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Item 4 of the provisional agenda

REPORT OF THE JOINT COMMITTEE OF THE PRINCIPAL OPIUM-PRODUCING COUNTRIES
AND OF THE PRINCIPAL DRUG-MANUFACTURING COUNTRIES ON THE SECOND PART OF
THE FIRST SESSION

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1. Arrangements for the second part of the first session

1. In its report on the first part of its first session held at Geneva from 14 August to 28 August 1950, the Joint Committee included a request to the Secretary-General to explore the possibilities of its members reconvening before the fifth session of the Commission on Narcotic Drugs to enable them to discuss further decisions of principle relating to the proposed Interim Agreement to limit the production of opium to medical and scientific needs which it desired to communicate to the Commission during that session (see document E/CN.7/201:E/CN.7/AC.4/1, Section 21). The Secretary-General accordingly arranged for the Joint Committee to hold the second part of its first session in November 1950.

2. Representation at the second part of the session

2. The Joint Committee met under the chairmanship of Mr. Stane Krasovec, Chairman of the Commission on Narcotic Drugs, and the representation of states was as follows:

(a) The Principal Opium-producing Countries:

<u>India</u>	Mr. A. N. Sattanathan	Representative
<u>Iran</u>	Mr. A. Amini Mr. A. G. Ardalan	Representative Alternate
<u>Turkey</u>	Mr. C. Or Mr. F. H. Diker Mr. S. Kayihan	Representative Alternate Adviser
<u>Yugoslavia</u>	Mr. D. Nikolic	Representative.
<u>Union of Soviet Socialist Republics</u>		

(b) The Principal Drug-manufacturing Countries:

<u>France</u>	Mr. G. Bourgois Mr. C. Vaille Mr. P. Comar	Representative Alternate Adviser
<u>Netherlands</u>	Mr. A. Krusysse	Representative
<u>Union of Soviet Socialist Republics</u>		
<u>United Kingdom of Great Britain and Northern Ireland</u>	Mr. S. Hoare, C.B. Mr. R. H. Mathew	Representative Adviser
<u>United States of America</u>	Mr. A. J. Anslinger Mr. G. Morlock	Representative Adviser

/(c) The

- (c) The Principal Drug-manufacturing Countries not Members of the Commission on Narcotic Drugs were represented by observers as follows:

<u>Belgium</u>	Mr. J. Errera
<u>Italy</u>	
<u>Switzerland</u>	Mr. B. Schneider Mr. C. Van Muyden

- (d) Mr. Hou- Cheng Wu represented China as an observer
(e) Mr. L. Steinig, Director of the Division of Narcotic Drugs, represented the Secretary-General.

3. Opening of the second part of the session

3. The session was opened by Mr. L. Steinig on behalf of the Secretary-General.

4. Adoption of the agenda

4. The provisional agenda for the second part of the first session read as follows:

- (1) Resumption of the session
- (2) Adoption of the agenda
- (3) Establishment of the basic prices at which the International Opium Monopoly will buy and sell opium (E/CN.7/AC.4/2 - The Movement of Opium prices during the Years 1930-1939 and 1946-1949)
- (4) Other business.

5. After some discussion of whether the wording of the third item was sufficiently broad to allow discussion on all the factors which would require consideration in coming to an agreement on basic opium prices, the provisional agenda was unanimously adopted.

5. Duration of the session and publication of the records

6. The second part of the first session of the Joint Committee was held at the Headquarters of the United Nations at New York from 14 November to 29 November 1950 and a total of twelve meetings were held.

7. All meetings were in closed session, but the Committee decided to request the Secretary-General to publish the present report and the summary records of the meetings.

6. Establishment of the basic price of opium

8. The Joint Committee began its work with a general debate on the measures to be taken to fix the basic prices at which the International Opium Monopoly which would be set up under the proposed Interim Agreement to limit the production of opium to medical and scientific needs would conduct its opium transactions, and during this debate considered the analysis of the movement of opium prices during the years 1930-1939 and 1946-1949 which the Secretary-General had published as document E/CN.7/AC.4/2. Prices for 1950 were not available to the Joint Committee

9. Interest was expressed on the part of the drug-manufacturing countries as to why, as indicated in the document, the average prices paid for opium in the post-war period had risen by approximately 200 per cent in comparison with those paid in 1937, whereas general wholesale prices had only risen by 100 per cent. The opium-producing countries, on the other hand, pointed out that the prices of such commodities as cotton, wool and rubber had increased by considerably more than 200 per cent. It was also questioned in the committee whether the basic statistics from which the deductions and conclusions contained in the document were drawn were on a broad enough basis to permit them to be considered as authoritative.

