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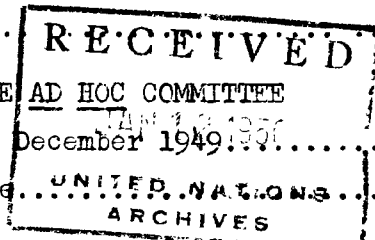
COMMISSION ON NARCOTIC DRUGS

Fifth Session

REPORT OF THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES

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INTRODUCTION

The Ad hoc Committee met at the Faculty of Agriculture of the University of Ankara from 21 November to 7 December 1949 and held a total of 12 meetings. In addition, the representatives of Governments of the principal opium-producing countries held a number of private meetings.

The League of Nations worked for many years on the problem of limiting the annual production of raw opium to that required for the medical and scientific needs of the world, and its plans for bringing the production of this important narcotic raw material under international control had reached an advanced state when the second world war broke out. After the end of the war the United Nations again took up the task, but in the seven intervening years new factors had altered the problem in detail, if not in essence, and it was considered that the approach should be correspondingly modified to take account of them.

The Commission on Narcotic Drugs, to which the responsibility for the work had been transferred, accordingly decided, with the approval of the Economic and Social Council, that the problem should be tackled by states, and that the first step would be for representatives of the Governments of those countries where the greater part of the world's supply of raw opium was produced to agree on how the limited production of the future was to be apportioned among them.

It was primarily to discharge this task that the Ad hoc Committee was called into being, and it was conscious of the great responsibility for the future success of the international control of narcotic drugs, and for the well-being of mankind to which that control was ultimately directed, thus laid upon it.

It was not without difficulty and many adjustments of national interests that the Committee finally reached unanimous agreement on the percentage allocation between the various opium-producing countries of the limited annual production of opium which would in future be required to satisfy the medical and scientific needs of the world, and it desired to emphasize the importance it attached to this decision and the sacrifices such limitation would impose on the people of the countries concerned. It was mindful of the fact that this readiness on the part of a few Governments to subordinate

/the national

the national interests of their respective countries to those of the community of nations might be helpful to those engaged in furthering international co-operation in fields far removed from the control of narcotics.

The Committee elaborated in some detail a proposed structure for the interim agreement required to enable Governments to put into effect their declared intention to limit the production of opium, and decided unanimously that such limitation should be based on estimates of their opium requirements to be furnished annually by Governments to a co-ordinating authority.

It proposed further that at national level the interim agreement should be given effect through Government opium monopolies which would be operated on a generally uniform pattern in all producing countries of which the Governments had become parties to the interim agreement.

The concept of the Government opium monopoly would be applied on the international plane by the creation of an international purchasing and selling agency. This innovation in the field of international relations the Committee considered to be an essential part of the final solution of the allied problems of opium-drug addiction and the illicit traffic in opium and opium-drugs, since it would render valuable assistance in eliminating the considerable over-production of opium which at present fed that trade and made possible the clandestine manufacture of drugs. The agency, which would be established as a non-profit-making, self-supporting corporation, would be under the obligation to buy each year from the opium monopolies of Governments parties to the proposed interim agreement their total production of opium over and above any required for use within the country in question. Such opium monopolies would be entitled to sell only to the agency, which would itself assume the reciprocal obligation of limiting its purchases of opium from those monopolies. Similarly, the agency would have a monopoly in the trade to countries desirous of importing opium for the manufacture of drugs or for other medical or scientific purposes.

Finally, the Committee envisaged the establishment of a co-ordinating authority which, in the name of the parties to the proposed interim agreement, would take the executive decisions required to ensure its smooth application. In particular, it would have functions in connexion with the estimates of their opium requirements to be furnished annually by Governments, and with

/the notification

the notification to each producing country of the proportion of the world production of opium allocated to it each year. The Committee also considered it to be of great importance that the co-ordinating authority should have the power of prescribing sanctions against any party contravening the provisions of the interim agreement, particularly in any case of continued over-production of raw opium.

The Committee was aware that the next stage in the development of the proposed interim agreement should be the consideration of its proposals by a joint meeting of representatives of the principal drug manufacturing countries and of representatives of the principal opium-producing countries with a view to the elaboration of a draft interim agreement for the approval of the Commission on Narcotic Drugs and the Economic and Social Council.

I. ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

1. Representation at the session

(a) The five Members of the Ad hoc Committee were represented as follows:

INDIA	...	Mr. V. H. Coehlo Mr. M. Yunus	(Alternate)
IRAN	...	Dr. A. Amini Mr. Tabatabay Dr. R. Ispahany	(Alternate) (Alternate) (Alternate)
TURKEY	...	Dr. N. Karabuda Dr. C. Or Dr. C. Kiper Mr. S. Celebi Mr. F. Diker Professor C. Teriman Professor V. Taysi Professor K. Köylü Mr. A. Cakman Mr. M. Gökgöl Mr. H. Balkan Mr. V. Gürün Mr. S. Kayihan	(Alternate) (Alternate) (Alternate) (Alternate) (Adviser) (Adviser) (Adviser) (Adviser) (Adviser) (Adviser) (Adviser) (Adviser) (Adviser)

UNION OF SOVIET
SOCIALIST REPUBLICS ---

YUGOSLAVIA	...	Mr. V. Kushevitch Mr. D. Nikolitch Mr. D. Georgijevski	(Alternate) (Adviser)
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(b) The following Members of the Commission on Narcotic Drugs were represented by observers:

CHINA	Mr. Jon Ki-Sin
EGYPT	Dr. M. Labib
FRANCE	Mr. P. Susini
NETHERLANDS	...	Mr. E. S. E. de Jongh
UNITED STATES OF AMERICA	...	Mr. F. Merrill Mr. T. J. Hadraba

(c) Mr. S. Krasovec attended in his capacity as Chairman of the Commission on Narcotic Drugs.

(d) Mr. L. Steinig, Director of the Division of Narcotic Drugs, represented the Secretary-General.

2. Opening of the Session

His Excellency, Mr. K. Bayizit, Minister for Hygiene and Social Welfare, welcomed the Ad hoc Committee on behalf of the Government of Turkey.

3. Adoption of the Agenda

The provisional agenda (E/CN.7/AC.1/L.3), which read as follows, was unanimously adopted:

1. Adoption of the agenda.
2. Election of the Chairman.
3. Consideration of the views and observations of Governments, called for in paragraphs 3 and 5 of the Report of the Sub-Committee of the Commission on Narcotic Drugs to consider the desirability of convening a conference to conclude an interim agreement for limiting the production of opium to medical and scientific needs (E/CN.7/AC.1/L.2).
4. Questions to be considered by the Ad hoc Committee in accordance with its terms of reference:
 - (a) methods of determining world requirements of opium for medical and scientific needs;
 - (b) methods of allocating exports of opium;
 - (c) the establishment of Government monopolies, and the limitation of the production of opium; and
 - (d) the establishment of an international purchasing and selling agency.
5. Other business.

4. Election of the Chairman

The Ad hoc Committee unanimously elected as its Chairman His Excellency, Mr. A. R. Tarhan, President of the Turkish Red Crescent Society.

5. Communication from the Union of Soviet Socialist Republics

The Committee had before it document E/CN.7/AC.1/L.2/Add.1 containing a translation of the text of a letter dated 18 November 1949 addressed to the Secretary-General by the Permanent Representative of the Union of Soviet Socialist Republics to the United Nations setting forth the views of the Government on the decision of the Commission on Narcotic Drugs to convene the Committee.

The Committee took note of the decision of the Government of the Union of Soviet Socialist Republics not to be represented at its meetings.

II. LIMITATION OF THE PRODUCTION OF RAW OPIUM

6. Basis of Limitation

The Committee had before it a Memorandum by the Secretary-General (E/CN.7/AC.1/L.2) giving the views and observations of the Governments of India, Iran, Turkey and Yugoslavia requested in the Report of the Sub-Committee of the Commission on Narcotic Drugs to consider the desirability of convening a conference to conclude an interim agreement for limiting the production of raw opium to medical and scientific needs (E/1361; E/CN.7/186/Annex G).

The representative of Iran said that his country had long been in favour of preventing abuses in the use of opium and of limiting its use to medical and scientific needs, and had indeed taken steps over a number of years to achieve those aims even though such action had already demanded considerable economic sacrifices. All that Iran asked was that a fair share of the limited production should be allocated to her and that this share should be based on the total volume of her opium exports in past years. She should also be entitled to look to friendly countries for economic assistance to enable her to bear the further sacrifices which the reduction in this important crop would impose on her.

