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COMMISSION ON NARCOTIC DRUGS

Fifth Session

SUMMARY RECORD OF THE ONE HUNDRED AND SEVENTH MEETING

Held at Lake Success, New York,
on Tuesday, 5 December 1950, at 2.30 p.m.

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Chairman: Mr. SATTANATHAN

India

Rapporteur: Mr. HOARE

United Kingdom of Great Britain and
Northern Ireland

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| <u>Members:</u> | Mr. SHARMAN | Canada |
| | Mr. HSIA) | China |
| | Mr. TSAO) | Egypt |
| | Mr. LABIB | France |
| | Mr. BOURGOIS) | |
| | Mr. VAILLE) | |
| | Mr. AMINI | Iran |
| | Mr. BABASA | Mexico |
| | Mr. MARTINEZ-LAVALLE) | Netherlands |
| | Mr. KRUYSSSE | Peru |
| | Mr. AVALOS | |
| | Mr. OR | Turkey |
| | Mr. ZAKUSOV | Union of Soviet Socialist Republics |
| | Mr. ANSLINGER | United States of America |
| | Mr. KRASOVIC) | Yugoslavia |
| | Mr. NIKOLIC) | |
| <u>Also present:</u> | Mr. MAY | President of the Permanent Central Opium Board |
| | Mr. ERRERA | Belgium |
| | Mr. VAN MOYDEN | Switzerland |

Representative of a Non-Governmental Organization: Category B:

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| | Mr. MARABUTO | International Criminal Police Commission |
| <u>Secretariat:</u> | Mr. STEINIG | Director of the Division of Narcotic Drugs, Representative of the Secretary-General |
| | Mr. BOLTON | Secretary of the Commission |

/INTERIM

INTERIM AGREEMENT TO LIMIT THE PRODUCTION OF OPIUM TO MEDICAL AND SCIENTIFIC NEEDS (E/CN.7/187, E/CN.7/188, E/CN.7/188/Add.1, E/CN.7/188/Corr.1, E/CN.7/188/Corr.2, E/CN.7/188/Corr.3, E/CN.7/188/Corr.4, E/CN.7/190, E/CN.7/190/Add.1, E/CN.7/190/Corr.1, E/CN.7/190/Corr.2, E/CN.7/191, E/CN.7/191/Add.1, E/CN.7/191/Add.1/Corr.1, E/CN.7/192, E/CN.7/197, E/CN.7/197/Add.1, E/CN.7/198, E/CN.7/200, E/CN.7/201, E/CN.7/201/Corr.1, E/CN.7/201/Corr.2, E/CN.7/203, E/CN.7/204, E/CN.7/AC.4/2, E/CN.7/AC.4/2/Corr.1, E/CN.7/AC.4/2/Add.1, E/CN.7/AC.4/2/Add.1/Corr.1, E/CN.7/AC.4/2/Add.2, E/CN.7/214, E/CN.7/AC.4/3, E/CN.7/215)

The CHAIRMAN said that Mr. Marabuto, representative of the International Criminal Police Commission would present only a written statement on illicit traffic, and would not intervene again in the debate. He was ready, however, to reply to any questions put to him by members of the Commission.

He asked the representative of the Secretary-General to review briefly, for the benefit of those members of the Commission who had not participated in the work at Ankara, Geneva and New York, the research work done so far on methods to limit the production of raw opium.

Mr. STEINIG (Secretariat) noted that the Convention of 1931 had marked the beginning of a period of strict narcotics control. It had become clear, however, that illicit traffic could not be prevented without limiting the production of raw opium to medical and scientific needs. The League of Nations had set up a special committee to study the necessary measures in that regard, and the United Nations had taken over the work from the League of Nations. The conference of the principal opium-producing countries which had met in Ankara had constituted the first step towards achieving the desired limitation of opium production. The principal opium-producing countries had agreed at Ankara to limit the production of opium to medical and scientific needs and to reduce countries' production and export on a quota basis. They had also agreed on the need for establishing an international opium monopoly which would be the only agency authorized to purchase opium from the producing countries and sell it to the manufacturing countries, and for introducing certain reforms in existing government monopolies. The producing countries had agreed to those measures on condition that the countries which manufactured opium would take corresponding action. The Ankara Conference had been regarded as a considerable success as the countries which had accepted the principle of limitation were responsible for 96 per cent of the total world production of opium.