10. As the debate proceeded it early became clear that there had been little or no change in the viewpoints of the two groups of countries represented on the Joint Committee since the adjournment of the first part of the session in August. The opium-producing countries still considered that it was only on the average prices paid in the years 1947, 1948 and 1949 that equitable basic prices for opium could be established, the representative of Yugoslavia maintaining that those years were the only ones that could be considered if, as had always been intended, the current practices of the opium trade were to be changed as little as possible as a result of the establishment of the International Monopoly.

11. The drug-manufacturing countries equally held to their view that the higher prices for opium that had ruled in the period 1947-1949 did not truly represent its value on the world market at the present time and that the basic prices should consequently be established at a level nearer to the prices that ruled before the war; and in an attempt to find a compromise solution the French delegation proposed that the prices paid in 1950 should serve as a basis for discussion.

12. The representatives of the producing countries stressed the need for paying the opium cultivator a price attractive enough to encourage him to cultivate opium for the legitimate trade. The manufacturers emphasized the ever-increasing competition in their export trade from alkaloids made from poppy straw, and the development of the use of synthetic drugs as a substitute for those derived from opium, and expressed their inability to maintain opium prices at their present high levels. The producers, however, were doubtful whether those factors were really so serious.

13. The manufacturing countries drew attention to the fact that to pay five to six times as much for opium as for other crops must inevitably lead to overproduction, to which the producing countries replied that an important percentage of the price of opium did not go to the farmer but was absorbed by the cost of processing.

14. In an attempt to overcome the absence of agreement, the Joint Committee decided to have recourse again to a sub-committee charged with attempting to reconcile the differences between the two groups. It accordingly elected such a sub-committee composed of the representatives of Turkey and Yugoslavia for the opium-producing countries and of the United Kingdom and the United States of America for the drug-manufacturing countries.

15. The sub-committee, which the representative of India also attended, heard the views both of the opium-producing countries and of the drug-manufacturing countries. The latter again stressed the importance they attached to the competition from synthetic drugs and from poppy straw, and urged that that competition would continue with ever-increasing speed if the prices of opium remained at their present level; alternatively, the manufacturing countries, particularly the United States, might be forced to abandon the import of opium

/and manufacture

and manufacture their opiates from poppy straw, which they could easily produce in large quantities. It was pointed out that in fact synthetic narcotics were already supplanting opiates in the United States.

16. The difficulties to be resolved were made the greater by the uncertainties of the present political situation and members of the sub-committee concluded that, from an economic standpoint, the present time was not very propitious for the immediate fixing of prices for the duration of the life of the Interim Agreement. The sub-committee considered the possibility of fixing the basic prices of opium for two years only, or even for one year only. However, after considerable discussion, it came to the conclusion that the difficulties already referred to in establishing basic prices which could operate for the life of the Interim Agreement would also preclude the establishment of basic prices for any shorter period.

17. The sub-committee reported the tenor of its discussion to the Joint Committee, which accordingly decided to study a procedure which the Secretary-General had worked out at the request of the sub-committee, whereby the question of basic prices could be left for decision at a later stage and which at the same time might permit of a partial realisation at an early date of some of the aims of the proposed Interim Agreement. An outline of this procedure, under which a Protocol is envisaged in addition to the Interim Agreement, is given at Annex A to the present report.

7. The Protocol

18. As will be seen from Annex A the Secretary-General's proposal provides for a Protocol to be signed simultaneously with the Interim Agreement to bring into immediate operation such provisions of the latter instrument as may be possible pending the ratification of the Interim Agreement and the solution of those problems raised by its provisions on which no agreement may have been obtained by the time it is signed.

19. The Joint Committee examined the proposal and amendments to it in detail. The Committee felt that the instrument could not be brought into force without ratification and several representatives and observers thought it could not be brought into force without legislative action. In view of the delays

/involved

involved in this process, it was doubted whether the procedure suggested by the Secretary-General would serve the primary purpose for which it was designed, namely, to hasten the conclusion of the Interim Agreement.