The representative of Yugoslavia favoured a quota system for the limitation of opium exports rather than the system of free orders, since such a system would ensure to producing countries a relatively stable volume of exports over a prolonged period, which would allow better agricultural and economic planning. He considered that the quota allocated to each producing country should be based on that country's exports for medical and scientific needs during the years 1925-1940, since exports since 1940 had been greatly affected by the abnormal conditions caused by the second world war. Further, quotas based on total exports would prejudice the exports of Turkey and Yugoslavia, which had in the past been the chief regular suppliers of the medical market; and it was conceivable that such a basis might force a country that a large producer but a small exporter of opium to increase its production in order to fill its quota. Countries which, as a result of the adoption of quotas based on past exports for medical and scientific needs, lost their Far Eastern markets, should certainly be compensated, but not in the form of increased shares of the export trade for the medical market.

/The representative

The representative of India informed the Committee that the Central Government had taken up a series of resolutions, adopted by a conference held in New Delhi in August 1949, in continuance of its policy, of which the Commission on Narcotic Drugs had been informed during its fourth session, to reduce by ten per cent each year the use of opium for other than strictly medical and scientific needs; such use would consequently have been abolished at the end of the ten years. Since that policy had been formulated, total prohibition of such use had been decreed in the Province of Assam.

The first of the above-mentioned resolutions recapitulated the policy of achieving the complete prohibition of the non-medical use of opium during the next ten years, but left each Province or State at liberty to do so sooner if possible. The second resolution called on Provincial and State Governments to curtail the distribution of opium ~~even~~ to registered addicts, and recommended that the whole system of such distribution be brought under strict control by means of a system of medical certificates. The third resolution imposed immediate prohibition of the use of opium for quasi-medical purposes in all ports and coastal towns.

The foregoing measures demonstrated the desire of the Government to hasten the abolition of the quasi-medical use of opium, but it had to be stressed that until such abolition was complete India would need to produce opium for that purpose.

The representative of Turkey reminded the Committee that since 1933 all activities connected with the production of, and trade in, opium had been strictly controlled; the domestic trade, although subject to state control, was nevertheless still free, but a draft bill intended to bring such trade within the purview of the Government opium monopoly was at present before Parliament. For the past seventeen years Turkey had done everything in her power to limit the production of opium, although that production was of very considerable economic importance to her. For the future, she would be quite satisfied with the quota system for exports, provided allocations were equitably established and based on the quantities exported by producing countries over the last fifteen years for medical and scientific needs.

/The Representative

The Representative of the Secretary-General gave the Committee a resumé (see summary record of the third meeting, E/CN.7/AC.1/SR.L.3) of the problems which would require solution if the limitation of production of raw opium to medical and scientific needs was to be achieved, and drew the Committee's attention to certain lines of approach to those problems which the Commission on Narcotic Drugs had considered during its fourth session.

7. World Requirements for Medical and Scientific Needs

The Representative of the Secretary-General pointed out that two methods were available for calculating the annual world requirements of raw opium for medical and scientific needs: an indirect method based on the estimates of needs in morphine furnished by Governments to the Permanent Central Opium Board in accordance with the 1931 Convention, and a direct method based on estimates of opium needs which Governments could be required to furnish under the proposed interim agreement.

The Committee unanimously expressed itself in favour of a direct method based on estimates to be furnished by Governments.

III. FORMULATION OF THE PROPOSED INTERIM AGREEMENT

8. Estimates of Opium Requirements

The representative of India introduced an outline of an article for incorporation in the proposed interim agreement on the subject of the estimates of their annual requirements of opium which Governments would be required to furnish (E/CN.7/AC.1/L.5/Rev.1).

The Committee unanimously decided to adopt the outline of the "Article on Estimates" (Annex, Section A).

9. Allotment to Producing Countries of Shares of Opium Sales

At the request of the Committee the Representative of the Secretary-General submitted an outline of an article dealing with the apportionment of the total amount of opium which the producing countries would be entitled under the proposed interim agreement to sell annually for medical and scientific needs to the international purchasing and selling agency. The article was accompanied by an annex showing the percentage allocation to each producing country.

