by a combined 75 per cent vote.

It was so agreed.

Referring to decisions under paragraphs 194 and 210-212 (adoption of the budget), Mr. HOARE (United Kingdom) requested provision for decisions to be taken by a simple majority, to include the majority of the consumers.

Dr. OR (Turkey) asked for decision by combined majority.

It was so agreed.

Mr. AMINI (Iran) asked for decision by a combined majority in the case of the limited commission or deduction provided for under paragraphs 194 and 213.

It was so agreed.

Mr. HOARE (United Kingdom) requested that decisions on larger commissions or deductions provided for under the same paragraphs should be taken by a three-fourths majority of the Committee acting as a whole.

It was so agreed.

Mr. AMINI (Iran) proposed that decisions relating to loans and conditions for loans, provided for in paragraphs 195-197 and 214-220, should be taken by a combined 75 per cent majority.

It was so agreed.

The CHAIRMAN asked whether decisions relating to approval of personnel changes under paragraphs 198 and 233-234 could be taken by a simple majority of the Committee.

It was so agreed.

Dr. OR (Turkey) proposed that decisions relating to directives to the Director and the definition of his powers (paragraphs 199 and 249), should be taken by combined majority.

It was so agreed.

The CHAIRMAN asked whether approval of the Director's reports and financial statements could be taken by a simple majority.

It was so agreed.

The CHAIRMAN asked whether requests for information under paragraphs 201-202 could be dealt with by a simple majority.

It was so agreed.

Dr. OR (Turkey) proposed that decisions on the delegation of powers, referred to in paragraphs 203-205, should require a combined 75 per cent majority.

Mr. VALLIE (France) thought it would be sufficient to provide for decisions by a three-fourths majority of the Committee as a whole.

Mr. AMINI (Iran) asked whether it would be possible later to correct errors which might have crept in in the current consideration of voting procedure.

Mr. NIKOLIC (Yugoslavia) also wished to reserve his right to correct errors after the decisions just taken had been embodied in the new draft of the proposed interim agreement.

The CHAIRMAN agreed that errors on minor points which were obviously due to misunderstanding could be corrected, but hoped it would not be necessary to change any point on which substantial agreement had clearly been reached.

He asked whether there was agreement that a decision under paragraphs 203-205 (delegation of powers) should be taken, not by a unanimous vote but by a three-fourths majority, except where unanimity was specially required. Such a case would arise if there were ever any question of delegating the power of amending the agreement.

Mr. VAILLE (France) pointed out that a combined 75 per cent vote would actually require 87½ per cent of the votes cast to be in favour. Provision for a combined 75 per cent majority would therefore suffice in every case of delegation of powers, since there could never be any question of delegating the power to amend the Agreement.

Mr. AMINI (Iran) thought that it would be better to make a special reservation excepting cases requiring unanimous decision, since it was impossible to foresee every possibility.

It was agreed that decisions under paragraphs 203-205 should be taken by a combined 75 per cent vote, except where unanimity was expressly required.

The CHAIRMAN asked whether decisions relating to the revocation of delegation of powers, dealt with in paragraph 206, could be taken by a simple majority of the Committee as a whole.

It was so agreed.

The CHAIRMAN recalled that the producing countries desired decisions on the renewal of the agreement, under the provisions of paragraphs 208 and 301, to be taken by a combined 75 per cent vote.

It was so agreed.

It was agreed that decisions under paragraph 208 (amendment of the agreement) should require a unanimous vote.

Mr. HOARE (United Kingdom) suggested that the provisions for unanimity should be maintained in respect of decisions on annual contributions, provided for in paragraph 222, since that paragraph involved a charge on all parties to the agreement.

Mr. AMINI (Iran) recalled the stress that had been laid on avoiding the requirement of unanimity so far as possible, as insistence on unanimity would enable a single ill-wisher on the Committee to veto its action. He proposed, therefore, that decisions on annual contributions should be taken by a combined 75 per cent majority.

Mr. HOARE (United Kingdom) recognized the force of that argument, but still thought it would be difficult for Governments to accept a provision relating to annual contributions in which the decision could be taken by a group which would not include every party on whom the contribution would be levied.

Mr. SATTANATHAN (India) suggested that the question of voting on annual contributions should be deferred until the section in question had been considered in substance. He had instructions from his Government to submit certain relevant considerations to the Joint Committee, which might affect the matter of voting.