The second step related to the manufacture of opium. It had been necessary to ascertain whether the manufacturers would agree to a limitation of their right to purchase opium wherever they wished, as they had hitherto done.

By a resolution of the Economic and Social Council, a Committee composed of seven of the principal opium manufacturing countries -- four of which were Member States of the United Nations and members of the Commission, one -- Belgium -- a Member State of the United Nations not represented on the Commission, and two, Switzerland and Italy non-Member States, had met in Geneva in August last to study the results of the Ankara Conference. The Committee had stated that it agreed with the ideas and principles set forth in the report of the Conference, and had gone even further by advocating international inspection. In its view, the opium monopoly should be an instrument of international control rather than a commercial agency.

Following the meeting of the seven opium manufacturing countries, a Joint Committee of the principal opium-producing countries and of the principal drug-manufacturing countries had met in Geneva. It had studied and revised the text of the draft agreement which had previously been submitted to the manufacturing countries E/CN.7/201. The Joint Committee had agreed on a number of fundamental principles to be included in the future convention, but had been unable at the time to reach agreement on the important question of the basic price for opium and methods of adjusting the fixed price in accordance with fluctuations on the world market. It was obvious that prior agreement on that question was essential before an opium monopoly such as that envisaged in Geneva and Ankara could function properly.

The Joint Committee had encountered a number of difficulties, and had been unable to reach any agreement on a number of questions such as the methods of international inspection, the export of opium alkaloids from opium-producing countries, and the unfair competition countries manufacturing morphine and its derivatives had to face from countries manufacturing morphine and its derivatives from poppy straw.

The Joint Committee had met on 14 November last in New York and had immediately set about finding a solution to the question of prices. None of the solutions which had been proposed had, however, been adopted.

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When it had become apparent that even if the question of prices were settled, it would take over two years for the constitutional processes necessary to bring the agreement into effect to be completed, the Secretariat, in answer to a request by a Sub-Committee, had proposed that a protocol should be adopted before the convention, which would establish a more rigid control over the production of opium by limiting it strictly to medical and scientific needs. The majority of the Joint Committee had opposed such procedure mainly on constitutional grounds, and in the case of some representatives, on those grounds exclusively. It had been pointed out that the protocol would have to be ratified by legislatures also, so that no time would be saved by its adoption. The Joint Committee had recommended in its report that it should be reconvened as soon as possible in order to reach agreement on the principal controversial questions that had remained unsolved, namely the price of opium, the export of alkaloids by the producing countries, the unfair competition arising from the export of alkaloids made from poppy straw, and methods of inspection. Should that conference be able to agree on all those questions except price, the agreement should be drafted in such a way that it could be opened for signature and ratification before the question of price had been settled. The agreement should provide for treaty machinery by which the price of opium could be agreed upon later. It could be arranged that the interim agreement would not enter into operation until the principal producing and manufacturing countries had reached an agreement on prices.

He pointed out that the Indian delegation had submitted a number of compromise proposals when the question of the protocol had been discussed, but those proposals had not been adopted.

After a year of continued effort, all the questions which had to be settled before an international opium monopoly could be set up had been examined and for the most part settled. Export quotas had been allotted to all the opium-producing countries, and agreement been reached on the principle of limiting production and on the need for international monopoly and international control. Consequently, notwithstanding the disagreement as regards the question of prices, the conditions necessary for the proposed agreement to enter into effect had already been met apart from the exceptions mentioned. The agreement would therefore become effective as soon as the question of prices had been settled. The Joint Committee hoped that the Commission on Narcotic Drugs would show the way to solve the question of prices.

/The CHAIRMAN

The CHAIRMAN asked the representative of the producing and manufacturing countries whether they wished to add anything to Mr. Steinig's statement.

He welcomed the observers from Belgium, Italy and Switzerland.