Having decided that under the proposed interim agreement it would be necessary to apportion among the producing countries the total amount of opium to be produced annually, the Committee had to decide the basis on which the shares to be allocated to the various countries should be calculated. The two bases for calculation proposed by members of the Committee are referred to in Section 6 of the present report, namely: the total exports of opium over recent years, and the exports for medical and scientific purposes only.

The Committee decided to base its calculations on the latter class of exports, but it desired to emphasize that in arriving at the percentage share which it finally agreed to allocate to each producing country, it was possible to use past exports for medical and scientific needs only as a general indication of the reduced share in the world opium production which should be allocated to each country in future. The Committee accordingly desired to bring to the notice of the Commission on Narcotic Drugs that the Government of each of the four producing countries whose representatives had taken part in its deliberations would be called upon to make considerable economic sacrifices under the proposed agreement, and to record that it was deeply sensible of that fact.

The Committee took note of a declaration by the representative of Yugoslavia

/that the

that the Government of that country was prepared to renounce its share of the opium in excess of 450 tons, in any year, which producing countries would be entitled to sell to the international purchasing and selling agency, and that the Yugoslav share of any amount exceeding 450 tons would accordingly be available for distribution among the other producing countries.

The Committee decided to adopt the outline of the "Article on Sales Shares" and the Annex to the proposed interim agreement to which the article referred (Annex, Section B).

The Committee decided to interpret paragraph 2 (c) of the Annex to the proposed interim agreement as meaning that the percentage shares set forth therein could be reviewed, should the Government of any producing country Party to the agreement so request, after the proposed interim agreement had been in force for a full year, and after the international purchasing and selling agency should have purchased one year's opium production on the basis of such percentages.

10. Government Opium Monopolies

The Representative of the Secretary-General, at the request of the Committee, submitted an outline of an article on the constitution and functioning of the opium monopolies to be operated by those Governments of producing countries which became parties to the proposed interim agreement.

After making minor drafting changes, the Committee unanimously decided to adopt the outline of "Article on Government Monopolies" (Annex, Section C).

At the suggestion of the representatives of Iran and Yugoslavia, the Committee unanimously decided that in sub-paragraph (c) of paragraph 3 of the article the words "other than the Government itself" should be construed as meaning "other than the Government itself or Government enterprises".

11. Co-ordinating Authority and International Purchasing and Selling Agency

The Committee had before it a memorandum submitted at its request by the Representative of the Secretary-General on the co-ordinating authority; a proposal by the representative of Iran on the international purchasing and selling agency; and an amendment to this proposal by the representative of India (co-ordinating authority, E/CN.7/AC.1/L.9; international purchasing and selling agency, E/CN.7/AC.1/L.6, E/CN.7/AC.1/L.6/Rev.1 and E/CN.7/AC.1/L.7). These proposals, after some further amendment, were finally combined in a

proposal introduced jointly by the representatives of India and Iran as document E/CN.7/AC.1/L.12.

At the instance of the representative of India, the Committee took note of the special conditions obtaining with regard to quasi-medical uses of opium within that country, and to India's exports of small quantities of opium for similar purposes to certain territories with which she had traditional political or economic ties, or to which she stood in close geographical propinquity. The Committee accordingly recognized the need for modifying, by means of an annex to the proposed interim agreement, the general provisions of the article on the co-ordinating authority and the international purchasing and selling agency (as given in the outline in document E/CN.7/AC.1/L.12), in so far as India's relations with the latter body would be concerned, and in so far as might prove necessary to take account of such quasi-medical uses of opium. The Committee was, however, aware that the need for such modifications would be only temporary, in view of the Government of India's declared intention to suppress entirely the quasi-medical use of opium inside the country within a period of ten years, and to reduce progressively her traditional exports for such purposes.

At the request of the representative of Turkey, the Committee unanimously decided that the rules and regulations governing the operations of the international purchasing and selling agency should contain, inter alia, the following provisions:

- "(a) Should the Government monopoly of a producing country request that its opium be disposed of to a particular importing country, or to particular importing countries, the Agency shall, so far as may be practicable, comply with the request;
- (b) should an importing country request the Agency to supply opium from a certain producing country, the Agency shall, so far as may be practicable, comply with the request; and
- (c) the Agency shall in every case inform an importing country of the country of origin and trade mark of the opium with which it is being supplied."

