

# **UNITED NATIONS SUGAR CONFERENCE, 1956**

## **SUMMARY OF PROCEEDINGS**



**UNITED NATIONS**  
**NEW YORK**

N O T E

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E/CONF.22/7
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15 May 1957
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UNITED NATIONS PUBLICATION
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Sales Number: 1957. II.D. 2
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Price: \$U.S. 0.80; 5/6 stg.; Sw. fr. 3.50  
(or equivalent in other currencies)

## INTRODUCTORY NOTE

This publication summarizes the proceedings of the United Nations Sugar Conference, 1956, which met in New York from 21 May to 20 June 1956 (first session) and at Geneva from 4 October to 2 November 1956 (second session); it contains also the Conference agenda, the list of representatives, the summary records of plenary meetings, the text of the resolutions adopted at the final plenary meeting, the text of the Protocol of Amendment agreed upon by the Conference, the text of the International Sugar Agreement which was opened for signature at London on 1 October 1953 and in which the amendments contained in the Protocol have been incorporated, as well as a statement on the operation of the 1953 Agreement during its first two years prepared by a committee of the International Sugar Council.

The summary records of the nine plenary meetings include the corrections to the provisional summary records which were requested by delegations and such drafting and editorial modifications as were considered necessary.

The summary records of the meetings of the Executive Committee and the Steering Committee, which were held in closed session, have been reproduced as E/CONF.22/EX/SR.1 to 21 and E/CONF.22/BUR/SR.1 to 15 and distributed only to members of those Committees. Separate summary records of the meetings of certain other committees have been made available to their members.

Other Conference documents, such as the rules of procedure (E/CONF.22/2), are available for consultation in the archives of the United Nations Secretariat.

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## SUMMARY

1. On 4 January 1956 the Executive Director of the International Sugar Council, acting on a decision made by the Council at its sixth session, forwarded to the Secretary-General of the United Nations a request that the United Nations sponsor and convene an international sugar conference to be held early in 1956 to review the world sugar situation and its special difficulties and, against that background, to examine the entire working of the 1953 International Sugar Agreement as required by article 42 (2) of that Agreement. The provisions of article 42 (2) read as follows:

"Without prejudice to Articles 43 and 44, the Council shall in the third year of this Agreement examine the entire working of the Agreement, especially in regard to quotas and prices and shall take into account any amendment to the Agreement which in connection with this examination any Participating Government may propose."

In transmitting this request the Executive Director stated that the Council, in the light of experience of the operation of the Agreement to date, was satisfied that its provisions required careful review by all governments interested in international trade in sugar and that, if the existing or any revised instrument of agreement was to be fully effective, a much larger proportion of the trade should be brought within its scope and influence.

2. The Council's request was referred to the Interim Co-ordinating Committee for International Commodity Arrangements for advice in accordance with resolutions 296 (XI), 373 (XIII) and 557 F (XVIII) of the Economic and Social Council.

3. In its report to the Secretary-General, dated 23 January 1956,<sup>1/</sup> the Committee noted that article 42 (2) of the Agreement provided, in effect, for the possibility of a fundamentally new agreement coming into operation at the end of the third year and that a United Nations conference would provide a forum in which Governments not members of the present Council would have an opportunity to discuss the terms of an international sugar agreement in which they would be willing to participate. On the basis of its consideration of these matters the Committee felt that a conference of the type envisaged by the International Sugar Council would in fact fall within resolution 296 (XI) of the Economic and Social Council, namely "measures designed to meet special difficulties which may exist or may be expected to arise concerning a particular primary commodity" since the consideration of such measures and the review of the existing agreement were necessarily closely related. Accordingly, the Committee recommended that the Secretary-General convene a sugar conference at which the International Sugar Agreement of 1953 should form a basis for

discussion and that the International Sugar Council be requested to provide as a basic document a factual statement regarding the operation of the Agreement during its first two years. The Council prepared such a statement which was used at the Conference;<sup>2/</sup> it reviewed the experience gained in the operation of the Agreement and referred to certain economic factors in the marketing of sugar.

4. The Secretary-General convened the first session of the United Nations Sugar Conference at United Nations Headquarters on 21 May 1956. The second session met at Geneva on 4 October 1956. The first session of the Conference was attended by fifty-seven countries, thirty-six having delegation status and twenty-one observer status. The second session was attended by fifty-three countries, thirty-six having delegation status and seventeen observer status. The credentials of all representatives were <sup>3/</sup> examined by a Credentials Committee which met under the chairmanship of Mr. J. J. van der Lee (Netherlands) during the first session and Mr. H. Riem (Netherlands) during the second session.

5. In accordance with resolution 296 (XI) of the Economic and Social Council, the provisional agenda and rules of procedure for the Conference<sup>4/</sup> were prepared by the Interim Co-ordinating Committee for International Commodity Arrangements. The agenda<sup>5/</sup> and the rules of procedure were adopted at the first plenary meeting of the Conference.

6. At the first plenary meeting Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs, welcomed the delegates and opened the Conference on behalf of the Secretary-General of the United Nations. At the second plenary meeting Baron Paul Kronacker (Belgium) was elected Chairman of the Conference; Mr. A. Lopez Castro (Cuba) First Vice-Chairman and Mr. M. Gopala Menon (India) Second Vice-Chairman. At the seventh plenary meeting, held during the second session, Mr. N. T. Gulrajani (India) was elected Second Vice-Chairman in place of Mr. Menon, in view of the latter's inability to attend the session.

7. The Executive Committee held twenty-one meetings. It received the reports of the various committees and discussed and heard statements on the various recommendations made. By this procedure the text of the protocol amending the 1953 Agreement was prepared and submitted to the Conference. The Committee also considered and recommended resolutions for adoption by the Conference.

<sup>2/</sup> Circulated at the Conference as E/CONF.22/R.1 and Corr.1, part of which is contained in annex I to the present publication.

<sup>3/</sup> For the list of representatives, see p. 6, below.

<sup>4/</sup> Circulated as E/CONF.22/1 and E/CONF.22/2, respectively.

<sup>5/</sup> See p. 5, below.

<sup>1/</sup> See Official Records of the Economic and Social Council, Twenty-second Session, Annexes, agenda item 6, document E/2893, annex A.

8. The summary records of the nine plenary meetings of the Conference are attached to the present publication.<sup>6/</sup>

9. The Executive Secretary of the Conference and Secretary of the Executive and Steering Committees was Mr. Perce R. Judd, Chief of the International Trade Relations Section of the United Nations Bureau of Economic Affairs. The secretary of the Statistical and Technical Committee was Miss Margaret Shufeldt, secretary of the International Sugar Council, who served on the Conference secretariat. Mr. Hugh Gosschalk of the United Nations Bureau of Economic Affairs was secretary of the Administrative and Economic Committee. Mr. Denis T. Holland and Mr. Vladimir Fabry of the United Nations Office of Legal Affairs served as legal adviser during the first and second sessions respectively. During the first session Mr. Sidney Merlin and Mr. Nils G. Ehrnrooth of the United Nations Bureau of Economic Affairs served on the secretariat of the Conference, assisting with the work of various committees and working parties. The Director-General of the Food and Agriculture Organization of the United Nations made the services of Mr. Denis K. Britton available to the secretariat of the Conference for the second session; Mr. Britton was secretary of Working Party No. 9.

10. Mr. F. Sheed Anderson, Executive Director of the International Sugar Council, acted as Consultant to the Secretary-General throughout the Conference.

## Principal Committees of the Conference

### Executive Committee

11. An Executive Committee, with powers to set up such committees as it thought necessary and on which each delegation was represented by one representative, was established at the second plenary meeting.

12. The Executive Committee, which also elected Baron Paul Kronacker (Belgium) Chairman of the Conference as its Chairman, was asked to study agenda items 8, 9 and 10 and to report its recommendations to the Conference. At its twentieth meeting the Committee elected Sir Sidney Caine (United Kingdom) Vice-Chairman. The Committee established a Steering Committee, a Statistical and Technical Committee and an Administrative and Economic Committee. It also set up two working parties - the Special Committee of Five and the Legal Drafting Committee - details of which are given in a subsequent section of this summary.

### Steering Committee

13. The second meeting of the Executive Committee approved the following composition of the Steering Committee: Ceylon, China, Cuba, Dominican Republic, France, Federal Republic of Germany, India, Indonesia, Japan, Mexico, Netherlands, Peru, Portugal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, the Chairman of the Conference and the Chairman of the Statistical and Technical Committee. Mr. E. P. Keely (United Kingdom) was elected Chairman. During the second session Sir Sidney Caine (United Kingdom)

was elected Chairman of the Steering Committee in place of Mr. Keely who did not attend that session.

14. The terms of reference of the Steering Committee were, inter alia, to study articles 14 to 23 of the Agreement of 1953 and to report to the Executive Committee. The Steering Committee, which held fifteen meetings, worked closely with the Statistical and Technical Committee and the Administrative and Economic Committee, and on some matters the two latter bodies reported to it. The articles of the 1953 Agreement referred to the Steering Committee dealt with export tonnages, prices and adjustment of export quotas. In addition to hearing statements by its members, the Committee requested all representatives who wished to do so to state their Governments' views on certain provisions of the 1953 Agreement.

15. At its thirteenth meeting during the second session the Steering Committee set up a working party (No. 7 of the Conference) on Price Range and Quota Mechanism, details of which are given in paragraph 20 (viii), below.

### Statistical and Technical Committee

16. With regard to the membership of the Statistical and Technical Committee, delegations were requested to signify their desire to participate, and the Committee was thus composed of representatives of Australia, Belgium, China, Cuba, Czechoslovakia, Dominican Republic, France, Federal Republic of Germany, Haiti, India, Indonesia, Japan, Mexico, Netherlands, Poland, Spain (second session), Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland and United States of America. Mr. D. J. Muir (Australia) was elected Chairman.

17. The Statistical and Technical Committee, which held seven meetings, was requested to estimate the free market sugar requirements for 1956 and for 1957 to 1959, to discuss possible measures for increasing the world consumption of sugar for both food and non-food uses, and to discuss a proposal for amending article 12 of the 1953 Agreement referred to it by the Administrative and Economic Committee. The Committee established a working party (No. 6 of the Conference) on the Promotion of Sugar and a working party (No. 8 of the Conference) on Special Statistics, details of which are given in paragraph 20 (vii) and (ix), below. During the second session this Committee and the Administrative and Economic Committee set up a joint working party (No. 9 of the Conference) on the definition of sugar and the increase of sugar consumption, a description of which is given in paragraph 20 (x), below.

### Administrative and Economic Committee

18. As in the case of the Statistical and Technical Committee, delegations desiring to participate in the Administrative and Economic Committee were asked to enroll their names. This Committee was thus composed of the representatives of Australia, Belgium, Canada (second session), China, Cuba, Czechoslovakia (second session), Dominican Republic, France, Federal Republic of Germany, Haiti, India, Indonesia, Israel, Japan, Mexico, Netherlands, Panama (second session), Philippines, Poland, Spain (second session), Union of

<sup>6/</sup> See p. 14 et seq. below.

South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland and United States of America. Mr. G. H. Janton (France) was elected Chairman.

19. The Administrative and Economic Committee held thirty-one meetings. It discussed articles 1 to 13 and 24 to 46 of the International Sugar Agreement of 1953, as well as a system of price arrangements which might be inserted in the Agreement and the mechanism for adjusting quotas. This Committee established several working parties which are described below.

#### Other committees and working parties

20. The Conference and its main committees set up various working parties or groups during the first and second sessions which are listed below.

(i) A Special Committee of Five composed of the Chairman of the Conference, the Chairman of the Steering Committee, the Chairman of the Statistical and Technical Committee and the heads of the United States and Japanese delegations, was established at the fourth meeting of the Executive Committee. The working party was authorized to engage in consultations on the question of export quotas and basic tonnages, and made recommendations on these matters. Baron Paul Kronacker (Belgium) was Chairman.

(ii) Working Party No. 1 on the Definition of Sugar, set up at the first meeting of the Administrative and Economic Committee, was composed of representatives of Australia, Belgium, Cuba, Dominican Republic, Philippines and United States. Mr. J. A. Guerra (Cuba) was Chairman.

(iii) Working Party No. 2 on Price Arrangements, established at the fourth meeting of the Administrative and Economic Committee, consisted of representatives of Cuba, Dominican Republic, France, Japan, United Kingdom, United States and Mr. F. Sheed Anderson, Consultant to the Secretary-General. Mr. G. H. Janton (France) was Chairman.