Mr. DYAR (United States of America) recalled his statement in the Meeting of the Principal Drug-manufacturing Countries to the effect that the inclusion of any provision in the agreement providing for an annual contribution would make it necessary to submit the entire Agreement to the United States Congress for the appropriation of the necessary funds.

Mr. AMINI (Iran) assumed that it would in any event be necessary for the agreement to be submitted to the United States Congress for ratification, not only because of its financial implications, but in order to ensure fulfilment of the international obligations it entailed.

The CHAIRMAN again suggested that the question of voting on paragraph 222 should be deferred until the Committee came to consider Section 40 in substance.

Mr. AMINI (Iran) thought the Joint Committee could at once take a decision on what majority would be necessary to decide on the question of annual contributions, regardless of the substantive issue.

Mr. VAILLE (France) thought that, if provision were made in Section 40 that a party could notify the Regulating Committee within 90 days of a decision, that it would be unable to make the contribution in question, it could be decided at once that decisions on annual contributions could be taken by a combined 75 per cent majority. In any case, the legislative body of a contracting party could not be compelled to appropriate the funds for an annual contribution.

Mr. BLONDEEL (Belgium) considered that the principle of whether an annual contribution should be levied or not was a matter to be decided by the legislative bodies of parties to the agreement. The question of the amount of that contribution could be decided by the Regulating Committee. He urged that a distinction should be made between the principle and its application.

Mr. KRUYSSE (Netherlands) understood that the Regulating Committee would request an annual contribution only if it had accidentally suffered severe losses of money or opium. The question was therefore quite different from that of the normal annual contribution paid by Governments to the international organs of which they were Members.

The first draft of Section 40 had provided that a unanimous decision would be required before the Regulating Committee could request parties to make an annual contribution. The same draft had provided that a party having no voting rights might notify the Agency within 90 days that it would be unable to make the contribution. Since a recent decision by the Joint Committee had ensured that all parties would have voting rights, that provision no longer applied. The principle could, however, be applied by providing that annual contributions could be requested if a three-fourths majority of the Regulating Committee approved, and that any party which did not vote for such a request would be entitled to declare its inability to pay within 90 days of that decision.

Mr. AMINI (Iran) considered it illogical that a party should be entitled to vote in the Regulating Committee and at the same time be entitled to shirk its international obligation to make a contribution to the financing of the International Monopoly in case of need.

Mr. NIKOLIC (Yugoslavia) asked whether a party which voted against such a contribution would thereby renounce its place in the Regulating Committee, and would cease to be a party to the agreement.

Mr. VAILLE (France) pointed out that Section 40 provided that a unanimous decision by the Regulating Committee would entitle the latter to request parties to make designated annual contributions. The last phrase of the paragraph wrongly implied that such a request constituted a binding obligation; that implication was not only erroneous, but impracticable, since the Regulating Committee could have no jurisdiction over the funds of governments of Sovereign States. He urged that a decision should be taken at once on the voting required under Section 40, and suggested that it should be taken by a three-fourths majority, with the proviso that any party voting against the decision would be entitled to inform the Committee, within 90 days, of its inability to pay.

Mr. AMINI (Iran) pointed out that, though the Regulating Committee could not be said to have any jurisdiction over the funds of Governments, any party which had ratified the agreement would be under an obligation to make the annual contribution provided for under Section 40.

Mr. PIONDEEL (Belgium) suggested that provision should be made for Governments to make delayed contributions under Section 40, as it might be impossible to arrange for appropriations to be included in the current year's budget.

Following a request by Mr. SATTANATHAN (India), the CHAIRMAN asked whether there was any objection to deferring further discussion of the voting under Section 40 until the Joint Committee considered the substance of that Section.

It was so agreed.

The CHAIRMAN expressed the view that the question of voting under paragraphs 226-231, relating to currency, should also be deferred until the substantive discussion on those paragraphs.

It was so agreed.

The CHAIRMAN asked whether decisions relating to limited reliefs for late requisitions and special requests, provided for in paragraph 231 a, could be taken by a simple majority.

It was so agreed.

Dr. OR (Turkey) requested that decisions relating to unlimited reliefs for late requisitions and special requests, provided for in the same paragraph, should be taken by a combined 75 per cent majority.

Mr. HOARE (United Kingdom) thought that a three-fourths majority of the whole, as in other cases where unanimity had originally been provided, would suffice.

It was so agreed.