The Committee took note of the fact that the Government of Yugoslavia, while recognizing that the creation of an international purchasing and selling agency would be both useful and necessary, would communicate to the Secretary-General in due course its final reply on the form that agency should take.

/The Committee

The Committee desired to put forward two alternative proposals for the structure of the co-ordinating authority:

- (a) Subject to the concurrence of the Supervisory Body created under the 1931 Convention, the co-ordinating authority to consist of the Supervisory Body itself, with the addition of one representative appointed by each party to the interim agreement which desires such representation; the Supervisory Body, the group of Government representatives of the opium-producing countries, and the group of Government representatives of the opium-importing countries each to have one vote; and
- (b) the co-ordinating authority to be made up of one representative appointed by each party to the interim agreement which desires such representation, and to meet under an independent chairman, who might be the Chairman of the Supervisory Body; the Chairman, the group of Government representatives of the opium-producing countries and the group of Government representatives of the opium-importing countries each to have one veto.

In making these proposals the Committee had in mind the necessity of reducing to a minimum the cost of administering the co-ordinating authority, and consequently considered that any Government represented thereon should bear the whole cost of such representation.

The Committee finally unanimously decided to adopt the outline of "Article on the Co-ordinating Authority and the International Purchasing and Selling Agency" (Annex, Section D).

12. Quality Control

The Committee considered the outline of an article designed to ensure that the opium which the Government opium monopolies of producing countries would sell to the international purchasing and selling agency under the proposed interim agreement should conform to certain quality specifications.

The Committee unanimously decided to adopt the outline of "Article on Quality Control" (Annex, Section E).

IV. DECISIONS OF THE AD HOC COMMITTEE

13. Resolution of 6 December 1949

The Committee unanimously decided to present its findings and recommendations in the form of a single resolution, which the Secretary-General would be requested to lay before the Commission on Narcotic Drugs during the latter's fifth session. On 6 December 1949 it accordingly unanimously adopted the following resolution:

THE AD HOC COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES,
HAVING CONSIDERED the principles on which an interim agreement for limiting the production of raw opium to medical and scientific needs could be based,

DECIDES

1. To bring to the attention of the Commission on Narcotic Drugs the following outlines of articles which it considers could form the basis for such an agreement:

Estimates (Annex, Section A)
Sales Shares (Annex, Section B)
Government Opium Monopolies (Annex, Section C)
Co-ordinating Authority and
International Purchasing and
Selling Agency (Annex, Section D)
Quality Control (Annex, Section E)

2. To urge the Secretary-General to arrange for a joint meeting of representatives of the principal drug-manufacturing countries and of representatives of the principal opium-producing countries to take place, preferably immediately before the opening of the fifth session of the Commission on Narcotic Drugs but in any event before its close, to consider the outlines of articles referred to in paragraph 1 above, and, if it so desires, a draft interim agreement based on those outlines;

3. To request the Commission on Narcotic Drugs to take all measures necessary to enable the Economic and Social Council to consider, during its eleventh session, any draft interim agreement so elaborated, with a view to making it possible for the interim agreement to be opened for signature during the fifth session of the General Assembly;

4. To recommend:

(a) that the Commission on Narcotic Drugs examine the alternative
/proposals

proposals mentioned in Section 11 of the Report concerning the structure of the co-ordinating authority required under the interim agreement; and

(b) that the Permanent Central Opium Board and the Supervisory Body be invited to authorize their Joint Secretariat to draw up the statement of the estimates of requirements of opium for medical and scientific needs to be furnished annually by Governments under the proposed interim agreement, and generally to discharge the functions of the Secretariat of the co-ordinating authority;

5. To request the Secretary-General, in connection with sub-paragraph (b) of paragraph 1 of the outline of the article on the co-ordinating authority and the international purchasing and selling agency, to investigate the possibilities of fixing the price of opium for the duration of the life of the proposed interim agreement and the currency arrangements required for opium transactions made pursuant thereto, and, if possible, to submit the results of such investigations for the consideration of the joint meeting of representatives of the principal drug-manufacturing and opium-producing countries referred to in paragraph 2 above;

6. To request the Secretary-General to undertake studies to ascertain what machinery would be required for the operation and financing of the international purchasing and selling agency to be set up under the proposed interim agreement and, if possible, to submit such studies for the consideration of the Commission on Narcotic Drugs during its fifth session.