20. The representatives of the producing countries thought there would be yet other difficulties in accepting the proposed instrument. They felt that while the proposed Interim Agreement involved obligations and restrictions for the producing and the manufacturing countries alike, under the proposed instrument, the manufacturing countries were not under any obligation to buy the opium for which they had transmitted estimates; a fact which would create uncertainty conditions in the opium trade, both as regards the prices at which they could expect to sell their opium and as regards the annual production at which they were to aim. Moreover, in those circumstances they would not be prepared to agree to international inspection.

21. To a greater or lesser extent the representatives of the manufacturing countries expressed agreement with the principles of the Protocol, though, as noted above, they reserved their position with regard to its ratification.

22. The representative of India accordingly submitted a number of amendments to the provisions of the Protocol; he proposed that the clauses regarding inspection should be omitted, a number of the principles embodied in the proposal should be accepted and certain safeguards should be given to the producing countries against any attempt by the manufacturing countries to lower the price of opium during the life of the Protocol. No agreement was however reached on this proposal.

23. Under the Protocol the provisions of the 1931 Convention, modified by certain provisions such as the clearing-house system which are applicable to the trade in opium, are to be made extended to that trade. This idea led certain delegations to suggest the possibility of merely extending the 1931 Convention to the trade in opium.

24. During the debate on the Protocol there emerged three questions of fundamental importance to the conclusion of the Interim Agreement, in addition to the matter of the basic prices of opium, on which the Joint Committee was unable to reach agreement. These three questions are referred to in the three following sections of the present report.

8. Inspection

25. The Joint Committee reaffirmed the unanimous conclusion recorded in Section 12 of its report on the first part of its session (E/CN.7/201; E/CN.7/AC.4/1) that "in order to ensure the proper functioning and successful operation of the International Monopoly, some form of inspection will be necessary". The Committee was, however, unable to come to any agreement as to the mode of application of such inspection. The representative of Yugoslavia, supported by the representative of Iran, put forward the view that the term "inspection" might lead to misunderstandings and consequently to difficulties with the Governments which, by becoming Parties to the Interim Agreement, would have to authorize this international operation within their territories, and he accordingly proposed that some phrase such as "measures for the control of the implementation of the Interim Agreement" should be applied to those measures which at Geneva were discussed under the heading of inspection.

9. Competition of alkaloids made from poppy straw

26. The representatives of the European drug-manufacturing countries were deeply preoccupied with the competition which their countries were now meeting in the export trade from alkaloids manufactured from poppy straw, and a number of them were in some doubt whether the provisions of Section 3, paragraph 2 (paragraph reference number 35 a) of the proposed Interim Agreement (E/CN.7/199/Rev.1) would give adequate protection from such competition. Only one solution to this problem seemed acceptable to a certain number of delegations - namely that provided by the proposal to which reference is made in the following Section of the report.

10. The export of alkaloids by opium-producing countries

27. The Joint Committee spent considerable time on the question of the export of alkaloids by countries which would produce opium under the Interim Agreement. As a result of a decision taken by the Meeting of Representatives of the Principal Drug-manufacturing Countries at the beginning of August 1950 (document E/CN.7/200, Section 10), a provision was included in the text of the proposed Interim Agreement (E/CN.7/199/Rev.1; Section 4, paragraph 3 (paragraph reference No. 43/Rev.1)) that opium-producing countries should not export opium

/alkaloids

alkaloids. In the course of the debates at Geneva as well as during the second part of the Joint Committee's session, the drug-manufacturing countries considered that they had a right to ask for such a safeguard for their export markets, but the opium-producing countries, considering it unfair, were unwilling to accept such a restriction on their freedom of action.

23. The representative of India made a compromise proposal that the export of alkaloids by opium-producing countries should be limited to a reasonable percentage of the world export trade in such alkaloids. The manufacturing countries reserved their attitude to accept this proposal; and with a view to facilitating a solution to the problem as well as to those of fixing the basic prices of opium and of the competition from exports of alkaloids manufactured from poppy straw, and to making further progress in the humanitarian fight against drug addiction by providing the maximum possible guarantees for the control of traffic in dangerous drugs, the French delegation submitted to the Joint Committee a proposal to include within the scope of international monopoly operations both an Opium and an Alkaloids Monopoly.