The CHAIRMAN asked whether the original draft could stand provided that a simple majority, and the consent of the guarantors of the loan, should release a consumer from the duty to buy opium requisitioned, dealt with in paragraph 231 g.

It was so agreed.

Mr. SATTANATHAN (India) suggested that consideration of the voting on questions relating to the remuneration of staff (paragraph 244/Corr.2) should also be deferred until the substance of the question came up for discussion.

Mr. VAILLE (France) saw no objection to settling the question of the vote in that case, as such a decision would not be binding as to substance. The remuneration of staff would hardly give rise to much discussion in the Regulating Committee, and it was perfectly normal that the Secretary-General should be consulted. He thought a decision could be taken at once on the voting.

The CHAIRMAN agreed with the representative of France. On minor items, the question of the vote could be settled before the substance had been discussed.

The CHAIRMAN suggested that the voting provisions in paragraph 244/Corr.2, should remain as drafted (simple majority).

It was so agreed.

The meeting was suspended at 7 p.m. and was resumed at 7.30 p.m.

In view of the fact that paragraphs 433-499 related to currency, the discussion of which had been deferred, the CHAIRMAN asked whether the provision for a simple majority should be retained in the case of the decision under paragraph 475 (additional production allocation in the case of embargo).

It was so agreed.

The CHAIRMAN stated that, with the exception of clauses relating to currency and contributions, the provisions of working paper MD/1/150 had been approved. To prevent misunderstanding, and to ensure full agreement on substance and details, the meeting would resume consideration of those provisions when the Secretariat had prepared a text embodying the day's amendments.

It was so agreed.

General Question of Inspection (Section 48 and others of the draft interim agreement)

Mr. STEINIG (representative of the Secretary-General) explained that the general question of inspection had been discussed by the representatives of the drug-manufacturing countries during their Meeting, and that the original draft had been twice amended. The second revision was contained in Conference Room Paper JC/2.

During informal discussions in the course of the preceding week, the question of inspection had also been raised by the representatives of the opium-producing countries, in connection with Section 8 (area of cultivation). It had then been stated that inspection was essential if the success of the International Monopoly was to be ensured. It would greatly help in dispelling

misgivings among parties to the agreement, and would assist them to carry out their obligations under it. Far from being a simple police measure, it was intended to further close co-operation between manufacturers and producers with the object of ensuring the proper functioning of the International Monopoly.

Without inspection, there was serious danger that the International Monopoly might prove a failure. It was for that reason that provision for the carrying out of inspection had been included in the first draft. The drug-manufacturing coutries had themselves spontaneously agreed that inspection should be applied universally to all parties to the agreement, though the character of the inspection would differ in the different cases. That decision was similar to that taken by the producing countries at Ankara, when they had agreed to the application of severe sanctions in cases of breach of the agreement by opium-producing countries.

Since the measures contemplated were not applicable to one group of countries only, there seemed nothing to prevent the rapid approval of the provision and of the others connected with it.

Mr. AMINI (Iran) said that the Iranian delegation would raise no objection to the principle of inspection so long as it was not incompatible with national sovereignty. The powers given to the Regulating Committee under Section 49 (information to be supplied by parties) should, however, prove adequate for the purpose.

Paragraph 264/Rev.2 provided for automatic inspection by the Agency, but all unnecessary expense should be avoided. If the representatives of the manufacturing countries wished for further provisions in addition to those in Section 49, the producing countries were prepared to discuss the question.

Mr. STEINIG (Representative of the Secretary-General) apologised for not having drawn a distinction between the penal provisions of Sections 50 and 51 and the provision for regular inspections. Although intended to obviate recourse to sanctions, inspection was not necessarily directly related to sanctions, but was simply one of the commercial functions of the Agency. The

International Monopoly should, from the point of view of trading, be able to send staff to inspect areas devoted to the cultivation of the poppy, crops, stocks and warehouses. It was for that reason that inspection was not mentioned in Section 51, which dealt exclusively with sanctions.

Mr. VAILLE (France) wished to stress the importance of inspection. The views of the French delegation on the need for such provision would be found in the summary records of the Meeting of Representatives of the Principal Drug-Manufacturing Countries. Inspection should perform a two-fold service: that of helping the normal functioning of the International Monopoly, and that of assisting the international control of narcotics. The existing wording of paragraph 264/Rev.2 was satisfactory, but the provisions of the agreement should be so clear that they could not be distorted in bad faith. Further, the Regulating Committee should not be prevented from asking for an inspection for penal purposes. If it were obliged to seek permission every time it sent staff to visit warehouses in the producing countries, the system would be too slow to be effective.