(iv) Working Party No. 3 on Legal Aspects was set up at the fifth meeting of the Administrative and Economic Committee. Representatives of Cuba, Dominican Republic, Mexico, Union of South Africa, United Kingdom and United States participated under the chairmanship of Mr. J. J. Cyzak (United States). Mr. A. Vargas Gomez (Cuba) served as Chairman during the second session. In the course of the Conference this working party also discussed and reported on various matters at the request of other committees of the Conference.

(v) Working Party No. 4 on Adjustment of Production in Importing Countries met under the chairmanship of Mr. P. T. Wheen (Australia). It was set up at the sixth meeting of the Administrative and Economic Committee and consisted of representatives of Australia, Cuba, Federal Republic of Germany, Japan, Mexico and United States.

(vi) Working Party No. 5 on Reconsideration of Proposals on Price Arrangements was composed of representatives of Australia, Cuba, Dominican Republic, France, India, Japan and United States. It was set up at the eighth meeting of the Administrative and Economic Committee and Mr. R. J. S. Muir (Australia) was Chairman.

(vii) Working Party No. 6 on the Promotion of Sugar Consumption was set up at the third meeting of the Statistical and Technical Committee. Representatives of Cuba, Indonesia, Japan, Mexico, United Kingdom and United States participated under the chairmanship of Mr. D. H. McPhail (United Kingdom).

(viii) Working Party No. 7 on Price Range and Quota Mechanism was established by the Steering Committee at its thirteenth meeting during the second session. Representatives of Australia, Ceylon, China, Cuba, Dominican Republic, France, India, Japan, Union of Soviet Socialist Republics and United States served on this working party. Sir Sidney Caine (United Kingdom) was Chairman; Baron Kronacker (Belgium), as Chairman of the Conference, served as an ex officio member.

(ix) Working Party No. 8 on Special Statistics was set up at the sixth meeting of the Statistical and Technical Committee (a) to examine the statistics of production, consumption and trade for recent years for Brazil, Indonesia and Peru and to consider the prospects for production, consumption and trade for those countries in the next two years; and (b) to consider the quota surrenders for 1956 and the expected quota surrenders for 1957. Membership consisted of representatives of Brazil, Czechoslovakia, Cuba, Indonesia, Peru, United Kingdom and United States. Mr. D. J. Muir (Australia, Chairman of the Statistical and Technical Committee) was Chairman of the working party.

(x) Working Party No. 9 on the Definition of Sugar and Promotion of New Uses was a joint working party set up by the twentieth meeting of the Administrative and Economic Committee and by the sixth meeting of the Statistical and Technical Committee. It was asked to consider the definition of sugar and the increase of sugar consumption both for food and non-food uses, including the implementation of article 26 of the 1953 Agreement. Membership consisted of the membership of Working Party No. 1 on the Definition of Sugar and that of Working Party No. 6 on the Promotion of Sugar Consumption, with the addition of the representatives of Haiti, India and the Netherlands. Thus the working party was composed of the representatives of Australia, Belgium, Cuba, Dominican Republic, Haiti, India, Indonesia, Japan, Mexico, Netherlands, Philippines, United Kingdom and United States. Mr. J. A. Guerra (Cuba) was Chairman.

(xi) A Legal Drafting Committee was established at the eighteenth meeting of the Executive Committee to ensure consistency in the text of the Agreement as amended and between the different versions of the text in the several languages in which it was to be prepared. Representatives of Belgium, Cuba, Dominican Republic, France, Japan, Union of Soviet Socialist Republics, United Kingdom and United States participated. The Chairman was Mr. Hollis (United States).

21. The Conference concluded a Protocol of Amendment<sup>2/</sup> to the International Sugar Agreement of 1953 which was open for signature at London from 1 to 15 December 1956 by the Governments Parties to the Agreement. Article 4 of the Protocol provided that it would enter into force on 1 January 1957 if by that date

<sup>2/</sup> See p. 34 below.

Governments of countries holding 60 per cent of the votes of importing countries and 75 per cent of the votes of exporting countries had ratified or accepted the Protocol or acceded to the Agreement as amended or undertaken to seek ratification, acceptance or accession as rapidly as possible under their constitutional procedures. These conditions were met and the amended Agreement<sup>8/</sup> came into effect on 1 January 1957 and is to remain in force until 31 December 1958. Paragraph (3) of article 4 of the Protocol contains provisions regarding the action to be taken if insufficient ratifications, acceptances or accessions are received by 1 July 1957.

22. The Protocol provided for (a) changes in the tonnages which form the basis for the establishment of the export quotas of exporting countries; (b) the establishment of a new mechanism for the determination of quotas.

23. The basic export tonnages of some countries were increased. India, which had not requested a quota under the 1953 Agreement although it had the status of an exporting country, was allotted a basic quota under the Protocol.

24. The mechanism for the adjustment of export quotas under the 1953 Agreement revolved largely

around a minimum and maximum price. Under the Agreement as amended, no minimum or maximum prices are established but there are stipulated a number of different prices at which action may or must be taken. The International Sugar Council has considerable discretion to adjust quotas during the quota year, but there are circumstances in which quotas must be adjusted and those in which the Council may not adjust quotas.

25. The Conference adopted a number of resolutions.<sup>9/</sup> One aims at the promotion of increased sugar consumption and new uses for sugar and recommends that the International Sugar Council consider the establishment of a Permanent Committee for this purpose. Another is concerned with the possible needs of Japan, in exceptional circumstances, to import more from exporting countries than their quotas under the Agreement would allow, and requests the Council to consider as favourably as possible any request from the Japanese Government under these circumstances. A third endorses the use of a Protocol of Amendment for the modification of the International Sugar Agreement of 1953.

26. The text of the 1953 Agreement as amended by the Protocol of Amendment is given in annex II to the present publication.

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<sup>8/</sup> See p. 53 below.

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<sup>9/</sup> See p. 33 below.



## CONFERENCE AGENDA<sup>10/</sup>

1. Opening of the Conference.
2. Adoption of the provisional agenda.
3. Adoption of the rules of procedure.
4. Election of the Chairman and Vice-Chairmen.
5. Appointment of a Credentials Committee.
6. Establishment of other committees.
7. Report of the Credentials Committee.
8. Discussion of international measures designed to meet the special difficulties which exist or are expected to arise concerning sugar.
9. Review of the operation of the International Sugar Agreement of 1953.
10. Preparation of an international agreement embodying international measures considered desirable.
11. Consideration and adoption of resolutions, Final Act, etc.
12. Other business.

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<sup>10/</sup> Circulated as E/CONF.22/1.

# **LIST OF REPRESENTATIVES** **LISTE DE REPRESENTANTS** **LISTA DE REPRESENTANTES**

## **AUSTRALIA - AUSTRALIE - AUSTRALIA**

### Representatives

H.E. Sir Percy Spender, K. B. E., Q. C.,\* Ambassador Extraordinary and Plenipotentiary to the United States of America.

H.E. John McEwen, M. P.,\*\* Minister for Trade.

### Alternate Representatives

Mr. D. J. Muir, Agent-General in London for the State of Queensland.

Mr. John Grenfell Crawford,\*\* Secretary, Department of Trade.

### Advisers

Mr. O. Wolfensberger, Sugar Administrative Officer, Department of Primary Industries.

Mr. J. ff. Richardson, Trade Relations Officer, Australia House, London.

Mr. R. J. S. Muir, C. M. G., Secretary, Australian Cane Growers' Council.

Mr. E. T. S. Pearce, General Secretary, Australian Sugar Producers' Association.

Mr. P. T. Wheen, Colonial Sugar Refining Company, Ltd.

## **BELGIUM - BELGIQUE - BELGICA**

### Représentants

Le baron Paul Kronacker, membre de la Chambre des représentants.

M. Maurice Heyne,\* envoyé extraordinaire et ministre plénipotentiaire de l'ambassade à Washington.

### Suppléants

M. G. Daufresne de la Chevalerie,\* envoyé extraordinaire et ministre plénipotentiaire, conseiller économique de l'ambassade à Washington.

M. Yves Coppieters 't Wallant, inspecteur général au Ministère des affaires étrangères et du commerce extérieur.

M. Roger L. Coustry, attaché agricole de l'ambassade à Washington.

Le baron Léopold Dhanis,\* conseiller, chargé des affaires du Congo belge à l'ambassade à Washington.

M. Paul C. Wahl.

M. Robert A. Rolin.

### Conseillers

M. Jules Delacroix, président de la Confédération professionnelle du sucre et de ses dérivés.

M. Edgar Warnant, représentant de la Fédération des planteurs de betteraves de la Hesbaye.

M. Jules Woulbroun,\* conseiller, membre de la mission permanente auprès de l'Organisation des Nations Unies à New-York.

\* First session - Première session - Primer período de sesiones.

\*\* Second session - Deuxième session - Segundo período de sesiones.

M. L. Leclercq,\*\* président de la Fédération des planteurs de betteraves de la Hesbaye.

M. F. de Beukelaer,\*\*

## **CAMBODIA - CAMBODGE - CAMBOJA<sup>11/</sup>**

### Représentant

M. Ly Chinly, premier secrétaire, chargé d'affaires a.i., de la mission permanente auprès de l'Organisation des Nations Unies à New-York.

## **CANADA**

### Representatives

Mr. S. V. Allen,\* Deputy Consul-General (Commercial), Consulate-General, New York.

Mr. D. A. B. Marshall,\*\* Commercial Counsellor (Agricultural), High Commissioner's Office, London.

Mr. Norman Boyd,\*\* Commercial Secretary, Embassy, Berne.

### Alternate representatives

Mr. C. R. Gallow,\* Consul, Consulate-General, New York.

Mr. J. R. Downs,\*\* Trade and Commerce Officer, Ottawa.

## **CEYLON - CEYLAN - CEILAN**

### Representatives

H.E. Mr. R. S. S. Gunewardene,\* Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations, New York.

Mr. B. F. Perera, C. M. G., O. B. E.,\*\* Deputy High Commissioner in the United Kingdom.

### Alternate representatives

Mr. Arthur Basnayake,\* Second Secretary, Permanent Mission, United Nations, New York.

Mr. T. Sivarajan,\*\* Office of the High Commissioner in the United Kingdom.

## **CHINA - CHINE - CHINA**

### Representative

Dr. Mao-Lan Tuan, Ambassador Extraordinary and Plenipotentiary to Panama.

### Alternate representatives

Mr. Chi-tseng Yang, President, Taiwan Sugar Corporation.

Mr. Sandys Bao, Chinese Government Procurement and Service Mission, New York.

Mr. T. L. Tsui.\*

<sup>11/</sup> Represented at the first session only - Etat représenté uniquement à la première session - Estado representado únicamente en el primer período de sesiones.

#### Advisers

Mr. M. H. Chiang.\*  
Mr. C. S. Chen.\*

#### Secretary

Mr. Mei-sheng Shu,\*\* Attaché, Embassy, Paris.

### CUBA

#### Representantes

Sr. Amadeo López Castro, Ministro sin Cartera.

#### Suplentes

Dr. Jorge Barroso, Ministro sin Cartera.  
Dr. Arturo Mañas, Instituto Cubano de Estabilización del Azúcar.

#### Consejeros

Sr. Pastor Torres, Ministro sin Cartera, Instituto Cubano de Estabilización del Azúcar.  
Dr. Angel Pardo Jiménez, Miembro del Congreso, Instituto Cubano de Estabilización del Azúcar.  
Sr. Eusebio Mujal,\* Delegado de la Confederación de Trabajadores de Cuba.  
Sr. José Luis Martínez,\* Miembro del Congreso, Confederación de Trabajadores de Cuba.  
Sr. Raúl Valdivia Pérez,\*\* Confederación de Trabajadores del Azúcar.  
S.E. Dr. Andrés Vargas Gómez, Embajador, Dirección de Asuntos Económicos del Ministerio de Estado de Cuba.  
Dr. Enrique Camejo Argudín,\*\* Ministro, Ministerio de Estado.  
Sr. Julián Alienes, Jefe de Investigaciones Económicas del Banco Nacional de Cuba.  
Sr. René Monserrat, Banco Nacional de Cuba.