29. The Joint Committee took note of this idea with considerable interest, both from the point of view of its possibilities for solving certain problems to which the Committee had been unable to find a solution, and from the point of view of the wider aim mentioned above, although the representative of India was of the opinion that any discussion on the merits of the proposal was outside the competence of the Committee. Owing to lack of time the Committee was itself unable to express^{ed} final opinion on the proposal, although the Belgian, French, Iranian, Swiss, Turkish and Yugoslav delegations approved it in principle, or indeed to make a detailed study of it, and accordingly decided to recommend to the Commission on Narcotic Drugs that the proposal for the establishment of an International Monopoly of Alkaloids, of which the broad outlines are given in Annex B to the present report, should be carefully studied in all its aspects as speedily as possible.

11. The International assay of opium

30. The Joint Committee considered the desirability of establishing an internationally-accepted method for assaying the morphine, and perhaps the

/codeine,

codeine, content of opium. Questions of packing, sampling and weighing opium were also discussed, and views were expressed that it would be advantageous from a number of points of view if, once the opium trade was reorganized as an international monopoly, standardized methods for these operations could be introduced in all countries which participate in the opium trade, and if in the meantime the standards which manufacturers would like to see observed were communicated to the producing countries.

31. In the debate on assaying, the Committee recalled the work done in the past under the League of Nations in an attempt to establish an international method of assay, and referred to that on which the United Nations was at present engaged to determine the origin of opium by chemical and physical means. Although much work had been done, much still remained, and the Committee realized that it would not be a simple task quickly accomplished to establish such a method. It accordingly decided:

(a) to request the competent authorities of the Principal Drug-manufacturing Countries to communicate their views on methods of packing, sampling and weighing opium to the Secretary-General for the information of the authorities in the Principal Opium-producing Countries;

(b) to request the Secretary-General, after obtaining the above-mentioned views, to study methods of assaying opium in the light of the Secretariat's findings in regard to the determination of the origin of opium by chemical and physical means as may be relevant to the matter, and subsequently, to circulate a paper to the Governments represented on the Joint Committee containing, if possible, a proposal or proposals for standardized methods for assaying opium; and

(c) to recommend to the Commission on Narcotic Drugs, should the Economic and Social Council so agree, that one or more expert committees should subsequently be set up to study the establishment of standardized methods of assaying, and of packing, sampling and weighing opium, respectively.

12. Currency to be used in opium transactions

32. An exchange of views took place in the Joint Committee as to the currency to be used in opium transactions when the trade was reorganized under the International Monopoly, and it was evident that the views on this matter, which had been expressed at the meetings at Geneva, and to which reference was made in Section 15 of the Joint Committee's report on the first part of its session (E/CN.7/201; E/CN.7/AC.4/1), had remained substantially unchanged. In general, the producing countries demanded an assurance that for their opium they would get either convertible currency or commodities which could normally only be obtained in exchange for such currency. The majority of representatives of European manufacturing countries desired, however, to make it clear that the Governments concerned would have great difficulty in accepting any provisions in the Interim Agreement which made payments in convertible currencies obligatory.

33. In connexion with this problem, and with Section 18 of its report referred to above, the Committee was informed of the consultations which the Secretary-General had had with the Organization for European Economic Co-operation (O.E.E.C.), which administers the European Payments Union (E.P.U.) Agreement. The O.E.E.C. had expressed the opinion that the text of paragraph 13 of Annex A to the Interim Agreement, as given in document E/CN.7/199/Rev.1 (paragraph reference number 447), would not conflict with the right and duty of producing countries Parties to the E.P.U. Agreement to use currencies received from the International Monopoly as provided for in that Agreement.

34. The Committee eventually came to the conclusion that, given more time for the discussion of details, it would be able to agree on provisions for suitable currency arrangements for use in opium transactions made by the International Monopoly, and at the same time take into account the differing interests in the matter of the various interested countries.

13. Further development of the Interim Agreement

35. The representative of Turkey put before the Joint Committee a draft resolution containing proposals for the next stage of the development of the Interim Agreement. This draft text was the subject of a number of amendments, and the following resolution was adopted on 29 November 1950:

/THE JOINT

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

DECIDES

1. To draw the attention of the Commission on Narcotic Drugs to the agreement reached during the first part of its first session at Geneva on the general principles underlying the text of the proposed Interim Agreement to limit the production of opium to medical and scientific needs, as given in document E/CN.7/199/Rev.1, and to which it referred in its report on that part of its session (E/CN.7/201: E/CN.7/AC.4/1);
2. To inform the Commission that, during the second part of its first session, it was unable to reach agreement on the following matters:
 - (a) on the price at which the International Opium Monopoly shall conduct its opium transactions;
 - (b) although accepting in principle international inspection of the opium trade when reorganized as an international monopoly, on the precise form that inspection shall take;
 - (c) on the solution of the problem of the export of opium alkaloids by countries producing opium under the Interim Agreement; and
 - (d) on the measures required to meet competition from exports of alkaloids made from poppy straw;
3. To recommend to the Commission that the Joint Committee should hold a further session at an early date to reconsider these matters; and
4. To propose to the Commission that, should the Joint Committee at its next session come to an agreement on the matters referred to in paragraph 2(b), (c) and (d) of this resolution but be unable to agree on basic prices, the text of the Interim Agreement shall be redrafted to provide:
 - (a) treaty machinery to settle this question at any time after signature or even ratification of the Interim Agreement; and
 - (b) for the Interim Agreement to remain inoperative until after this question shall have been settled by the unanimous agreement of the Principal Opium-producing Countries and of the Principal Drug-manufacturing Countries represented on the Joint Committee;

/and that

and that all necessary steps shall then immediately be taken to submit the Interim Agreement thus redrafted to Governments for signature and ratification.

14. Declarations by delegations to the Joint Committee

36. At the end of the second part of the Joint Committee's first session certain declarations were made, as follows:

(a) The representative of France reserved the position of the Government of France with regard to an agreement to limit the production of opium to medical and scientific needs which did not contain a resolution of the problems of the export of alkaloids by opium-producing countries, of competition arising from alkaloids ~~extracted~~ from poppy straw and of the form that international control of the opium trade should take.

(b) The representatives of the Netherlands and the United Kingdom and the observers of Belgium and Switzerland expressed similar views in respect of the Governments they respectively represented.

(c) The representatives of the United Kingdom and of France expressed the view that the conditions under which the International Monopoly would be set up and function ought not, in view of the social legislation in certain countries, be such as to ~~have the effect of~~ increasing the price of medicines or of decreasing their availability, to the detriment of sick persons.

(d) In view of the fact that the danger of addiction to alkaloids extracted from opium was already overshadowed by the appearance of addiction to synthetic drugs and since synthetic drugs seemed capable of reducing the efficacy of the International Opium Monopoly, the French delegation suggested that the Commission on Narcotic Drugs should pay special attention to this problem and in particular should consider its social and medical aspects.

ANNEX A
PROCEDURE TO HASTEN THE CONCLUSION OF THE
INTERIM AGREEMENT

(Proposed by the Secretary-General
at the request of a sub-committee of the
Joint Committee)

I. ARGUMENT

1. The Interim Agreement will require acceptance ("ratification") before it can come into force. Completion of this process cannot be expected, even under the most favourable circumstances, in under two years (i.e. December 1952).
2. The illicit traffic situation has now become so serious that a delay of two years without any action cannot be justified.
3. Should there be no immediate agreement on opium prices, this period of two years might even be considerably extended.
4. Measures should therefore be taken:
 - (a) To ensure that the Interim Agreement shall come into force within two years even if there should be no immediate agreement on opium prices; and
 - (b) To control the production of and trade in opium as effectively as possible until the Interim Agreement comes into force.

II. MEASURES TO BE TAKEN

5. The Interim Agreement in its present form, but modified to provide the treaty machinery to settle points on which immediate agreement cannot be achieved before the Interim Agreement becomes operative (see Paragraph 7 (i) below), should be signed without delay.
6. In addition an instrument (the Protocol) incorporating provisions for controlling production of and trade in opium, and which would not require "ratification" should be signed simultaneously by the signatories of the Interim Agreement. This Protocol would come into force upon signature.
7. The Protocol would provide as follows*:

*Terms are used as defined in the draft of the proposed Interim Agreement (E/CN.7/199/Rev.1).

/Limitation

Limitation of Opium Production

(a) The parties undertake to limit production of and trade in opium exclusively to medical and scientific purposes.

National Monopolies

(b) Parties permitting the production of opium shall establish monopolies in accordance with Section 4 of the Interim Agreement.

Estimates

(c) An estimate system shall be established on the pattern of that provided for in the 1931 Convention, to operate as follows:

- (1) Consumers will annually provide estimates of their consumption, indicating the amounts required of opiums of various origins; and
- (2) On the basis of this information Producers will supply estimates of the amounts of opium they intend to produce for domestic consumption and export, indicating the area (size and location) on which they intend to grow the necessary opium poppies.