At the invitation of the Chairman, the observers from Belgium, Italy and Switzerland took their places at the Committee table.

Mr. AMINI (Iran) complimented Mr. Steinig on his excellent statement; he wished only to draw attention to a proposal by the French delegation that an alkaloids monopoly should be set up simultaneously with the opium monopoly.

Mr. HSIA (China) expressed his satisfaction at the progress made during the preceding year towards the establishment of an opium monopoly. He felt convinced that the question of prices could be settled in time. He wished to know, in that connexion, what had been the reasons preventing the Joint Committee from solving the question of prices.

The CHAIRMAN referred Mr. Hsia to paragraph 14 of the Geneva report (E/CN.7/201) and document E/CN.7/AC.4/2.

Mr. ZAKUSOV (Union of Soviet Socialist Republics) asked whether there was any connexion between the provisional agreement and the single draft convention.

Mr. STEINIG (Secretariat) said that the Council resolution 157 (VII) D recommending the adoption of a single convention made it plain in its last paragraph that such a convention should make provision for the limitation of the production of narcotic raw materials.

Such limitation had thus been a preliminary condition for the entry into force of the single convention and the strengthening of international control. The Commission on Narcotic Drugs had recognized that the problem would have to be solved by States and it was in order to do so that it had first acceded to the requests for investigations into the possibility of limiting the production of coca leaf and opium.

If it was possible to apply the Interim Agreement successfully as regards the control of raw materials before the single convention came into force,

/the experience

the experience thus gained would make it possible to set up the machinery for the limitation of raw materials which would be included in the text of the single convention. He drew attention to the terms of paragraph 139 of the draft single convention (E/CN.7/AG.3/3):

Mr. MAY (Permanent Central Board) observed that according to the terms of the draft agreement, the Permanent Central Board and the Supervisory Body would be instructed to carry out certain functions. He would like to know in that connexion whether account had been taken of the need for accurate statistics in due course and what measures were contemplated in order to obtain them. In the 22 years of its existence, the Permanent Central Board had never been able to make a correct estimate of the opium stocks of the various producing countries on the basis of the statistics supplied to it.

Mr. STEINIG (Secretariat) noted that the value of statistics varied in each area according to the general methods of administration. It was not to be expected, consequently, that rigorously accurate statistics could be obtained in certain areas. However, if the Interim Agreement was applied, the measures laid down, such as for example the publication of the area under seed, would undoubtedly make it possible to supply the Permanent Central Board with more accurate information. Those reports moreover would emanate from the international opium monopoly which would see to it that Member States were able to supply all the proper information by providing them where necessary with technical assistance. In other words, the improvement of statistics should be one of the results of setting up the monopoly.

He explained that on page 45 of the revised text of the Interim Agreement it was provided that statistical data should be supplied in accordance with directives which the Permanent Central Board would be called upon to give periodically.

Mr. AMINI (Iran) wondered whether the Permanent Central Board could not itself advise Governments on the statistics they should submit and the best way of doing so.

Mr. OR (Turkey) explained that the statistics had not been so far very accurate where his country was concerned because the domestic opium market had been free and the Government had confined itself to preparing crop estimates. It was well known that estimates of that kind were very inaccurate. As a result of the steps taken by the Turkish Government to limit production, it would be easy to improve the statistics.

The CHAIRMAN, speaking as representative of India, explained that the statistics supplied by his country left much to be desired because so far the Central Government had not had any means of direct control over several of the opium-producing regions.

Mr. MAY (Permanent Central Board) explained that the Permanent Central Board was well aware of the difficulties encountered by the various States. He had wished to say however that accurate statistics were essential to the proper application of an agreement for the limitation of production.

With regard to the question raised by the Iranian representative, the Permanent Central Board was and had always been ready to second one of its members to any Government which would like to receive technical assistance in connexion with the methods to be used in preparing statistics on opium production.

Mr. ANSLINGER (United States of America) wondered how the various countries could supply accurate statistics without placing the opium growers under a licensing system and unless it was provided that the crop statements should be made under oath.