#### Consejeros

Dr. Aurelio Portuondo, Instituto Cubano de Estabilización del Azúcar.  
Sr. Joaquín Meyer,\* Instituto Cubano de Estabilización del Azúcar.  
Dr. José Antonio Guerra, Instituto Cubano de Estabilización del Azúcar, Secretario de la Delegación.  
Sr. Francisco de Pando, Presidente de la Asociación de Hacendados de Cuba.  
Sr. Luis de Armas, Asociación de Hacendados de Cuba.  
Sr. Gustavo Nordelo, Presidente de la Asociación de Colonos de Cuba.  
Sr. Julio Ulloa y Bravo, Asociación de Colonos de Cuba.  
Sr. José Luis Amigó,\* Confederación de Trabajadores de Cuba.  
Sr. Francisco Ichaso, Instituto Cubano de Estabilización del Azúcar.  
Sra. Marfa Teresa de la Campa.  
Sr. Julio Lobo.\*  
Sr. Francisco Fernández.\*  
Sr. Francisco Pons.  
Sr. José Arteaga, Confederación de Trabajadores del Azúcar de Cuba.  
Sr. José Luis Rey.\*  
Sr. Félix de Pérez Gil.\*  
Sr. Domingo Lamadriz, Confederación de Trabajadores del Azúcar de Cuba.  
Sr. Ismael Rodríguez.\*  
Sr. Víctor M. Pérez,\*\* Instituto Cubano de Estabilización del Azúcar.  
Sr. H. J. Hobbs.\*\*

#### Secretaria

Srta. Marfa Luisa Lobo.\*

### CZECHOSLOVAKIA - TCHECOSLOVAQUIE - CHECOESLOVAQUIA

#### Representatives

Mr. Jaroslav Pšcolka,\* Envoy Extraordinary and Minister Plenipotentiary, Deputy Permanent Representative to the United Nations, New York.  
Mr. Karel Netolický,\*\* Deputy Head of Department, Ministry of Foreign Trade.

#### Alternate representatives

Dr. Jan Fort, Director of the Sugar Export Department of the KOOSPOL Corporation.  
Mr. Ivan Šróněk,\*\* Permanent Mission to the European Office of the United Nations.  
Mr. Miloslav Štoviček,\* Official of the KOOSPOL Corporation, Secretary of the Delegation.  
Mr. Bratislav Hojdem.\*\*

#### Expert

Dr. Jaroslav Pucherna.\*\*

### DOMINICAN REPUBLIC - REPUBLIQUE DOMINICAINE - REPUBLICA DOMINICANA

#### Representante

S.E. Sr. S. Salvador Ortiz, Embajador Extraordinario y Plenipotenciario en la República Federal de Alemania.

#### Suplentes

S.E. Sr. Virgilio Díaz Ordóñez,\* Embajador Extraordinario y Plenipotenciario, Representante Permanente ante las Naciones Unidas en Nueva York.  
S.E. Sr. Ambrosio Alvarez Aybar,\* Embajador Extraordinario y Plenipotenciario, miembro de la misión permanente ante las Naciones Unidas en Nueva York.  
Dr. Hans E. Priester, Consejero, Comisión de Estabilización del Azúcar y Fomento del Azúcar de Caña.

#### Suplentes

Dr. Arturo R. Espaillat,\* Enviado Extraordinario y Ministro Plenipotenciario, Representante Permanente Adjunto ante las Naciones Unidas en Nueva York.  
Srta. Lidia Pichardo.

#### Consejero

Sr. Kémil Dipp Gómez,\* Consejero, miembro de la misión permanente ante las Naciones Unidas en Nueva York.

#### Secretario

Sr. M. Federico Echenique Nanita.\*

### ECUADOR - EQUATEUR - ECUADOR

#### Representantes

S.E. Sr. Jaime Nebot Velasco,\* Embajador Extraordinario y Plenipotenciario, Representante Permanente Adjunto ante las Naciones Unidas en Nueva York.  
Sr. Rafael Váscquez,\*\* Encargado de Negocios en Berna.

FRANCE - FRANCE - FRANCIA

Représentant

M. Georges-Henri Janton, contrôleur d'Etat au Secrétariat d'Etat aux affaires économiques.

Suppléants

M. Armand Wallon, administrateur civil au Ministère de l'agriculture.

M. Jacques Desbordes, directeur général, Groupement national interprofessionnel de la betterave, de la canne, et des industries productrices de sucre et d'alcool.

M. Jean-Claude Richard,\*\* secrétaire au Ministère des affaires étrangères.

M. Jacques Lorilleux,\* attaché commercial, mission permanente auprès de l'Organisation des Nations Unies à New-York.

Experts

M. Henri Cayre, directeur général, Confédération générale des producteurs de betteraves à Paris.

M. Henri de Veyrac, administrateur, Syndicat français du sucre.

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Representative

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Dr. H. J. Scharmer,\* Federal Ministry of Food, Agriculture and Forestry.

Mr. H. Gebhardt,\*\* Federal Ministry of Food, Agriculture and Forestry.

Dr. Karl Rogge, Executive Secretary, Association of the Sugar Industry.

Dr. Wilhelm Magura,\*\* Federal Ministry of Food, Agriculture and Forestry.

Dr. Karl Barte,\*\* Consulate-General, Geneva.

Mr. Martin Meyer-Burckhardt,\*\* Federal Ministry of Food, Agriculture and Forestry.

Interpreter

Mrs. Kate Fearn.

GREECE - GRECE - GRECIA

Representatives

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Mr. Jean Papayannis,\*\* Permanent Mission to the European Office of the United Nations.

HAITI

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Suppléant

M. Frédérick Hasler,\* président du Conseil d'administration de la Haitian-American Sugar Company.

HONDURAS <sup>12/</sup>

Representante

S.E. Dr. Tiburcio Carfas, hijo, Embajador Extraordinario y Plenipotenciario, Representante Permanente ante las Naciones Unidas en Nueva York.

Consejero

Sr. Miguel Paz Paredes, miembro de la misión permanente ante las Naciones Unidas en Nueva York.

HUNGARY - HONGRIE - HUNGRIA <sup>13/</sup>

Representative

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INDIA - INDE - INDIA

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Mr. N. T. Gulrajani,\*\* First Secretary, Embassy, Rome.

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Mr. Nurdin Pasaribu,\*\* Senior Official, Ministry of Economy.

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Mr. A. Habir,\*\* Official, Ministry of Foreign Affairs, Secretary of Delegation.

Advisers

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Mr. Menahem Kahany,\*\* Permanent Representative to the European Office of the United Nations.

<sup>12/</sup> Represented at the first session only - Etat représenté uniquement à la première session - Estado representado únicamente en el primer período de sesiones.

<sup>13/</sup> Represented at the second session only - Etat représenté uniquement à la deuxième session - Estado representado únicamente en el segundo período de sesiones.

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### Advisers

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Mr. Hiro Hiyama, Executive Director, Japan Sugar Import and Export Council.

Mr. Hiroshi Ohtaka,\* Attaché, Office of the Permanent Observer to the United Nations, New York.

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Mr. Shintaro Hayashi,\*\* Secretary, Agricultural and Aquatic Section, International Trade Bureau, Ministry of International Trade and Industry.

## KOREA (REPUBLIC OF) - COREE (REPUBLIQUE DE) - COREA (REPUBLICA DE)

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## MEXICO - MEXIQUE - MEXICO

### Representantes

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Sr. Emilio Calderón Puig,\*\* Ministro Plenipotenciario.

### Suplentes

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Sr. Andrés V. Quijano.\*

Sr. Fernando Cuén Barragán, Secretario Adjunto del Consejo Nacional del Comercio Exterior.

### Consejeros

Sr. Oliver M. Kisich,\* Unión Nacional de Productores de Azúcar, S.A. de C.V.

Dr. Enrique Bravo Caro,\* Consejero Económico, miembro de la misión permanente ante las Naciones Unidas en Nueva York.

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### Alternate representative

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### Advisers

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Mr. A. B. C. Dudok de Wit.\*\*

Mr. G. J. de Gilde, Chairman, Association of Netherlands Sugar Manufacturers and Refiners.

Mr. G. M. A. Raaymakers, Manager, "N.V. Centrale Suiker Maatschappij", Amsterdam.

## NEW ZEALAND - NOUVELLE-ZELANDE - NUEVA ZELANDIA

### Representatives

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Mr. J. B. Prendergast,\*\* Commercial Counsellor, Office of the High Commissioner, London.

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## NICARAGUA <sup>14/</sup>

### Representante

Sr. Ignacio Portocarrero,\*\* Enviado Extraordinario y Ministro Plenipotenciario en la República Federal de Alemania.

## PANAMA

### Representantes

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Sr. Raimundo Ortega Vieto,\*\* Enviado Extraordinario y Ministro Plenipotenciario en Suiza.

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### Representantes

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S.E. Sr. Luis Lanata Coudy,\*\* Embajador Extraordinario y Plenipotenciario en la República Federal de Alemania.

### Suplentes

Sr. Carlos Donayre.\*

Sr. Henry Lamotte.

<sup>14/</sup> Represented at the second session only; an observer attended the first session - Etat représenté uniquement à la deuxième session; un observateur a assisté à la première session - Estado representado únicamente en el segundo período de sesiones; asistió un observador al primer período de sesiones.

Consejero  
Sr. Walter Simon.

Secretaria  
Srta. M. Butcher.\*

#### PHILIPPINES - PHILIPPINES - FILIPINAS

##### Representatives

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Mr. Emilio T. Infante.\*

##### Alternate representatives and Advisers

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Mr. Pablo A. Peña,\* Permanent Mission, United Nations, New York.  
Mr. Pedro López,\*\* Member of Congress.  
Mr. José E. Romero.  
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Mr. Gerald Wilkinson.\*\*

#### POLAND - POLOGNE - POLONIA

##### Representative

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##### Representatives

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##### Suppléant

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<sup>15/</sup> Represented at the first session only; an observer attended the second session - Etat représenté uniquement à la première session; un observateur a assisté à la deuxième session - Estado representado únicamente en el primer período de sesiones; asistió un observador al segundo período de sesiones.

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#### TUNISIA - TUNISIE - TUNEZ<sup>16/</sup>

##### Représentant

M. Ali Bannour.\*\*

#### UNION OF SOUTH AFRICA - UNION SUD-AFRICAINNE - UNION SUDAFRICANA

##### Representatives

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Mr. E. Morrisson,\* Representative of the Sugar Industry in South Africa.  
Mr. C. Saunders,\* Representative of the Sugar Industry in South Africa.  
Mr. G. W. Hammond,\*\* Chairman, South African Sugar Association.  
Mr. W. H. Simpson,\*\* Chairman, South African Cane Growers' Association.

#### UNION OF SOVIET SOCIALIST REPUBLICS - UNION DES REPUBLIQUES SOCIALISTES SOVIETIQUES - UNION DE REPUBLICAS SOCIALISTAS SOVIETICAS

##### Representatives

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##### Advisers

Mr. A. J. Danilov,\* Head of the Division of the Scientific Research Conjuncture Institute, Ministry of Foreign Trade.  
Mr. S. A. Vishnyakov, Deputy Chairman, All-Union "Prodintorg" Association, Moscow.

<sup>16/</sup> Represented at the second session only - Etat représenté uniquement à la deuxième session - Estado representado únicamente en el segundo período de sesiones.

UNITED KINGDOM OF GREAT BRITAIN AND NORTH-  
ERN IRELAND - ROYAUME-UNI DE GRANDE-BRE-  
TAGNE ET D'IRLANDE DU NORD - REINO UNIDO DE  
GRAN BRETAÑA E IRLANDA DEL NORTE

Representatives

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Sir Sydney Caine, K.C.M.G.\*\*

Alternate Representatives

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Advisers

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Sir Archibald Cuke, C.B.E.  
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Mr. A. Raffray, Q.C.  
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Mr. J. R. Freeland.\*\*

Secretary

Mr. D. H. McPhail.

Assistant Secretary

Miss A. R. Taylor.

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Mr. Lawrence Myers, Director, Sugar Division, Com-  
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culture.

Alternate Representatives

Mr. Earl M. Hughes,\* Administrator, Commodity  
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Mr. Paul E. Callanan, International Resources Divi-  
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Advisers

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Mr. Hans G. Hirsch,\* Commodity Stabilization Service,  
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Mr. Thomas O. Murphy, Sugar Division, Commodity  
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Mr. Ernest Greene,\* Vice-President, Hawaiian Sugar  
Planters' Association, Washington, D.C.