International Clearing House

(d) The skeleton International Monopoly (see sub-paragraph (h) Xbelow) will act as an International Clearing House for all international opium transactions in the following way:

- (1) When buying opium an importer will agree with the national monopoly of his choice on the purchase conditions (price, quality, etc.);
- (2) Upon application by the importer for an import authorization the Government of the importing country will submit a copy of such application with a statement of the purchase price (F.O.B. port of export) to the International Monopoly, sending therewith a remittance in convertible currencies of one per cent of the purchase price;
- (3) The Governments of both exporting and importing countries shall not issue the necessary export and import authorizations until notified by the International Monopoly, which shall act with the greatest dispatch, that the transaction in question is within the estimates.

(4) All international shipments of opium shall be accompanied by a copy of the International Monopoly's clearance document.

Information

(e) Parties to the Protocol shall:

(1) Send information as provided for in Article 22 of the 1925 Convention (Statistical information on production, consumption and stocks of opium); and

(2) Within 90 days after signature of the Protocol send information as to their stocks of opium and the whereabouts of such stocks, and as to any area then under cultivation of the opium poppy.

Inspection

(f) Any Party to the Protocol may notify the International Monopoly that it is willing to permit international inspection of the execution of the Protocol within its territory, in which case such permission shall be binding for the duration of the life of the Protocol. Such inspection shall be carried out in close co-operation with the competent national authorities.

Embargo

(g) The embargo procedure under Article 24 of the 1925 Convention shall be extended to include an embargo on the export of opium in case of serious violation of provisions of the Protocol.

International Organs

(h) The international organs provided for in the Interim Agreement (The Regulating Committee and the Agency) shall be established on signature of the Protocol.

Function of the Regulating Committee

(i) The Regulating Committee shall have the following limited functions:

(1) To settle points in the Interim Agreement on which no agreement has been achieved before the signature of that instrument;

(2) After the Interim Agreement has come into force to determine the date or dates on which the various provisions thereof shall become operative;

/ (Decisions taken

(Decisions taken under the preceding two sub-paragraphs (1) and (2) will require a majority including the affirmative votes of all Principal Manufacturing Countries and of all Producers named in Annex B to the Interim Agreement.

A party which has voted against a decision which was adopted will be permitted to withdraw immediately from the Interim Agreement.)

(3) To give general directives to the Agency on such commercial activities as it may be authorized to engage in before the Interim Agreement becomes operative.

Functions of the Agency

(j) The Agency shall have the following limited functions:

(1) To manage the International Clearing House system (sub-paragraph (d) above);

(2) To carry out inspections at the direction of the Secretary-General (sub-paragraph (f) above); and

(3) To take such preparatory measures as may be desirable to permit the International Monopoly to assume its full ~~responsibilities~~ as provided for under the Interim Agreement as soon as that instrument becomes operative (negotiate loans and favourable shipping, insurance and storage arrangements; examine suitable candidates for the Agency's staff; etc.).

Safeguards against unfair competition

(k) The parties to the Protocol shall undertake:

(1) To import opium alkaloids only from parties; and

(2) Not to import opium from any country other than those Producers named in Annex B to the Interim Agreement which shall permit inspection, or such opium when it has been re-exported.

8. It is considered that the power of national administrations to issue or refuse import or export authorizations under the 1925 Convention is sufficient to implement the provisions of the Protocol, thus rendering parliamentary action on the Protocol unnecessary.

ANNEX B

INTERNATIONAL MONOPOLY OF OPIUM ALKALOIDS

Proposal submitted by the representative of France

1. After the discussions held at the opening of the second part of the first session of the Joint Committee, it became apparent that a constructive agreement could not be reached on the following points:

- (a) the fixing of the price of opium;
- (b) the adjustment of opium prices to the requirements of competition from countries which manufacture alkaloids from poppy straw; and
- (c) the exportation of alkaloids by the opium-producing countries.

2. In order to solve these problems, and more especially with a view to ensuring that the proposed objectives of the International Opium Monopoly were completely attained, the French representative proposed that an Alkaloids Monopoly should be set up side by side with the Opium Monopoly.

3. In his view, the establishment of an alkaloids monopoly would provide safeguard with regard to the supervision of the traffic in narcotics and would considerably simplify the technical problems involved. He felt that under present conditions this was the only feasible solution.