The CHAIRMAN, speaking as representative of India, and Mr. AMINI (Iran) said that all producers in their countries needed licences and sent in statements twice a year, once of the estimated crop and once of the crop itself. As regards Iran, the first statement concerned the area under seed.

Mr. VAILLE (France) noted that at Geneva the chief manufacturing countries had made the institution of an effective system of control à sine qua non of the Agreement.

/The CHAIRMAN

The CHAIRMAN invited the United Kingdom representative to express the views of the drug manufacturing countries.

Mr. MOARE (United Kingdom) did not think that he could add much to the statement by the Secretary-General's representative. Although most members of the Joint Committee had felt somewhat disappointed at the failure of the Committee to reach agreement on the outstanding points, that statement had placed the difficulties in their true light by showing the headway made in one year. Opium producers and the manufacturers of narcotic drugs had reached an agreement on the principle of setting up an international monopoly and had succeeded in stating in precise terms the four remaining serious problems which still had to be solved.

During its second session, held at New York, the Joint Committee of the Principal Opium-Producing Countries and of the Principal Drug-Manufacturing Countries had instructed a sub-committee to study the question of a basic price. That sub-committee had been composed of representatives of Turkey and Yugoslavia for the producing countries, and the United States of America and the United Kingdom for the manufacturing countries, with the Indian representative participating as an observer. The discussion had been frank and friendly and the opposing views could be easily summarized as follows:

The producing countries felt that the basic price should be calculated according to the average price of opium during 1947, 1948 and 1949. The drug-manufacturing countries felt that those three post-war years had been an unstable period for the world opium market and that those prices could not by any means be used to determine the basic price. They had proposed various methods of determining a stable price, all of which had been rejected by the producers because they took into consideration opium prices before the war.

The situation could be recapitulated as follows: on the one hand, the producing countries were asking for a "fair" price which would enable them to pay their farmers sums which would be sufficient reward for their work and substantial enough to encourage them to sell their crops to the Government rather than to dispose of them by other means. The manufacturing countries did not dispute the validity of that reasoning, but emphasized that the international trade in alkaloids was going through a critical period; in fact, the competing

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trade in alkaloids produced from poppy straw was now making great progress and the drug-manufacturing countries had lost certain markets where they had been unable to quote such low prices as those quoted by the countries which produced from poppy straw. At the same time, synthetic drugs were increasingly replacing those derived from opium -- the United States representative had given some striking figures in that respect -- and if the price of opium was to be as high as the producers had proposed, the manufacturers and ultimately the producers might well be the victims of a decrease in the trade in opium which would be replaced by other products; on the whole, the representatives of the producing countries had recognized the force of that point of view.

The difficulties lay in the present conditions of the market. It must be recognized that a more unfavourable time could hardly be chosen to establish an international opium monopoly. It was in those circumstances that the Secretary-General had suggested the adoption of a protocol. That protocol was to prepare the way for the monopoly which would be established as soon as a unanimous decision on the price question could be taken. Since that proposal had not been adopted, it did not, at the time, seem possible to envisage the adoption within a short time of any measures which would make it possible to control or to reduce present over-production and thus no means were left whereby the aims determined at Ankara could be speedily achieved. They would have to wait until the Joint Committee met again and came to some agreement, and a treaty sanctioning the provisions of that agreement was signed. Those preliminaries might well last for two or three more years.

Lastly, he mentioned the French representative's proposal for an international monopoly of opium alkaloids in order to solve the difficulties arising from the competition from poppy straw and also from the export of alkaloids by opium-producing countries. Unfortunately, the Joint Committee had not had the time to study the proposal with the necessary care.