Mr. Slator Miller,\* Hawaiian Sugar Planters' Asso-  
ciation, Washington, D.C.

Mr. Wallace Kemper,\* President, Southdown Sugar  
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Mr. Josiah Ferris,\* Vice-President, American Sugar  
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Mr. Dudley Smith,\* Association of Sugar Producers  
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Mr. Frank A. Kemp,\*\* President, Great Western Sugar  
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**AUSTRIA - AUTRICHE - AUSTRIA<sup>17/</sup>**

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**BULGARIA - BULGARIE - BULGARIA**

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<sup>17/</sup> Represented at the second session only - Etat représenté uniquement à la deuxième session - Estado representado únicamente en el segundo período de sesiones.

<sup>18/</sup> Represented at the first session only - Etat représenté uniquement à la première session - Estado representado únicamente en el primer período de sesiones.

<sup>19/</sup> Represented at the first session only - Etat représenté uniquement à la première session - Estado representado únicamente en el primer período de sesiones.

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**EL SALVADOR - SALVADOR - EL SALVADOR**

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Sr. Manuel Rubio.\*

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**NICARAGUA<sup>22/</sup>**

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<sup>21/</sup> Represented at the first session only - Etat représenté uniquement à la première session - Estado representado únicamente en el primer período de sesiones.

<sup>22/</sup> See footnote 14 above - Voir note 14 plus haut - Véase más arriba la nota 14.



**ROMANIA - ROUMANIE - RUMANIA<sup>23/</sup>**

Mr. Stefan Gal,\*\* Permanent Representative to the European Office of the United Nations.

**SAUDI ARABIA - ARABIE SAOUDITE - ARABIA SAUDITA**

Mr. Omar Kamil Haliq, Alternate Representative, Permanent Mission, United Nations, New York.

**SWEDEN - SUEDE - SUECIA**

Mr. K. H. Olsson,\* Agricultural Counsellor, Embassy, Washington.

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Mlle M. Walther,\*\* chef principal de section de la Division du commerce au Département fédéral de l'économie publique.

<sup>23/</sup> See footnote 15 above - Voir note 15 plus haut - Véase más arriba la nota 15.

**THAILAND - THAILANDE - TAILANDIA<sup>24/</sup>**

Mr. Wongse Polnikorn,\* Third Secretary, Permanent Mission to the United Nations, New York.

**TURKEY - TURQUIE - TURQUIA<sup>24/</sup>**

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Mr. Celâl Akbay,\* First Secretary of Legation, Permanent Mission, United Nations, New York.

**VENEZUELA**

Dr. Leonidas Uzcategui Ramírez.\*

Dr. Manuel María Márquez.\*

Dr. Arturo Sosa.\*

Dr. Rafael Armando Rojas,\*\* miembro de la misión permanente ante la Oficina Europea de las Naciones Unidas.

Dr. Angel Francisco Luján,\*\* miembro de la misión permanente ante la Oficina Europea de las Naciones Unidas.

**YUGOSLAVIA - YOUGOSLAVIE - YUGOESLAVIA**

Mr. Aleksandar Božović,\* First Secretary, Permanent Mission, United Nations, New York.

Mr. Milutin Tapavički,\*\* Permanent Mission to the European Office of the United Nations.

<sup>24/</sup> Represented at the first session only - Etat représenté uniquement à la première session - Estado representado únicamente en el primer período de sesiones.

**SPECIALIZED AGENCIES  
INSTITUTIONS SPECIALISEES  
ORGANISMOS ESPECIALIZADOS**

**INTERNATIONAL LABOUR ORGANISATION - ORGANISATION INTERNATIONALE DU TRAVAIL - ORGANIZACION INTERNACIONAL DEL TRABAJO**

Mr. René L. Roux,\* ILO Liaison Office with the United Nations, New York.

Mr. A. Dawson,\*\* Economic Division.

Mr. S. Udin,\*\* Industrial Committees Division.

**FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS - ORGANISATION DES NATIONS UNIES POUR L'ALIMENTATION ET L'AGRICULTURE - ORGANIZACION DE LAS NACIONES UNIDAS PARA LA AGRICULTURA Y LA ALIMENTACION**

Mr. Albert Viton, Chief, Sugar and Beverages Section, Economics Division.

<sup>25/</sup> Represented at the first session only - Représenté uniquement à la première session - Representado únicamente en el primer período de sesiones.

**INTERNATIONAL MONETARY FUND - FONDS MONETAIRE INTERNATIONAL - FONDO MONETARIO INTERNACIONAL<sup>25/</sup>**

Dr. Gertrud Lovasy,\* IMF Research Department.

Mr. Gordon Williams,\* Special Representative to the United Nations, New York.

**INTERIM COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION/GENERAL AGREEMENT ON TARIFFS AND TRADE - COMMISSION INTERIMAIRE DE L'ORGANISATION INTERNATIONALE DU COMMERCE/ACCORD GENERAL SUR LES TARIFS DOUANIERS ET LE COMMERCE - COMISION INTERINA DE LA ORGANIZACION INTERNACIONAL DE COMERCIO/ACUERDO GENERAL DE ARANCELES ADUANEROS Y COMERCIO<sup>26/</sup>**

Mr. J. Royer,\*\* Deputy Executive Secretary.

<sup>26/</sup> Not represented at the first session - Représentée uniquement à la deuxième session - Representada únicamente en el segundo período de sesiones.

## SUMMARY RECORD OF THE FIRST PLENARY MEETING <sup>27/</sup>

held at Headquarters, New York,  
on Monday, 21 May 1956, at 3.20 p.m.

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**Acting Chairman: Mr. Philippe DE SEYNES,**  
**Under-Secretary for Economic and Social**  
**Affairs**

#### Present:

The representatives of the following countries: Australia, Belgium, Cambodia, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, France, Federal Republic of Germany, Greece, Haiti, Honduras, India, Indonesia, Israel, Japan, Lebanon, Mexico, Netherlands, New Zealand, Peru, Philippines, Poland, Romania, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Observers from the following countries: Argentina, Brazil, Burma, Denmark, El Salvador, Guatemala, Iran, Italy, Nicaragua, Norway, Pakistan, Saudi Arabia, Thailand, Turkey, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Monetary Fund.

### Opening of the Conference

1. THE ACTING CHAIRMAN, on behalf of the Secretary-General of the United Nations, welcomed the representatives to the United Nations Sugar Conference, 1956. Both the General Assembly and the Economic and Social Council had emphasized the world-wide nature of international trade problems and the fact that international trade was essential to the achievement of the economic aims set forth in the Charter of the United Nations. The Council had directed its attention in particular to the problems arising from the excessive fluctuations in the price of primary products which were harmful to the economy of both exporting and importing countries. It had, for that reason, laid down certain guiding principles for international action and adopted a procedure for the convening of international conferences to consider the problems of international commodity trade. In accordance with that procedure the Secretary-General had convened the present Conference.

2. The International Sugar Agreement, which had come into force on 1 January 1954, appeared to have contributed to the stabilization of the sugar market. The fact that not all the great importing and exporting countries had as yet adhered to the Agreement was considered by some to be a factor limiting its effectiveness. The Economic and Social Council had expressed the view that the provisions of the Agreement should be reviewed by the Governments of countries concerned with the international sugar trade and that, to be more effective, the Agreement, either as it stood or in a revised version, would have to apply to a far larger percentage of the trade in sugar. It was to the interest of every Government to decide on a procedure which would prevent the harmful effects of sugar shortages and surpluses. If the Conference succeeded in that task, its results would prove of lasting benefit to the participating States and would contribute to the stabilization of the international sugar trade, which was closely related to the world economic situation in general.

### Adoption of the provisional agenda (E/CONF.22/1)

3. Mr. WALLON (France) proposed that the debate on item 6 (Establishment of other committees) should not be closed until representatives had expressed their views in the discussion of international measures designed to meet the special difficulties which existed or were expected to arise in the case of sugar. That discussion would provide an indication as to what committees ought to be established and what their terms of reference should be.

It was so decided.

### Adoption of the rules of procedure (E/CONF.22/2)

4. The ACTING CHAIRMAN suggested that the Conference might follow the usual practice of adopting the provisional rules of procedure (E/CONF.22/2) on the understanding that amendments might be proposed at any time under rule 54.

The provisional rules of procedure were adopted.

### Election of Chairman and Vice-Chairmen

5. Mr. LOPEZ (Cuba) proposed that the election of the Chairman and Vice-Chairmen should be deferred until the next meeting in order to allow delegations to hold consultations.

It was so decided.

The meeting rose at 3.40 p.m.

<sup>27/</sup> Circulated as E/CONF.22/SR.1.

## SUMMARY RECORD OF THE SECOND PLENARY MEETING<sup>28/</sup>

held at Headquarters, New York,  
on Tuesday, 22 May 1956, at 10.45 a.m.

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**Acting Chairman: Mr. Philippe DE SEYNES,**  
**Under-Secretary for Economic and Social**  
**Affairs**

**Chairman: Baron Paul KRONACKER (Belgium)**

#### Present:

The representatives of the following countries: Australia, Belgium, Cambodia, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, France, Federal Republic of Germany, Greece, Haiti, Honduras, India, Indonesia, Israel, Japan, Mexico, Netherlands, New Zealand, Panama, Peru, Philippines, Poland, Portugal, Romania, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet-Nam.

Observers from the following countries: Argentina, Brazil, Bulgaria, Burma, Denmark, Guatemala, Nicaragua, Pakistan, Switzerland, Thailand, Turkey, Venezuela, Yugoslavia.

The representative of the following specialized agency: Food and Agriculture Organization of the United Nations.

### **Election of Chairman and Vice-Chairmen** **(concluded)**

#### Election of Chairman

1. Mr. LOPEZ (Cuba), supported by Mr. TUAN (China) and Mr. ORTIZ (Dominican Republic), nominated Baron Kronacker (Belgium).
2. Mr. PONSEN (Indonesia), recalling that tradition required the election of a representative of the host country as Chairman, nominated the United States representative.
3. Mr. McLAIN (United States of America), while thanking the Indonesian representative, regretted that he could not accept the offer.

<sup>28/</sup> Circulated as E/CONF.22/SR.2.

Baron Kronacker (Belgium) was elected Chairman by acclamation.

4. The CHAIRMAN said that his election honoured both his country and himself. He had always attached great importance to international co-operation and to efforts made by countries to spare both importers and exporters the consequences of economic crises. Like all human achievements, the 1953 Agreement was not perfect, and should be improved upon, but if the new agreement contemplated was to be truly fruitful, all countries had to be parties to it. Unfortunately, a number of countries whose trading in sugar accounted, in the aggregate, for 25 per cent of world exports and 50 per cent of imports would not take part in the Conference. If truly international co-operation was to materialize, those countries would have to be convinced of the importance of the Conference's work.

#### Election of first Vice-Chairman

5. Mr. KEELY (United Kingdom), supported by Mr. KATO (Japan), Mr. DE LA COLINA (Mexico), Mr. LAFOREST (Haiti), Mr. HEYNE (Belgium), Mr. TUAN (China) and Mr. CARIAS (Honduras), nominated Mr. Lopez (Cuba).

Mr. Lopez (Cuba) was elected First Vice-Chairman by acclamation.

#### Election of second Vice-Chairman

6. Mr. McLAIN (United States of America), supported by Mr. JANTON (France), Mr. GUNewardENE (Ceylon), Mr. LOPEZ (Cuba), Mr. PSCOLKA (Czechoslovakia), Mr. PONSEN (Indonesia) and Mr. MORDVINOV (Union of Soviet Socialist Republics), nominated Mr. Gopala Menon (India).

Mr. Gopala Menon (India) was elected Second Vice-Chairman by acclamation.

### **Question of the representation of China**

7. Mr. MORDVINOV (Union of Soviet Socialist Republics) said that his delegation felt compelled to draw the attention of the Conference to the abnormal situation created when such a vast country as the People's Republic of China was not represented among its members.

8. Such a situation was not likely to contribute to fruitful co-operation between countries in the economic field and could not but have an adverse effect upon the consideration by the Conference of the questions relating to the international sugar trade which had been brought before it for discussion.

9. In that connexion he pointed out that China could be represented at the Sugar Conference as, indeed, at

meetings of all other United Nations bodies, only by a representative appointed by the Central People's Government of the People's Republic of China.