4. In his opinion, the following points should be embodied in the instrument setting up an Alkaloids Monopoly side by side with the International Opium Monopoly:

- (a) An International Monopoly of Opium Alkaloids shall be set up simultaneously with an International Opium Monopoly for the purpose of distributing opium alkaloids to all countries other than manufacturing countries;
- (b) The Alkaloids Monopoly shall be the exclusive ~~supplier~~ ^{supplier} of opium alkaloids for all parties to the agreement which have to import the said alkaloids;
- (c) Importers shall be required to place their orders within the limits of the "estimates"; and
- (d) The Alkaloids Monopoly shall be supplied exclusively by manufacturers in countries producing opium alkaloids from opium, in accordance with quotas fixed for each of the alkaloids requested.

ANNEX C

RESOLUTIONS AND DECISIONS OF THE JOINT COMMITTEE

(The references are to the relevant paragraphs of the report.)

The Joint Committee of the Principal Opium-producing Countries
and of the Principal Drug-manufacturing Countries

1. Decides to request the Secretary-General to publish the present report and the summary records of the meetings;

(Paragraph 7)
2. Decides to recommend to the Commission on Narcotic Drugs that the proposal for the establishment of an International Monopoly of Alkaloids, of which the broad outlines are given in Annex B to the present report, should be carefully studied in all its aspects as speedily as possible;

(Paragraph 29)
3. Decides
 - (a) to request the competent authorities of the Principal Drug-manufacturing Countries to communicate their views on methods of packing, sampling and weighing opium to the Secretary-General for the information of the authorities in the Principal Opium-producing Countries;
 - (b) to request the Secretary-General, after obtaining the above-mentioned views, to study methods of assaying opium in the light of the Secretariat's findings in regard to the determination of the origin of opium by chemical and physical means as may be relevant to the matter, and subsequently, to circulate a paper to the Governments represented on the Joint Committee containing, if possible, a proposal or proposals for standardized methods for assaying opium; and
 - (c) to recommend to the Commission on Narcotic Drugs, should the Economic and Social Council so agree, that one or more expert committees should subsequently be set up to study the establishment of standardized methods of assaying, and of packing, sampling and weighing opium respectively;

(Paragraph 31)

4. Decides

(a) To draw the attention of the Commission on Narcotic Drugs to the agreement reached during the first part of the first session at Geneva on the general principles underlying the text of the proposed Interim Agreement to limit the production of opium to medical and scientific needs, as given in document E/CN.7/199/Rev.1, and to which it referred in its report on that part of its session (E/CN.7/201: E/CN.7/AC.4/1);

(b) To inform the Commission that, during the second part of its first session, it was unable to reach agreement on the following matters:

(i) on the price at which the International Opium Monopoly shall conduct its opium transactions;

(ii) although accepting in principle international inspection of the opium trade when reorganized as an international monopoly, on the precise form that inspection shall take;

(iii) on the solution of the problem of the export of opium alkaloids by countries producing opium under the Interim Agreement; and

(iv) on the measures required to meet competition from exports of alkaloids made from poppy straw;

(c) To recommend to the Commission that the Joint Committee should hold a further session at an early date to reconsider these matters; and

(d) To propose to the Commission that, should the Joint Committee at its next session come to an agreement on the matters referred to in paragraph 2 (b), (c) and (d) of this resolution but be unable to agree on basic prices, the text of the Interim Agreement shall be redrafted to provide:

(i) treaty machinery to settle this question at any time after signature or even ratification of the Interim Agreement; and

(ii) for the Interim Agreement to remain inoperative until after this question shall have been settled by the unanimous agreement of the Principal Opium-producing Countries and of the Principal Drug-manufacturing Countries represented on the Joint Committee;

/and that

and that all necessary steps shall then immediately be taken to submit the Interim Agreement thus redrafted to Governments for signature and ratification.

The following reservations were made in respect of the foregoing resolution:

The representative of France: The Government would find it difficult to sign and ratify an agreement to limit the producing of opium to medical and scientific needs which did not contain a resolution of the problems of the export of alkaloids by opium-producing countries, of competition arising from alkaloids made from poppy straw and of the form that international inspection of the opium trade should take.

The representatives of the Netherlands, the United Kingdom and Yugoslavia and the observers of Belgium and Switzerland made reservations which accepted in principle that made by the representative of France.

(Paragraph 35)