14. Press Communiqué

Since it had held two closed meetings, and because much of the preparatory work on which its decisions were based had resulted from informal exchanges of views between the various representatives, the Committee unanimously decided at the conclusion of its session to request the Secretary-General to issue the following communiqué to the Press:

The international control of narcotic drugs has always been hampered by the great unsolved problem of how to limit effectively the production

/and distribution

and distribution of opium to that required for medical and scientific needs. Considerable production in excess of these needs has been a chronic phenomenon, to which the illicit traffic in opium and opium-drugs, and the clandestine manufacture of such drugs, owe their continued existence.

The League of Nations made several attempts to solve the problem, but its work was interrupted by the war. In the changed conditions now prevailing, the United Nations decided to deal with the problem by stages, the first and most important of which was to obtain the agreement of the principal opium-producing countries on the arrangements needed to limit production. To this end, the Economic and Social Council of the United Nations approved a proposal by its Commission on Narcotic Drugs to convene the Ad hoc Committee of the Principal Opium-Producing Countries, which duly met at Ankara from 21 November to 7 December 1949, and to which the Governments of India, Iran, Turkey and Yugoslavia sent representatives.

In accordance with its terms of reference, the Committee considered the following questions on which it unanimously agreed to make specific recommendations to its parent body, the Commission on Narcotic Drugs; the method to be used for determining the total world requirements of opium for medical and scientific needs each year, and for distributing the limited production among the producing countries of the world; the establishment of Government opium monopolies; the creation of an international purchasing and selling agency; and means whereby effect could be given to executive decisions required under a proposed interim agreement for limiting the production of opium, to which the Governments of all States in which opium is produced or used would in due course be invited to adhere.

The Committee found the most difficult part of its work to be the allocation of production shares to the various producing countries, which was only achieved as the result of mutual concessions on the part of all Governments represented. However, it eventually succeeded in fixing these shares, and has asked the Secretary-General of the United Nations to publish them as soon as possible, in agreement with the Governments concerned. The Committee considers the successful conclusion of this part of its work to be a major achievement which may well provide the basis on

/which

which the future international control of opium will be established.

The international purchasing and selling agency, which the Committee proposes shall be set up, will in fact be an international opium monopoly having the exclusive right to buy opium from producing countries and to sell it to consuming countries. It will be established within the framework of the United Nations as a non-profit-making corporation with commercial functions.

Finally, the Committee recommended to the Commission on Narcotic Drugs that a meeting between representatives of the principal opium-producing countries and of the principal manufacturing countries should be held in April or May 1950 to elaborate, for approval by the Economic and Social Council in July or August 1950, the draft interim agreement which could then be opened for signature during the fifth session of the General Assembly of the United Nations next autumn.

ANNEX

OUTLINES OF ARTICLES FOR THE PROPOSED INTERIM AGREEMENT

A. Estimates

1. Governments shall submit to the co-ordinating Authority not later than 15 March in the year preceding that to which they relate estimates of requirements of raw opium specifying whether the opium is required for:

- (a) Government stocks;
- (b) Manufacture of drugs;
- (c) Preparation of medicinal opium; or
- (d) Other medical and scientific purposes,

with such supporting evidence as may be necessary.

2. The co-ordinating Authority shall satisfy itself that the estimates are fully justified by the needs of the Government concerned for the purposes specified in paragraph 1 of this Article.

3. Any Government may in any year furnish supplementary estimates with an explanation of the circumstances which necessitate them.

4. Should any Government, whether a Party to the Agreement or not, fail to furnish an estimate in the form prescribed in paragraph 1 of this Article within the time limit specified therein, the co-ordinating Authority shall itself make a provisional estimate to the best of its ability. The co-ordinating Authority shall forward to all Governments as soon as possible after 15 March each year, through the intermediary of the Secretary-General of the United Nations, an annual statement of the consolidated estimates of world requirements of raw opium for medical and scientific needs for the year in question.

5. With a view to preventing the over-production of raw opium and the accumulation of unnecessarily large stocks, the Parties to the Agreement shall regard their estimates as "advance orders" to be honoured to the best of their ability.