10. Mr. Gopala MENON (India) likewise regretted that the People's Republic of China was not represented. While Chinese politics were a concern of the Chinese, the representation of China at an international conference concerned the whole world.

11. Mr. PSCOLKA (Czechoslovakia), Mr. GAL (Romania) and Mrs. POMIAN (Poland) associated themselves with the statements of the representatives of the USSR and India.

12. Mr. TUAN (China) said that for six years the Soviet Union had worked unceasingly for the replacement of the representative of China - a Member State whose Government was freely elected by the Chinese people - by the representative of a régime imposed by force for the benefit of a foreign Power and a foreign ideology. While there was a great deal that he might say on the matter, he thought that the Conference was not the right setting for such remarks.

13. Mr. McLAIN (United States of America) said that his delegation continued to oppose the representation of the People's Republic of China and to support the seating of the representatives of the Government of the Republic of China.

14. Sir Percy SPENDER (Australia), Mr. JANTON (France), Mr. LOPEZ (Cuba) and Mr. DO REGO (Portugal) took the view that the question of the representation of China was within the exclusive competence of the General Assembly.

### **Appointment of a Credentials Committee**

15. The CHAIRMAN suggested that the Conference should appoint a Credentials Committee, to consist of the representatives of the following countries: Netherlands, Peru, Philippines, Union of Soviet Socialist Republics and United States of America; and that Mr. van der Lee, leader of the Netherlands delegation, should be Chairman of the Committee.

It was so decided.

### **Communication by Czechoslovakia concerning the participation of the German Democratic Republic**

16. Mr. PSCOLKA (Czechoslovakia) read a letter<sup>29/</sup> from the German Democratic Republic addressed to the

Conference, and requested the Secretary-General to publish its text as a Conference document.

17. Mr. MORDVINOV (Union of Soviet Socialist Republics) recalled that the Government of the German Democratic Republic, which was endeavouring to develop relations of economic co-operation with all countries, had raised the question of its participation in the work of the International Sugar Conference as early as 1953 and had since expressed its willingness to become a participant in the Agreement. Up to the present time no positive solution to that question had been reached. Yet, as was well known, the German Democratic Republic was a producer and exporter of large quantities of sugar. Its co-operation in the matter of the international sugar trade would therefore be to the advantage of all countries interested in the stabilization of the sugar market.

18. Sir Percy SPENDER (Australia) stated that the German Democratic Republic, which was democratic in name only, could not be regarded as an independent country and consequently could not claim the right to a seat at the Conference.

19. Mr. McLAIN (United States of America) said that his delegation wished to record a protest against the circulation as a Conference document of a letter from a country not represented at the Conference.

20. The CHAIRMAN suggested that the question should be deferred until after the text of the letter from the German Democratic Republic had been circulated.

It was so decided.

### **Appointment of an Executive Committee**

21. The CHAIRMAN suggested that the Conference should appoint an Executive Committee, on which each delegation would have one representative, to consider agenda items 8, 9 and 10, with powers to set up such committees as it thought necessary.

It was so decided.

The meeting rose at 11.35 a.m.

<sup>29/</sup> The text of the letter and of the covering note verbale from the Czechoslovak mission was circulated the same day as E/CONF.22/R.3.

## SUMMARY RECORD OF THE THIRD PLENARY MEETING<sup>30/</sup>

held at Headquarters, New York,  
on Tuesday, 22 May 1956, at 4.05 p.m.

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#### **Chairman: Baron Paul KRONACKER (Belgium)**

##### **Present:**

The representatives of the following countries: Australia, Belgium, Cambodia, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, Ecuador, France, Federal Republic of Germany, Greece, Haiti, Honduras, India, Indonesia, Israel, Japan, Lebanon, Mexico, Netherlands, New Zealand, Panama, Peru, Philippines, Poland, Portugal, Romania, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet-Nam.

Observers from the following countries: Argentina, Brazil, Bulgaria, Denmark, El Salvador, Norway, Pakistan, Sweden, Thailand, Turkey, Venezuela.

The representative of the following specialized agency: Food and Agriculture Organization of the United Nations.

#### **Discussion of international measures designed to meet the special difficulties which exist or are expected to arise concerning sugar**

1. Mr. McLAIN (United States of America) said that the United States was very much interested in the purposes and objectives of the Conference. Sugar was an important commodity in the United States, which consumed about 8.5 million tons of sugar every year. Of that amount, some 2.5 million tons were produced on the mainland and over 2 million tons in its other domestic areas - Hawaii, Puerto Rico and the Virgin Islands. The remaining 4 million tons were imported, principally from Cuba and the Philippines. Present per capita consumption in the United States was about 103 pounds annually. However, an increase in consumption of some 135,000 tons a year was expected in view of the rapidly expanding population.

2. The Sugar Act had recently been amended by the Congress of the United States. The purposes of the amendments were to maintain and protect the domestic sugar-producing industry; to avoid placing an undue burden on domestic consumers; to increase sugar imports and thus to benefit the export trade; and to ensure that the benefits would be passed on to the farmers and workers.

3. Those aims were very similar to the objectives of the Conference. In seeking to achieve them, the United States had attempted to divide its sugar market on an equitable basis and had deliberately restricted domestic production in order to provide foreign countries with part of its market. That had been done to stimulate the export trade. Henceforth, any increase in United States consumption would be divided on a basis of 55 per cent to domestic producers and 45 per cent to foreign producers. The United States had recognized that some countries were restricted in the variety of crops they could produce. To them, the production and sale of sugar were of paramount importance as a source of foreign exchange.

4. The United States delegation hoped that the Conference would not merely seek a magic formula by which to manipulate quotas and prices as the only means of adjusting production and consumption. One of its stated objectives was to increase the world consumption of sugar, currently averaging about 30 pounds per capita annually. The people in all the low sugar-consuming countries desired to have more sugar. How to provide them with it, at prices they could afford, was one of the problems which should engage the serious attention of the Conference. It should not think solely in terms of control measures but should consider some of the broader objectives which an international organization might hope to accomplish.

5. Sir Percy SPENDER (Australia) said that his country had always believed in the organized marketing of sugar and had enthusiastically supported the 1953 International Sugar Agreement, as well as earlier instruments of the same nature. While it was true that exporters and importers alike might gain some small temporary advantage by remaining outside such an agreement, there was no doubt that on the long view it was in the interests of all countries to become parties, in order to avoid severe price fluctuations and to achieve real stability in the world sugar industry.

6. After the war Australia had played an active part in meeting the demand for sterling sugar, investing considerable capital in land cultivation and in the provision of increased milling capacity. Conscious of its obligations under international agreements, however, Australia had restricted its production. Similar limitations had been necessarily imposed on other producer countries, since without some form of export restriction the world market would soon be flooded with sugar at catastrophically low prices. That would clearly not be to the advantage of areas whose economies were almost entirely dependent upon their sugar industry, since many producers would be gradually forced out of business and in due course there

<sup>30/</sup> Circulated as E/CONF.22/SR.3.

would be not a surplus but a world shortage of sugar. The effect of such conditions on reciprocal trade had been recognized in 1953, when a number of importing countries at the Conference had stressed that they did not support any proposal to fix a price range outside what was considered to be reasonably remunerative to efficient producers.

7. The existence of an International Agreement and an International Sugar Council must in itself have some stabilizing effect on the market, which otherwise would today be in a state of chaos. Despite certain weaknesses, the 1953 Agreement had undoubtedly helped to stabilize the world sugar price, although admittedly at a lower level than many had hoped. The aim of the present Conference should be to widen the Agreement by bringing in other countries now outside it. An atmosphere of mutual confidence and a sincere attempt to understand one another's problems should result in a real and lasting agreement.

8. Mr. HEYNE (Belgium) emphasized that his Government's economic policy was essentially one of free trade, based on international co-operation. It had played a leading part in the creation of such economic units as Benelux and the European Coal and Steel Community, and had been a party to all agreements on raw materials, whether sugar, wheat or tin.

9. Although the 1953 Agreement had been widely criticized, it could at least be said to have saved the world sugar market from complete chaos. Despite the non-participation of three important exporting countries - Brazil, Indonesia and Peru - some degree of price stability in the neighbourhood of the expected lower limits had been achieved. That situation had been brought about not only by the terms of the Agreement itself, but because the very existence of the Agreement had enabled the participating exporters to adopt a careful attitude towards stocks and production, an attitude which it would have been politically difficult for them to adopt if there had been no Agreement. Some international arrangement was also necessary to offset the fact that the inelasticity of the market prevented the rules of supply and demand from exercising their normal influence.

10. Present difficulties were due to the circumstance that the Agreement had operated in favour of the "outsiders" and to the detriment of the signatory exporters. From 1953 to 1955 exports to the free market of participating countries had fallen from 83 to 73 per cent of the total, while those of the non-participants had risen from 17 to 27 per cent. Countries whose major revenue and foreign exchange income were essentially based on sugar production were thus being forced into an impossible situation. Consequently the main effort of the Conference should be to bring the "outsiders" into the fold. The problem was not one of sugar only, but of vital economic co-operation between the nations. In any case, it would be in the interest of "outsiders" to become participants, since if they did not do so it was improbable that the present Agreement could be maintained, and they would then lose their privileged situation in a "free-for-all" which might lead to a price collapse.

11. The difficulties of certain exporters were understandable, but it was unlikely that any considerable

increase in markets would result if the volume of production was encouraged to the detriment of prices. If fresh markets were to be found, it was also essential to diminish the taxes and excise duties levied on sugar, and an appropriate recommendation should be made to Governments, which might be more easily induced to lower their charges if some form of compensation could be offered to them. The present situation was such that in many countries even an appreciable price reduction on the international market was of little benefit to the consumer, either because of the artificial maintenance of prices or because of the disproportionate incidence of taxation.

12. With regard to the operation of the Agreement, the Belgian delegation considered that the present price range was normal. The redistribution of quotas (article 19 of the Agreement) should take place only if justified by the statistical position. In the application of article 18, consideration should be given to supplies by the "outsiders", and a clear interpretation should be reached on articles 21 and 22. As an interim solution it might perhaps be suggested that the Statistical Committee should present its estimates every three months instead of annually.

13. It would be useful to establish at governmental level an international sugar research institute, whose main function would be to find new markets. Research in the sugar industry was at present confined to technical matters such as the improvement of yields, the reduction of costs and the utilization of by-products. The resources of the universities were too meagre for any part of them to be devoted to sugar research, and some new institution was therefore needed.

14. Mr. LOPEZ (Cuba) recalled that his country had taken part in the earlier Conference in London because it had preferred to see some regulation of the world sugar market rather than the existence of open warfare between the competitors. The surpluses resulting from uncontrolled production would have led to price anarchy and serious disequilibrium between supply and demand, which would have been harmful to all.

15. Cuba had not been able to fulfil its part in the International Sugar Agreement without great sacrifices, since sugar was its principal export product and source of foreign currency. A considerable restriction in production and employment, with a consequent damaging effect upon the neediest sectors of the rural population, had been undertaken in the interests of world planning and in the hope that the other countries would make similar sacrifices in order to keep to the Agreement.

16. In practice, that instrument had stabilized the world market, but it had failed in many of its other aims and it would be the task of the Conference to examine the causes of that failure and endeavour to reach a solution. While Cuba still had every desire to co-operate, in the matter of restricting its production it had now reached a limit and its adherence to any world co-ordination arrangements would depend upon an understanding to revise the present Agreement so that the attendant burdens would be fairly distributed.

17. One of the principal ambitions of the Cuban delegation was to see all the importer and exporter



countries participating in the co-ordination effort, since the absence of some of their number was one of the main causes of the defects in the operation of the Agreement. At the very least, steps must be taken to prevent the non-participating countries from profiting by their position as "outsiders".

18. It was further important to discourage sugar production in those areas where the industry was being artificially maintained by means of excessive protectionism, subsidies and quantitative restrictions. The high internal taxes and import tariffs prevailing in some countries meant that their inhabitants were not yet consuming a fraction of the sugar they needed. Intelligent co-operation between the sugar-producing and the sugar-importing countries would lead to a

considerable rise in consumption, with obvious advantages to all mankind. Promising results could also be obtained from international action to increase the production of sugar for non-human consumption and industrial purposes.