Mr. AMINI (Iran) said that the representative of the Secretary-General had explained that one purpose of inspection was to obviate the necessity for applying sanctions. Governments should, however, be trusted to carry out the international commitments to which they pledged themselves.

If a country were suspected of failure to carry out its pledges, the Regulating Committee might, after warning the Government concerned, ask for an enquiry. An inspection would then be legitimate for the purpose of discovering whether a breach of obligations had occurred, and why.

If the provisions of paragraph 264/Rev.2 and those of Section 49 were telescoped, overlapping and expense might be avoided.

Mr. VAILLE (France) said that the representative of Iran was apparently dissatisfied with the provision contained in paragraph 203 of Section 35, which read: "The Committee shall in particular delegate such of its functions under such conditions as it may seem fit to its Chairman, to several of its Members forming the Committee, to the Director or to Members of the staff of

the Agency, provided...". The Agency itself would not carry out two-fold inspections, but the decision would rest with its Director. If it were necessary to seek permission every time the Regulating Committee desired to send staff to estimate stocks or examine the accounting of a country, the procedure would undoubtedly be too cumbersome. Since warehouses in producing countries might often simultaneously serve as warehouses for the International Monopoly, it was essential that the staff of the Agency should be free to visit all such places, if only from the commercial point of view of estimating its own stocks.

Mr. KRUYSSE (Netherlands) agreed with the representative of Iran that there was a close connection between the Sections relating to inspection and those relating to the information to be supplied by parties and measures to be taken to ensure the execution of the agreement. But he saw no possibility of combining those provisions in one Section.

Inspection would be one of the most important functions of the Agency, and followed normally from the concept of an international monopoly. Without provision for inspection, the objective of the agreement could not successfully be achieved. As the Regulating Committee would be made up of all parties,, however, the scope of the inspection would be very largely determined by the parties themselves. In fact, it would only be necessary to agree on the broad lines to be laid down in the agreement; the detailed scope of the inspection could be left for the Regulating Committee to determine when it came into existence.

Mr. AMINI (Iran) agreed with the representative of France that the Agency could reasonably be allowed to send a representative to inspect the stocks maintained by, and even the staff employed by, national opium monopolies; but he considered it would be giving it too wide powers to allow inspection of the accounts kept by the latter. The desire of the manufacturing countries to ensure the limitation of production would be met by the acceptance on the part of producing countries of inspection of the area to be sown to poppies for the production of opium, and by their acceptance of the sanctions envisaged against producers found to be supplying the illicit trade.

Mr. DYAR (United States of America) agreed with the French representative on the cardinal importance of ensuring effective inspection. That term did not mean routine reports, such as were supplied under the existing Conventions, but true inspection as defined in paragraph 264/Rev.2 of the draft interim agreement. Such inspection would enable producers to co-operate with consumers in limiting the production of opium to medical and scientific needs, and in suppressing the illicit traffic.

Mr. HOARE (United Kingdom) drew attention to Section 51, which contained elaborate provisions for action against any party failing to fulfil its obligations under the agreement. Such provisions were very rare in an international agreement, and had been included with the object of ensuring the limitation of opium production, which was currently very greatly in excess of the quantity needed for medical and scientific purposes. The need for such limitation had been accepted by the producing countries in spite of its economic consequences.

Section 51 was based on the recognized possibility that a State might intentionally or unintentionally violate its obligations under the agreement, and that it would be necessary in such cases to apply sanctions. A necessary counterpart to such provisions was the institution of inspection, since the information leading up to sanctions must be reliably founded. In practice, it was probable that quick action might be taken on information received from an inspector to remedy an administrative fault, and the necessity for applying sanctions thus avoided.

The Government of the United Kingdom had not come to any conclusion on the position it would adopt concerning the interim agreement, but it would certainly consider that it contained inadequate guarantees for the limitation of opium production to medical and scientific needs unless there were provision for inspection of areas sown to opium poppies.

Mr. SATTANATHAN (India) asked whether it was absolutely essential to include provision for international inspection in the agreement, and whether it would not be possible to ensure the required limitation of production and to

guarantee a supply of opium to the drug-manufacturing countries without such provision. Although the parties might be surrendering part of their sovereignty voluntarily, acceptance of inspection would mean a derogation of their sovereignty which they would be unwilling to accept if they felt that any alternative procedure could ensure the same results.