B. Sales Shares

The Parties to the Agreement agree that, during the life thereof, the amount of opium which the Government of a producing country Party to the Agreement shall be entitled to sell annually for medical and scientific needs to the international purchasing and selling Agency shall be calculated on the basis of the percentage shares laid down in the Annex to the Agreement.

/1. The Parties

1. The Parties to the Agreement agree that, in respect of the percentage shares referred to in Article ... of the Agreement (Article on Sales Shares):

When the requirements of opium, of countries other than producing countries, in any year

do not exceed 450 tons	exceed 450 tons
the percentages shall be:	the requirements in excess of this tonnage shall be apportioned in accordance with the following percentages:

	A	B	C
INDIA	a	+ v	m
IRAN	b	+ w	n
TURKEY	c	+ x	p
YUGOSLAVIA	d	+ y	nil
Reserved for potential exports by other producing countries.....	o	+ z	4
	100	+ 5	100

2. The Parties to the Agreement further agree that:

(a) The quantities of opium represented by the percentages specified in column B above shall be used by the international purchasing and selling Agency to meet such requirements as may arise out of fluctuations in demand, the necessity for building up floating stocks etc;

(b) Should one or more of the countries concerned renounce in respect of any year its right to sell to the Agency all or part of the tonnage of opium represented by the percentage shares specified above, the procedure to be followed shall be:

- (i) an appropriate reduction shall first be made in the percentage reserved for the country or countries in question in column B;
- (ii) should the percentage renounced exceed that provided for in column B, the excess shall be applied to increase the percentage share allocated to IRAN in column A, up to a maximum of "q" per cent, provided that the total allocation to IRAN under columns A and B shall in no case exceed "q" per cent, the
/percentage

percentage under column B being reduced progressively, if necessary, to achieve this end; and

- (iii) should the above procedure still fail to absorb the total percentage or percentages renounced, any further residue shall be applied to reduce proportionately to zero any percentages still remaining under column B, and thereafter to increase the percentages under column A, other than those of the renouncing country or countries, in a manner to be determined so that the total of the percentages in column A shall always be 100;

(c) The Government of any producing country Party to the Agreement shall have the right to request that its percentage share as laid down in paragraph 1 above be revised after the interim Agreement shall have been in force for one year.

N.B. The Ad hoc Committee agreed that:

1. India's share should be subject to the approval of the Government of India; and
2. the figures in paragraphs 1 and 2 (b) (ii) above shall be made public in due course by the Secretary-General in agreement with the Governments concerned.

C. Government Opium Monopolies

1. The Government of any producing country Party to the Agreement shall operate a Government opium monopoly.

2. The general structure, status, organization and mode of operation of Government opium monopolies, whether already established or to be established under the Agreement, shall be similar in all producing countries. The Government opium monopoly shall control all phases of opium production in the country concerned, especially: the designation and delimitation of the areas in which opium poppies are to be grown for the production of opium; the licensing of cultivators; the sowing and cultivation of the crop; the collection of the poppy juice; and the transportation, manipulation, standardization and storage of the opium. The Government opium monopoly shall also supervise the cultivation of opium poppies grown only for seed purposes.

3. The Government opium monopoly shall be

- (a) the sole legal personality having the right to purchase raw opium from

/the cultivator;

the cultivator;

(b) the sole legal personality having authority to sell opium to the international purchasing and selling Agency, or to dispose of it, within the country concerned, for the maintenance of Government stocks, for the manufacture of drugs, for the preparation of medicinal opium, or for other medical and scientific purposes;

(c) the sole legal personality, other than the Government itself, having authority to retain raw opium in stock for more than three months after such opium has been collected.

4. The Government opium monopoly shall require the cultivator to supply raw opium conforming to quality standards which it shall prescribe.

5. The Government of a producing country Party to the Agreement shall:

(a) enact legislation making the exercise by unauthorized persons of the functions and rights of its opium monopoly a penal offence;

(b) apply the provisions of Article 21 of the Convention of 13 July 1931 for Limiting the manufacture and Regulating the distribution of Narcotic Drugs, as amended by the Protocol of 11 December 1946, to the operations of its opium monopoly.