19. In the view of the Cuban delegation, the task of the Conference was to make an impartial examination of the International Sugar Agreement which was due to expire in December 1956, in order to ascertain how far it had benefited the signatory countries and how far it had entailed a sacrifice for which there had been no compensation. Given the proper atmosphere of co-operation and good will, there was no reason why a workable result should not be achieved.

The meeting rose at 4.50 p.m.

## SUMMARY RECORD OF THE FOURTH PLENARY MEETING <sup>31/</sup>

held at Headquarters, New York,  
on Wednesday, 23 May 1956, at 10.40 a.m.

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#### **Chairman: Baron Paul KRONACKER (Belgium)**

##### **Present:**

The representatives of the following countries: Australia, Belgium, Cambodia, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, France, Federal Republic of Germany, Greece, Haiti, Honduras, India, Indonesia, Japan, Lebanon, Mexico, Netherlands, New Zealand, Panama, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet-Nam.

Observers from the following countries: Argentina, Brazil, Bulgaria, El Salvador, Norway, Sweden, Switzerland, Thailand, Turkey, Venezuela, Yugoslavia.

The representative of the following specialized agency: Food and Agriculture Organization of the United Nations.

#### **Discussion of international measures designed to meet the special difficulties which exist or are expected to arise concerning sugar (*continued*)**

1. Mr. ORTIZ (Dominican Republic) felt that it was essential to take stock of the existing situation before considering the revision of the 1953 Agreement. That Agreement had undoubtedly helped to improve conditions in the international sugar market, but the improvement had been achieved at greater cost to some countries than to others.

2. The Dominican Republic, whose economy was dependent on sugar exports, had suffered more than any other signatory from the sharp reduction in basic export tonnages. It was the only country which was obliged to dispose of over 90 per cent of its sugar output on the "free" market, or "market for homeless sugar" as it had rightly been called, because it had no privileged market where it could dispose of its sugar on preferred terms and thus offset the losses it sustained on the free market. In the circumstances, it could not express satisfaction with the results of the Agreement, which failed to take into account the fact that the impact of export restrictions was heavier in

some countries than in others and imposed the same restriction on all countries alike.

3. One of the main defects of the 1953 Agreement was that its provisions were not such as to encourage the accession of all the major suppliers of the free market. It had soon been found that the exporting countries which were parties to the Agreement, including those whose only market was the free market, had been obliged to curtail their production and exports sharply in order to maintain sugar prices at the prescribed minimum. On the other hand, exporting countries which were not parties to the Agreement had expanded their production and substantially increased their sales on the free market. The provisions of the Agreement designed to eliminate competition from those countries had unfortunately proved ineffective.

4. Another serious difficulty arose from the fact that most of the importing countries which were parties to the Agreement had done nothing to maintain the volume of trade on the free market. It was clear that if the importing countries protected by the Agreement, which had hitherto merely restricted exports, had been able to increase their production and reduce their import requirements, the very basis on which the exporting countries, in particular those which depended exclusively on their sales in the free market, had relied in fixing their export quotas, had been destroyed.

5. After three years' experience, the Dominican Government had come to the conclusion that the 1953 Agreement did not impose comparable obligations on importing and exporting countries. By restricting exports by means of quotas, the Agreement regulated supplies on the free market, but had no effect on demand in so far as the latter was determined by the production of semi-importing countries. Substantial revision of the Agreement was therefore required. His delegation recognized, of course, that it was not an easy matter to stabilize the volume of trade on the free market: existing interests, balance of payments difficulties and military needs were all factors that had to be taken into account. It also recognized that it was impossible to turn the clock back and call for a reduction of subsidies in the semi-importing countries. Nevertheless, the Dominican Government considered that it would be wholly feasible to limit production in the semi-importing countries to existing levels, as had been done in the case of the exporting countries. The semi-importing countries should also allow signatory exporting countries to receive a fair share of the increase in their domestic demand resulting from population growth.

6. Another problem closely connected with the question of stabilizing the volume of trade on the free

<sup>31/</sup> Circulated as E/CONF.22/SR.4.



market was raised by bilateral trade agreements. The International Sugar Agreement was a multilateral instrument. Any bilateral transaction which allocated part of the free market, as defined in the Agreement, to certain signatory exporters must therefore be considered as outside the scope of the Agreement and contrary to its objectives.

7. The flaws in the present Agreement could be corrected. First, the free market should be defined as a market in which sugar was traded freely on a multilateral and competitive basis, offering equal opportunities to all parties, save as otherwise provided in the Agreement. Second, the revised Agreement should provide that no signatory could conclude a special trade agreement guaranteeing an exporting country a portion of sales on the free market. Those provisions would be in harmony with the principles of economic justice on which all such inter-governmental agreements should be based.

8. The basic export tonnages would have to be revised in the light of that principle; indeed, the restrictions on exports on the international free market imposed by an international agreement had a serious impact on the economic structure of countries economically dependent on the export of a single product for which they had no preferential or protected market. In the case of sugar, very few countries were in that position; in practice the only two countries concerned were the Dominican Republic and Taiwan.

9. Limitation of the Dominican Republic's exports of sugar on the free market was tantamount to limitation of its economic development, for sugar exports were its main source of income. In view of the special position of the Dominican sugar industry on the world market, the Dominican Republic was entitled to ask for a higher export quota which would enable it to earn the foreign exchange it needed to maintain a sound economy and raise the levels of living of its growing population.

10. The outlook on the sugar market was excellent, provided prosperity and population growth were maintained. The time therefore seemed ripe for further concerted international action with a view to the organization of the free market and the establishment of a reasonable balance between supply and demand. All countries, importers and exporters alike, would benefit from such action because the prices at which sugar was bought and sold on preferential markets and on domestic markets were ultimately determined by the free market price.

11. Mr. DO REGO (Portugal) said that he was convinced of the value of commodity agreements, and hoped that the present Agreement would be renewed in a revised form. His country was a net importer and had been able to purchase the marginal amounts necessary to meet its needs on the free market. In 1956, however, Portugal would be self-sufficient, and would even have a sugar surplus which would be sold in traditional markets, a subject to which he would revert later. His Government felt that one of the main purposes of the International Agreement should be to increase sugar consumption throughout the world. In that connexion he noted that consumption in Portugal had doubled during the past ten years.

12. Mr. VAN DER LEE (Netherlands) said that international commodity agreements were at the present time the only practical means of ensuring the stability of world markets and prices; his country hoped that much closer forms of co-operation would be established in Europe.

13. The present Agreement had not functioned badly, but an attempt should be made to strengthen it in two respects. In the first place, it was essential that certain countries which had not become parties to the present Agreement, such as Brazil, Indonesia and Peru, should be induced to participate in the revised agreement; if that was to be done, the conditions on which their participation would be possible must be made clear to existing participants. It was also most important that the International Sugar Council should be able in the future to pay increased attention to the problems created by subsidies to producers in certain countries. The Council could deal with such matters under article 3 of the Agreement, but the first paragraph of that article was vague and paragraph 2 was restrictive. It was important that the words "excessive subsidies" should not be interpreted too narrowly; the decisive factor was the extent to which income was protected directly by the State or otherwise.

14. In conclusion he expressed the hope that the negotiations would speedily reach a successful conclusion, and announced his country's readiness to continue its participation in the Agreement on the basis of the present quota.

15. Mr. DE LA COLINA (Mexico), reviewing the practical results of the 1953 Agreement, said that, although its objectives had not been completely achieved, a certain degree of price stability had been attained which would have been impossible without international regulation. Unfortunately, prices had been established at the lowest level of the price range adopted in London. Prices in that range had been too low to cover the costs of most producers when the range had been adopted, and costs had risen in the past three years.

16. It was too often forgotten that the primary goal of the Agreement was the expansion of consumption. There would have been no problem if it had been possible to persuade all countries that sugar, far from being a luxury, was an essential commodity. In addition, not enough attention had been given to finding new uses for sugar. In other words, the problem had been treated as one of over-production, whereas in fact it was a problem of under-consumption.

17. Some countries had realized that by remaining outside the Agreement they could improve their position at the expense of the participating countries. It was essential that they should be persuaded to join in the common effort. He had no doubt that, on the whole, all countries, whether importers or exporters, would benefit by the application of a policy involving the establishment of remunerative prices and the fair allocation of quotas.

18. Mexico had no intention of becoming a large exporter and its consumption was increasing rapidly (by about 7 per cent per annum). What it needed was an industry which could satisfy domestic needs and export

enough to allow Mexico to buy essential equipment abroad without endangering its trade balance. In view of the need for a balanced development of the Mexican economy, the increased purchasing power of the population and the increase in sugar consumption, the Government and the sugar industry had drawn up a plan which had been put into operation in 1950 and which provided for the exportation of the necessary quantities of sugar. Nevertheless Mexico had favoured international regulation of the sugar market, had signed the 1953 Agreement, and had fulfilled its obligations by limiting its production, despite the disadvantages that policy entailed. In that connexion it should not be forgotten that the sugar industry was Mexico's fourth largest, as regards both the investments involved and the number of persons employed.

19. Mr. TUAN (China) said that his country had reduced its sugar acreage by one-third and had closed down fourteen out of a total of forty-two mills. China had made great sacrifices for the cause of international co-operation and was unable to go further. It had to be remembered that the livelihood of 200,000 farming families depended solely on the sale of the sugar cane they cultivated on the remaining 92,000 hectares, which was a wholly inadequate acreage.

20. Seventy per cent of the country's foreign exchange was earned by the sale of sugar. China was, as the International Sugar Council had stated in its report, one of the countries whose economies depended mainly on sugar and which found themselves in balance of payment difficulties. China had no preferential market; its only market was that residual part of the international market which offered no outlets on preferred terms. However, thanks to its geographical location and its methods of production, it had not experienced much difficulty in disposing of its sugar despite the other unfavourable conditions.

21. As two-thirds of the international trade in sugar was beyond the control of the Agreement, and as China did not participate in that trade, his country sometimes doubted whether unilateral sacrifices really helped the common cause. Nevertheless, China was ready to co-operate as fully as possible in attaining the objectives of the Agreement.

22. Mr. KATO (Japan) welcomed the fact that the present conference was being held under the auspices of the United Nations, since that would help to give the Agreement a universal character. Although the present Agreement had contributed to some extent towards stabilizing the price of sugar and increasing sugar consumption, it had not functioned under satisfactory conditions. Important exporting countries such as Brazil, Indonesia and Peru had remained outside the Agreement, and very few genuine importing countries - in other words, countries which neither produced nor re-exported sugar, like Ceylon, Iraq, Iran, Norway, Switzerland and Japan - were represented in it. The main interest of those countries was to be able to buy sugar on the free market at equitable and stabilized prices, whereas other countries which were listed as "importers" in the Agreement had also to take into account other considerations. That divergence of interests must be kept in mind if the Conference wished to keep the participating genuine importers in the

Agreement and to induce non-participating genuine importers to join it.

23. Of the revised estimate of 4.7 million tons as a free market requirement for 1956, Japanese imports accounted for 1.1 million tons. Japan's position was exceptional in that it relied solely on the free market for its supply; it was therefore extremely important that the provisions of the Agreement should be equitable and should take into account the state of the market. Although it had never been completely satisfied with the Agreement, Japan had ratified it in 1954 in spite of strong opposition and solely in a spirit of international co-operation. That reason was no longer enough, and Japan could only participate in the new Agreement if the major non-participating exporters as well as the non-participating genuine importers also joined the Agreement.

24. With regard to prices, the actual price index showed that during the operational period of the present Agreement the price had never risen above 3.43 cents, while the monthly averages had often been below the minimum of 3.25 cents, despite frequent reductions in the initial export quotas. In 1953 the Japanese delegation had repeatedly asked that the price range should be fixed realistically; unfortunately it had been fixed at too high a level. If the same mistake was made again it would be necessary to resort once more to constant cuts in the export quotas, which was obviously not the intention of the Agreement. The importing countries did not wish the price to be fixed at too low a level, since that would cause price movements in reaction later on. They wished prices to be stabilized at a reasonable level, but they were not ready to accept an attempt on the part of the exporting countries to use an agreement of the type in question in order to boost prices artificially.

25. Mr. MULLER (Federal Republic of Germany) said that his country, although an importer, did not wish the price of sugar to be fixed at the lowest possible level. If price remained at a low level for a lengthy period of time, there would inevitably be repercussions on the sugar industry and on world trade as a whole. The sugar-exporting countries would be unable to import even the most essential industrial products, and the sugar-importing industrial countries would see a decline in their exports.