Mr. KRASOVEC (Yugoslavia) paid a tribute to the United Kingdom representative for his objective account of the negotiations in New York. In amplification of the statement made by the preceding speaker, he would merely

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make a few remarks concerning one of the arguments put forward by producing countries in support of their demands. Those countries, Yugoslavia in particular, refused to fix the basic price at the pre-war level because the situation had changed completely during the past ten years, which included the years of the Second World War. It was impossible to fix the price of one raw material alone at the pre-war level. The current price level of capital goods, manufactured goods and agricultural products bore no relation to pre-war prices; the price of opium had risen by only 200 per cent, whereas that of certain other raw materials, in particular of cotton, wool and rubber, had gone up by 400 and even 600 per cent. A basic price could be set at the average price level of opium in 1947, 1948 and 1949 for one or two years until market conditions had become stabilized. The producing countries therefore proposed that those prices should be adopted for one year, or that the price of opium should be allowed to fluctuate freely for the time being. A way must be found to determine and allocate quotas while leaving prices to fluctuate freely. He also wished to emphasize that the price which would be paid to farmers who raised opium poppies would be far below the fixed level owing to the cost of handling, packing and processing which was much higher than in the case of other basic agricultural products such as wool and cotton.

Mr. STAMISAN invited the French representative to review the question of international control and export of alkaloids by opium producing countries.

Mrs. VALLE (France) wished to add a few remarks on the question of basic prices. When considering the economic aspect of the question, its social aspect should also be borne in mind. In the present market conditions, it was unlikely that agreement could be reached on prices. The problem of prices would be solved when the monopoly system came into operation. He recalled, in that connexion, that the Turkish representative had already proposed that provisions for a monopoly should be formulated pending ratification and signature by countries of the interim agreement; he supported the proposal and urged the Commission to leave aside the question of prices and deal with the limitation of opium cultivation, which was the primary objective.

/As regards

As regards the question of international inspection, the representatives of the principal opium-manufacturing countries at the Geneva meeting had realized that certain countries did not have the necessary administrative machinery to comply with the provisions of the draft interim agreement, and had suggested that inspectors be provided to advise those Governments. As a result, the producing and manufacturing countries had agreed that the manufacturing countries should also submit to inspection. It was generally hoped that the consuming countries would state their views on the question. He noted that the question of inspection was closely related to that of co-operation in combating illicit traffic: the connexion between the interim draft agreement and the single convention was therefore clear.

The question of the export of alkaloids by opium-producing countries raised two problems. First, when purchasing from the opium monopoly the opium manufacturers would pay a much higher price than the price of opium in the producing countries; it would therefore be easy for the latter to compete with the opium manufacturers, and such competition would be particularly dangerous as the margin of profit was small. Such practices would be contrary to commercial usage, and the sacrifices which the manufacturing countries would be prepared to make should not be one-sided. In order to solve the problem it was necessary to control the manufacture of alkaloids. Furthermore, the countries which manufactured alkaloids from poppy straw might not comply with the convention, which might endanger the entire system as it would place considerable quantities of narcotics at the disposal of consumers and drug traffickers. Such a situation might considerably favour the cultivation of opium poppy which, if developed, would frustrate all previous efforts.

Mr. MINI (Iran) was glad to note that there was unanimous agreement on the principle of international inspection, but feared that its provisions might be objected to by Governments on the grounds that they constituted interference in their domestic matters. He therefore proposed that such inspection should be officially called measures for the control of the implementation of the interim agreement which should be applicable to both the producing and the manufacturing countries.

The CHAIRMAN

The CHAIRMAN said that the Committee had now all the necessary data for a general discussion. In view of the little time at its disposal to deal with the interim agreement, he proposed that a Sub-Committee should be set up which would meet the following morning to draw up a list of priorities, while the other members of the Commission would consider the report of the second session of the Joint Committee of the Principal Opium-Producing Countries and of the Principal Drug-Manufacturing Countries.

Mr. SHARMAN (Canada) said that he would be ready to begin the consideration of the draft interim agreement the following morning.

Mr. VAILLE (France) thought that as a matter of courtesy, the Commission should give consideration to the views of the consuming countries. He therefore supported the proposal made by the Canadian representative, the only representative of the consuming countries to have stated his view.

Mr. RABASA (Mexico), Mr. KRASOVEC (Yugoslavia), Mr. HOARE (United Kingdom) and Mr. OR (Turkey) also supported the Canadian representative's motion.

The CHAIRMAN ruled that the Commission would begin the consideration of the draft interim agreement the following morning at 10 a.m.

The meeting rose at 5.10 p.m.

11/12 p.m.