D. Co-ordinating Authority and the International Purchasing and Selling Agency

1. The co-ordinating Authority shall be required to take decisions on behalf of the Parties to the Agreement, as the need therefor may arise.

(a) on matters relating to the apportionment of the percentage shares of the amount of opium to be sold annually to the international purchasing and selling Agency by the opium monopolies of Governments Parties to the Agreement;

(b) on matters relating to the price of opium, and the currency to be used in opium transactions, both to be fixed in agreement with the Governments concerned;

(c) on the level at which the opium stocks of the international purchasing and selling Agency shall be maintained;

(d) in the event of any contravention of the provisions of the Agreement by any Party thereto, on all measures necessary to ensure the future application of the Agreement. In the case of the Government of a producing country, such measures could include the reduction or complete elimination

/of the proportion

of the proportion of the world production of opium which would otherwise be allocated to that Government under paragraph 4, sub-paragraphs (a) and (b), of Article ... of the Agreement (Article on the international purchasing and selling Agency and its relations with the co-ordinating Authority);
(e) on any other issue of policy relating to the functioning of the international purchasing and selling Agency.

2. An international purchasing and selling Agency shall be established under the Agreement, and within the framework of the United Nations and of the existing Conventions on Narcotic Drugs, as the sole legal personality to whom the Government opium monopoly of a producing country shall be entitled to sell its opium, and from whom the Government of an importing country Party to the Agreement shall be entitled to purchase opium.

3. The Agency shall purchase opium only from the opium monopolies of the Governments Parties to the Agreement.

4. The Agency shall, in accordance with the directives of the co-ordinating Authority provided for in Article ... of the Agreement (Article on the co-ordinating Authority), maintain adequate stocks of raw opium for the purpose of satisfying world requirements in years of poor harvest, and for emergency use.

5. In addition to the tasks with which it is charged under Article ... of the Agreement (Article on Estimates), the co-ordinating Authority shall, not later than 1 May each year, inform the Government of each producing country Party to the Agreement of the proportion of the world production of raw opium allocated to it for that year.

This proportion shall be calculated from:

- (a) the amount of opium which the country is entitled to sell to the Agency on the basis of its percentage share as laid down in the Annex to the Agreement;
- (b) the country's allotment, calculated on the same percentage basis, of any amount of raw opium required to adjust the stocks of the purchasing and selling Agency to the desired level (i.e. an addition to, or deduction from, the stock); and
- (c) the amount of raw opium required for the maintenance of Government stocks and for use within the country in accordance with the provisions of

/this Agreement

this Agreement and the existing Conventions on Narcotic Drugs.

6. The Agency shall be obliged to purchase from the Government opium monopoly of a producing country the total annual production of opium, over and above the amount required for use within that country, as provided in paragraph 5 of this Article, subject to the conditions as to quality laid down in Article ... of the Agreement (Article on Quality Control). However, should this production exceed the amount which that country is entitled to sell to the Agency in accordance with the provisions of paragraph 5 of this Article, the Agency shall, at its discretion, so inform the co-ordinating Authority. The co-ordinating Authority may request the Government concerned to furnish a statement of the reasons for such excess production for communication, through the intermediary of the Secretary-General of the United Nations, to the other Parties to the Agreement, and shall take such measures as may be necessary with a view to reducing such excess production in future years.

7. The Agency, when constituted, may purchase under conditions to be determined by the co-ordinating Authority stocks of opium existing in producing countries, the Governments of which are Parties to the Agreement. The acquisition of such stocks shall in no way affect the percentage shares referred to in the Annex to the Agreement.

8. The international purchasing and selling Agency shall be established as a non-profit-making, self-supporting corporation having commercial functions and responsible, through the intermediary of the Secretary-General of the United Nations, to the Parties to the Agreement. Its powers and responsibilities shall be such as to enable it to discharge effectively and promptly the duties attributed to it under the Agreement.

9. The personnel of the Agency shall be recruited on an international basis and be appointed by the Secretary-General of the United Nations. They shall be granted by the Parties to the Agreement the privileges and immunities necessary for the unhindered exercise of their functions.

E. Quality Control

The Governments of producing countries Parties to the Agreement agree that their opium monopolies shall sell to the international purchasing and selling Agency opium of qualities and standards to be determined by the co-ordinating Authority.