26. For those reasons the Federal Republic of Germany was in favour of the present sugar Agreement. The danger of over-production which existed in the case of some commodities, such as wheat, had detrimental results for importing as well as exporting countries. The present Agreement should remain unaltered so far as fundamental principles were concerned, although some amendments might be effected in the light of past experience. In any case the satisfactory operation of the Agreement depended on its universality, and it was to be hoped that the countries which were not yet participating in the Agreement would be convinced in the course of the present discussions that accession to the Agreement was in their own interest.

27. What was more important than the regulation of production in the exporting countries was that the importing countries should concern themselves with

the reduction of the taxes and charges levied on sugar in order to increase production and improve the condition of the world market. In that connexion, the Federal Republic of Germany had on 1 April 1956 reduced the tax on sugar by 62 per cent, which had resulted in a reduction of the consumer price by 12 per cent. Consumption had increased considerably since that action had been taken.

28. Mr. PONSEN (Indonesia) said that circumstances had prevented his country from ratifying the International Sugar Agreement, but the fact of sending a delegation to the 1953 Conference was palpable evidence of the importance which the Indonesian Government attached to international co-operation. Since the conclusion of the 1953 Agreement, several sugar refineries which had been partly or completely destroyed during the Second World War had been rebuilt, and sugar production was increasing. The upward trend in production, consumption and marketing was the result of Indonesia's endeavour to regain its pre-war position as an important sugar-producing and exporting country. The markets were the same as before the war, but the quantity exported was not sufficient. The Indonesian Government hoped, however, that arrangements of mutual benefit would lead to a continued increase in the volume of its exports.

29. Indonesia was still in the process of restoring its production facilities, and had already received valuable aid, both moral and material, from sympathetic nations. In view of the fact that essential sources of foreign exchange and the time needed for directing foreign trade along suitable channels were no longer available, Indonesia could not regard the decline of its position in the international sugar market with equanimity. Although present conditions were perhaps not favourable to the re-establishment of the country's traditional position by direct measures, production would in time be increased considerably. Some countries whose facilities had not been damaged by the war had been able to increase their production, and it was desirable that they should understand Indonesia's struggle to regain its pre-war position as a major sugar-producing and exporting country.

30. Mr. ANH (Viet-Nam) said that before the war his country had produced enough sugar for domestic consumption, but Viet-Nam was unlikely to become an exporting country for some time to come. Since the end of the war, the cultivation of sugar cane and the production of sugar had fallen sharply, as the Government of Viet-Nam had had to face material difficulties and devote its energies and resources to the reconstruction of the country and the settlement of almost a million refugees from the North who had chosen freedom.

31. But though Viet-Nam's production was negligible, the country's consumption was constantly increasing. The Government had adopted a programme designed to improve the cultivation of sugar-cane and put the sugar industry back on its feet. Within a few years, production would probably reach the pre-war level, so that Viet-Nam should be able to satisfy domestic requirements, unless the standard of living rose at a proportionately higher rate, leaving a margin to be filled by imports.

32. Viet-Nam was therefore in favour of an international sugar agreement which in the years to come

would ensure adequate supplies at fair prices for producers and consumers, without undue price fluctuations.

33. Mr. KEELY (United Kingdom) said that his country was a party to the existing Agreement, and would like to see it continue. He was glad to find that countries whose participation had been greatly missed during the past two and a half years were represented at the Conference.

34. The United Kingdom depended in the main upon imported sugar, and traded in refined sugar. It was a partner in the Commonwealth Sugar Agreement, which was designed to underpin the economies of the sugar-exporting territories of the Commonwealth. It supported international action to stabilize sugar prices because it did not believe that wide fluctuations in commodity prices were desirable, and knew how much harm they could do to the economies of the British colonies and other Commonwealth countries. The United Kingdom would do its utmost to secure a successful conclusion to the present negotiations, provided it was satisfied that within the limits of what was possible the growing needs of those for whom it was responsible were met, and that its interests as a trading nation were not compromised.

35. Though it was generally recognized that the consequences of a failure to reach agreement would be serious, there was a tendency to feel that if the restrictions imposed by an international agreement were shed there would be complete freedom of action. That was not altogether true. The control and regulation of sugar production and sugar marketing on an international scale were too widespread to be abandoned now. Failure to deal with the problem by international action would merely lead to attempts to deal with it by national action, with serious consequences, especially for countries exporting to the free market.

36. Mr. JANTON (France) said that France was anxious that the Agreement should be renewed, as it had been largely responsible for the stability of sugar prices since 1953.

37. The basic problem in that connexion was the balance of supply and demand. A good deal had been said about supply, but less attention had been paid to demand - that was to say, consumption. In that connexion, the London group of experts had been right in stating that to reduce prices would not increase consumption, which depended solely on retail prices. To increase consumption, steps must be taken to bring down retail prices in the consuming countries themselves, for example, by lowering the duties, as in France and the Federal Republic of Germany; and new uses for sugar must also be found. Every means must be sought to increase the absorptive capacity of the markets, so as to help all countries which depended on the sugar trade either as importers or as exporters.

38. In revising those clauses of the 1953 Agreement which did not seem equitable, it would be well not to lose sight of the sugar situation as a whole. The revision could with advantage be conducted in the spirit of the Food and Agriculture Organization of the United Nations, which endeavoured to develop consumption and production side by side. Changes would no doubt be

necessary for political or technical reasons. The French Government was ready to consider any proposal, but it considered that the present structure of the Agreement was satisfactory and that it would be dangerous to tamper with the principle on which it was based - the principle of a body of quotas and prices, quotas being revised in the light of prices. Nor was it necessary to review in detail all the measures adopted to ensure the operation of the Agreement. All that was needed was to discover the weaknesses and make good the deficiencies.

39. Hitherto it had been to the advantage of some countries not to participate in the Agreement; but they would be wrong to imagine that that advantage was likely to last much longer. Given the will to co-operation and understanding, therefore, there was hope of reaching an agreement which would ensure efficient organization and a high measure of stability for a long time to come.

The meeting rose at 12.30 p.m.

## SUMMARY RECORD OF THE FIFTH PLENARY MEETING<sup>32/</sup>

held at Headquarters, New York,  
on Wednesday, 23 May 1956, at 3.5 p.m.

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#### **Chairman: Baron Paul KRONACKER (Belgium)**

##### Present:

The representatives of the following countries: Australia, Belgium, Cambodia, Canada, China, Cuba, Czechoslovakia, Dominican Republic, France, Federal Republic of Germany, Greece, India, Indonesia, Mexico, Netherlands, New Zealand, Panama, Peru, Philippines, Poland, Portugal, Romania, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet-Nam.

Observers from the following countries: Argentina, Bulgaria, Venezuela.

The representative of the following specialized agency: Food and Agriculture Organization of the United Nations.

#### **Discussion of international measures designed to meet the special difficulties which exist or are expected to arise concerning sugar (continued)**

1. Mr. PSCOLKA (Czechoslovakia) said that his country had been a traditional sugar producer, although in recent years its share of exports to the free market had not been so high as during the period between the two world wars. The Czechoslovak sugar industry had co-operated in all international efforts to regulate the trade, even at the cost of considerable sacrifices: in particular, its adherence to the International Sugar Agreement of 1953 had necessitated concessions in regard to exports, to which, however, it had agreed in the general interest. After the Second World War the main effort in Czechoslovakia had been directed towards increasing the standard of living, and in recent years the per capita consumption of sugar had risen from 60 to 74 pounds and was still increasing. That fact, coupled with other factors such as bad weather, had considerably reduced the sugar exporting capacity, but there would probably be more sugar available for export in the near future.

2. The existence of the International Sugar Agreement had in itself contributed towards stabilizing prices in the world free market. In the long run, serious price

fluctuations were of no benefit to anyone. The present Agreement was the most effective instrument of its kind yet devised, but it was far from perfect, and one of its principal weaknesses was the non-participation of certain important sugar-producing countries. If the Conference resulted in a substantially increased membership, it would have performed a useful function.

3. Mr. Gopala MENON (India) observed that both production and consumption of sugar in India had been steadily increasing in recent years. The industry was now the second largest in the country. It employed 140,000 workers and 30,000 university graduates, who were engaged in research. There were 20 million small cultivators whose only cash crop was sugar: most of them produced the varieties known as gur and khand-sari. Total production in 1955 had been 4.5 million tons, while consumption had almost doubled during the past five years.

4. India had been elected to the Steering Committee as an importing country. That had to be corrected, as India was treated as an exporting country under article 14 of the 1953 Agreement. He asked that India should continue to be treated as an exporting country. The experience of other under-developed countries in starting a sugar industry was encouraging, as consumption had always increased in such areas. He was confident, notwithstanding the steady growth of consumption in India, that there would soon be an exportable surplus of some dimensions.

5. Mr. MORDVINOV (Union of Soviet Socialist Republics) said that it had been the constant policy of his Government to strengthen international economic ties. The USSR approved of all measures tending to stabilize the international sugar market on the basis of international co-operation, among them the 1953 Agreement, of which it was a signatory. Although that Agreement had undoubtedly contributed towards stabilizing the market, it was still not a perfect instrument, mainly because many countries, both exporters and importers, were not parties to it.

6. The Soviet delegation did not consider that any basic changes were needed in the Agreement, although greater precision might be desirable in some of the articles. It would be prepared to co-operate with other members of the Conference in recruiting new adherents.

7. Mrs. POMIAN (Poland) supported the USSR representative in urging the Conference to concentrate on securing a wider membership of the Agreement. Poland's balance of payments was considerably affected by the country's sugar exports; nevertheless, in subscribing to the Agreement it had acted not only as an

<sup>32/</sup> Circulated as E/CONF.22/SR.5.



exporter but also in the interest of international co-operation, as a Member of the United Nations. The Conference had a difficult task before it, and the Polish delegation pledged its full co-operation in endeavouring to reach a successful result.

8. Mr. GAL (Romania) said that although his country had not been a signatory of the 1953 Agreement it did not underestimate the importance of the present Conference. Romania was keenly interested in the international regulation of all primary commodity trade, including that in sugar.

9. In 1938 Romania's sugar production had amounted to 95,000 tons, but that figure had risen by 42 per cent since the war. The increase had been matched by a rise in consumption as the standard of living had increased, and indeed the per capita figures had risen so steeply that 21 per cent more sugar had been sold to the population in 1955 than in 1954. He hoped that the Conference would contribute both towards stimulating the international sugar trade and towards a further stabilization of the market.

10. Mr. RAMIREZ (Observer for Venezuela) said that his country, which was participating for the first time in a United Nations sugar conference, hoped that the current deliberations would result in the drafting of an instrument that could resolve the sugar problems of the countries attending the present Conference.

11. For the first time in its history Venezuela had to seek an outlet on the open market for its sugar surplus, amounting to 75,000 metric tons. However, the increase in the country's domestic production was not the result of indiscriminate expansion of cultivation. Venezuela's sugar policy had enabled the country to more than meet its requirements. In 1948 it had had to import 59,686 tons of sugar. In that year production had amounted to only 26,552 tons whereas consumption had totalled 86,238 tons. In 1956 production was expected to amount to 180,000 tons and consumption to 130,000 tons, or 47.5 pounds per capita. Actually 205,000 tons of sugar would be available because of the reserves accumulated in 1955. Venezuela was making every effort to increase domestic consumption of sugar and to improve distribution. In the meantime it would have to dispose of its surplus on the open market, probably for the next four or five years. One of the largest importers in Latin America, it hoped that countries which had to purchase sugar would help it solve its surplus sugar problem.

12. In conclusion, he said that Venezuela would soon submit a full report on its sugar industry.

The meeting was suspended at 3.45 p.m. and resumed at 4.5 p.m.

13. Mr. ELIZALDE (Philippines) said that his country was in an unusual position. In the years before it had achieved its independence, it had had a privileged market for its sugar production and had adjusted its sugar industry accordingly. Since 1946, however, it had entered into special arrangements with the United States under which it was gradually losing its privileged position. It was therefore compelled to seek access to the free market. In 1953 it had asked for and had been granted a sugar quota, albeit a small one. The Philippines had suffered severe destruction during the Second World War and its sugar industry had taken

some eight years to recover. At a time when it had been unable to fill its quota, some countries had benefited from its small production. The Philippines now sought a better position and was able to adhere to the terms of the International Sugar Agreement, although its present production was about 25 per cent under the maximum production figure achieved in previous years.