Producing countries could accept inspection of opium production for purely commercial purposes, but paragraph 264/Rev.2 went much farther than that. If producers were to accept such encroachment on their sovereignty, what similar concessions would be made by the manufacturing countries? It was the latter in which the brains, capital and incentive responsible for the demand for illicit opium were to be found. What steps would be taken to put a stop to the activities causing that demand? Would the inspectors of the International Monopoly investigate the measures being taken in consumer countries to stamp out drug addiction?

If inspection were really necessary, it would be better to call it by the name appropriate to its functions, and recognize that the International Monopoly would be operating an international police system. That being so, it was for consideration whether the International Monopoly was the proper authority and would enjoy the prestige necessary for such a purpose, or whether it would not be wiser to operate the international police system more directly under the United Nations itself.

Finally, he expressed the view that the manufacturing countries had pitched their hopes too high. Nevertheless, he would be glad to listen to answers to the points he had raised, and was open to conviction on the value of inspection.

Mr. VAILLE (France) pointed out that paragraph 264/Rev.2 provided that the Agency should carry out inspections in the territories of all parties to the agreement, to ascertain how and to what extent its provisions were being carried out.

Manufacturing countries had obligations under the agreement, which would make them liable to inspection in the same way as producing countries. For

example, should the compensation fund for meeting competition from drugs made from poppy straw be established, the Agency might well desire to carry out inspections to ensure that just compensation was being claimed. A case might also arise in which a manufacturing country was alleged to be buying opium outside the International Monopoly, and the Agency would require inspection facilities in order to ascertain the facts.

As to the name of the inspection procedure, he had no objection to calling it an international police system if that were found preferable.

Manufacturing countries could only derive direct benefit from any assistance the International Monopoly might render by instructing its inspectors to track down the illicit traffic in opium, and the Government of France would be likely to welcome inspection of that kind. It did not seem a logical part of the functions of that Agency, however, to investigate the treatment of drug addicts, since the primary object of the agreement was the limitation of the production of opium.

In conclusion, he declared that inspection would also protect the interests of the producing countries if, for example, it happened that a producing country responsible for part of the 4 per cent of the world's production reserved for new producers began to exceed its quota. In such a case the facts could be reliably ascertained only by the Agency's inspectors.

Mr. STEINIG (representative of the Secretary-General) agreed with the representative of India that acceptance of inspection entailed partial limitation of national sovereignty. There was a precedent in the Rubber Agreement signed at London in 1934, to which France, the United Kingdom, the Netherlands and India, among others, had been parties. Article 17 of that Agreement had provided that each party would furnish to the International Rubber Regulating Committee all information necessary for the proper discharge of the Committee's duties, including facilities for the duly accredited agents of the Committee to investigate the manner in which the provisions of the Agreement were being carried out. The difference lay in the fact that whereas rubber, compared with opium, was a relatively innocent raw material, opium

possessed the dual nature of being indispensable to modern therapy and a destroyer of health and life when abused. The International Monopoly must therefore have a dual character too; it would be a trade agent on the one hand and a control agent on the other.

The control functions of the Monopoly would be exercised by the Director and the Regulating Committee. However, the Secretary-General of the United Nations might request that certain inspections of an investigatory nature be carried out; those inspections would not be limited to the territories of parties to the agreement belonging to the opium-producing or drug-manufacturing groups.

In reply to the question by the representative of India as to whether inspection was really necessary for the purposes of the agreement, he referred to the Preamble to the 1925 Convention, which declared that the contraband trade in opium could not be effectively suppressed except by a more effective limitation of production and manufacture, and a closer control and supervision of the international trade. He recalled, also, the conclusion reached by the Permanent Central Opium Board that the control measures under the existing Conventions had not succeeded in limiting opium production to medical and scientific needs, but that production was vastly superior to the quantity required for those purposes.

There was another more important and infinitely more destructive substance with the same dual nature as opium the control of which was still under discussion. No final conclusion had been yet reached, but all systems of control proposed envisaged international inspection.

With regard to the last question raised by the representative of India, he said that the International Monopoly would be established within the framework of the United Nations, and that its inspectors would be covered by that Organization's high authority.

The meeting rose at 9.45 p.m.