14. It was the view of the Philippines delegation that, in order to improve the sugar industry, quotas and prices would have to be adjusted, but with the twofold aim of larger quotas and higher prices difficult to achieve, the first step should be to attract more countries to the present sugar agreement.

15. Mr. VISSER (Union of South Africa) said that the Union of South Africa was prepared to co-operate fully at the Conference. The Union had a considerable stake in the sugar market south of the Zambesi River and had attempted to fulfil its responsibility by encouraging a greater consumption of sugar at home and in the neighbouring areas. Its sugar production in 1955 had amounted to about one million tons. South Africa appreciated the need for control both of consumption and production.

16. Mr. VITON (Food and Agriculture Organization) hoped that the Conference would succeed in achieving its goal of establishing a revised and strengthened sugar agreement. The governing organs of the Food and Agriculture Organization of the United Nations (FAO) and its secretariat had consistently sought to further international co-operation in the field of commodities, and had taken a special interest in sugar through its Committee on Commodity Problems. The FAO secretariat had undertaken factual studies and research in all phases of the world sugar economy and had emphasized the trend towards increasing consumption. It was convinced that, if current economic trends continued, world sugar consumption would rise by 1960 or shortly after to about 45 million tons, or some 7 million tons more than the present figure, provided that supplies were adequate.

17. The secretariat had also been active in analysing and clarifying commodity policy, international trade, and surplus disposals. Placed in the perspective of commodity stabilization activities in general, the situation with respect to the International Sugar Agreement was brighter than those who were aware of its limitations and difficulties might think.

18. Finally, the secretariat had been active in the fields of promotion, production and consumption. While it had so far been primarily concerned with promotion and rationalization of production, it had recently received requests for specific investigations of domestic conditions which affected consumption.

19. The Food and Agriculture Organization was prepared to co-operate with the Conference in the promotion of its objectives.

20. The CHAIRMAN declared the general debate closed. However, some representatives who had not as yet received instructions from their Governments would be given an opportunity to address the Conference later.

The meeting rose at 4.30 p.m.

## SUMMARY RECORD OF THE SIXTH PLENARY MEETING <sup>33/</sup>

held at Headquarters, New York,  
on Tuesday, 29 May 1956, at 2.40 p.m.

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#### **Chairman: Baron Paul KRONACKER (Belgium)**

##### **Present:**

The representatives of the following countries: Australia, Belgium, Cambodia, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, France, Federal Republic of Germany, Greece, Haiti, Honduras, India, Indonesia, Japan, Lebanon, Mexico, Netherlands, New Zealand, Philippines, Poland, Portugal, Republic of Korea, Romania, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet-Nam.

Observers from the following countries: Argentina, El Salvador, Iran, Norway, Thailand.

The representative of the following specialized agency: Food and Agriculture Organization of the United Nations.

#### **Report of the Credentials Committee (E/CONF.22/3)**

1. Mr. VAN DER LEE (Netherlands), speaking as Chairman of the Credentials Committee, introduced its report (E/CONF.22/3).

2. Mr. MORDVINOV (Union of Soviet Socialist Republics) said that, as he had stated in the Credentials Committee, he did not regard as valid the credentials issued to the representative of the Chiang Kai-shek group by the so-called Nationalist Government of China and pointed out that China could be represented at the Conference only by a delegate appointed by the Central People's Government of the People's Republic of China.

3. Mrs. POMIAN (Poland), Mr. PSCOLKA (Czechoslovakia) and Mr. GAL (Romania) associated themselves with the reservation made by the representative of the Union of Soviet Socialist Republics.

4. Mr. TUAN (China) wished to point out, first, a historical fact: one of the delegations which had just made a reservation regarding credentials had once had a treaty of friendship which pledged exclusive support to his Government; secondly, although those delegations had urged the Conference to invite the Eastern Germany regime to participate in its proceedings because it was an important exporter of sugar, they wished to exclude his country which was the largest exporter of sugar to the free market in the Eastern hemisphere. Those two facts spoke for themselves.

The report of the Credentials Committee was adopted.

#### **Discussion of international measures designed to meet the special difficulties which exist or are expected to arise concerning sugar (continued)**

5. Mr. EASTERBROOK-SMITH (New Zealand) said that New Zealand's interest in the Conference was twofold. First, as a sugar importer - New Zealand expected to import 90,000 to 110,000 tons, or even more, annually during the next five years - his country was naturally anxious to procure sugar at a constant and reasonable price. Secondly, as an exporter of a small range of primary commodities such as meat, wool and dairy products, New Zealand was keenly aware of the disastrous consequences of violent fluctuations in commodity prices on world markets, and was therefore anxious to help to find a means of stabilizing world prices generally. New Zealand was thus in principle in favour of an international sugar agreement provided that the interests of consumer as well as of producer countries were safeguarded. New Zealand was already a subscriber to the Commonwealth Sugar Agreement, and hoped that the Conference would successfully conclude a wider agreement relating to sugar.

The meeting rose at 3.5 p.m.

<sup>33/</sup> Circulated as E/CONF.22/SR.6.

## SUMMARY RECORD OF THE SEVENTH PLENARY MEETING <sup>34/</sup>

held at the Palais des Nations, Geneva,  
on Wednesday, 10 October 1956, at 3 p.m.

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#### **Chairman: Baron Paul KRONACKER (Belgium)**

##### **Present:**

The representatives of the following countries: Australia, Belgium, Canada, Ceylon, China, Czechoslovakia, Cuba, Dominican Republic, Federal Republic of Germany, France, Haiti, Hungary, India, Indonesia, Israel, Japan, Mexico, Netherlands, New Zealand, Panama, Peru, Philippines, Poland, Portugal, Tunisia, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet-Nam.

Observers from the following countries: Romania, Sweden.

#### **Supplementary report of the Credentials Committee (E/CONF.22/3/Add.1)**

1. At the invitation of the CHAIRMAN, Mr. RIEM (Netherlands), Chairman of the Credentials Committee, introduced its supplementary report (E/CONF.22/3/Add.1).
2. The CHAIRMAN recalled that, when the first report of the Credentials Committee had been under discussion in New York (sixth plenary meeting) the delegations of China, Czechoslovakia, Poland, Romania and the Union of Soviet Socialist Republics had made certain statements about the credentials of the representative of China.

3. The Chairman had been informed that the delegations he had named maintained their respective positions on the matter.

4. Mr. FERENCZ (Hungary) could not accept the reference in paragraph 2 of the supplementary report of the Credentials Committee to the credentials of the representative of China, who could not legally sit as such, as he had not been designated by the Government of the People's Republic of China. Mr. Ferencz would, however, be satisfied if his statement were reported in the summary record of the meeting.

5. Mr. MAÑAS (Cuba), supported by Mr. ROMERO (Philippines), Mr. ORTIZ (Dominican Republic) and Mr. LAFOREST (Haiti), proposed the adoption of the supplementary report of the Credentials Committee (E/CONF.22/3/Add.1).

It was so decided.

#### **Election of a second Vice-Chairman**

6. The CHAIRMAN said that the Conference must elect a new Second Vice-Chairman to take the place of Mr. Gopala Menon (India), who had been unable to come to Geneva.

7. Mr. LAFOREST (Haiti) proposed that, as all the other officers of the Conference had been confirmed in their offices, the head of the Indian delegation, Mr. Gulrajani, should replace Mr. Menon as Vice-Chairman.

8. Mr. MAÑAS (Cuba), Mr. ORTIZ (Dominican Republic), Sir Sydney CAINE (United Kingdom), Mr. SMIRNOV (Union of Soviet Socialist Republics) and Mr. D. J. MUIR (Australia) supported the proposal.

Mr. Gulrajani (India) was elected Second Vice-Chairman by acclamation.

The meeting rose at 3.20 p.m.

<sup>34/</sup> Circulated as E/CONF.22/SR.7.



## SUMMARY RECORD OF THE EIGHTH PLENARY MEETING<sup>35/</sup>

held at the Palais des Nations, Geneva,  
on Tuesday, 30 October 1956, at 11.35 a.m.

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### Chairman: Baron Paul KRONACKER (Belgium)

#### Present:

The representatives of the following countries: Australia, Belgium, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Federal Republic of Germany, France, Haiti, India, Indonesia, Israel, Japan, Mexico, Netherlands, New Zealand, Panama, Philippines, Poland, Portugal, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Observers from the following countries: Brazil, Sweden, Switzerland.

### **Statement by the Chairman concerning quotas**

1. The CHAIRMAN made a statement.<sup>36/</sup>
2. Mr. SANDYS BAO (China), supported by Mr. D. J. MUIR (Australia), Mr. COPPIETERS, T. WALLANT (Belgium), Mr. MAÑAS (Cuba), Mr. PRIESTER (Dominican Republic), Mr. JANTON (France), Mr. ORTEGA VIETO (Panama), Mr. ROMERO (Philippines), Mr. DO REGO (Portugal), Mr. HORROCKS (Union of South Africa) and Sir Sydney CAINE (United Kingdom), moved that the Chairman's statement be approved.

It was so decided.

3. Mr. GULRAJANI (India) stated that his country was anxious to become a party to the International Sugar Agreement of 1953, but that the basic export quota allotted to India made it difficult to do so. Moved by its belief in international co-operation, his delegation had throughout the Conference taken a constructive attitude, and it now urged that a further effort be made to meet the Indian Government's desires.

4. Mr. RIEM (Netherlands) requested that his country be designated as the "Kingdom of the Netherlands" throughout the text of the Agreement.

### **Report on the work of Working Party No. 3 on Legal Aspects**

5. Mr. VARGAS GOMEZ (Cuba), speaking as Chairman of Working Party No. 3 on legal aspects, said that a provisional report embodying a draft Protocol of Amendment had been circulated, subject to further consideration at the Working Party's twentieth meeting. A few minor changes had been made at that meeting, but the text remained substantially as drafted. The Working Party would hold at least one more meeting to complete its work. It had also prepared a draft resolution<sup>37/</sup> which would enable all the Contracting Parties to the International Sugar Agreement of 1953, to record their unanimous endorsement of the procedure of a Protocol of Amendment, thus obviating the need for a formal meeting of the International Sugar Council itself for that purpose. He referred in that connexion to the withdrawal of Greece from the Agreement, and stated that a reference to that development could be incorporated in the resolution should the Greek delegation decide not to vote for it.

6. Mr. JANTON (France), speaking as Chairman of the Administrative and Economic Committee, congratulated Working Party No. 3 on its successful work. The Secretariat should approach a representative of the Government of the Lebanon, which was a signatory to the International Sugar Agreement of 1953, in order to ascertain whether it was willing to accept the procedure of a Protocol of Amendment.

7. Mr. LAFOREST (Haiti) and Mr. SANDYS BAO (China) also congratulated the Working Party on its achievements.

8. The CHAIRMAN said that the Executive Secretary would approach a representative of the Lebanese Government and report to the Conference.

### **Tributes to the Chairman**

9. Taking leave of the Conference, the CHAIRMAN thanked the Secretary-General and the Director of the European Office of the United Nations and their staffs, the Chairmen of the committees and working parties, the Executive Secretary, the staff of the International Sugar Council and all delegations for their co-operation.

<sup>35/</sup> Circulated as E/CONF.22/SR.8.

<sup>36/</sup> The full text of the statement was circulated as E/CONF.22/4.

<sup>37/</sup> Subsequently became resolution 3 of the Conference.

10. Mr. MAÑAS (Cuba), Mr. JANTON (France), Mr. PRIESTER (Dominican Republic), Mr. ORTEGA VIETO (Panama) and Mr. LAFOREST (Haiti) paid tributes to the skill and patience with which the Chairman had conducted the Conference's business and to the Special Committee of Five for its courtesy and co-operation.

11. The CHAIRMAN thanked the previous speakers and all members of the Conference, and expressed confidence that the Conference would reach a successful conclusion.

The meeting rose at 12.15 p.m.

## SUMMARY RECORD OF THE NINTH PLENARY MEETING <sup>38/</sup>

held at the Palais des Nations, Geneva,  
on Friday, 2 November 1956, at 6.15 p.m.

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### Chairman: Baron Paul KRONACKER (Belgium)

#### Present:

The representatives of the following countries: Australia, Belgium, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, Federal Republic of Germany, France, Haiti, Hungary, India, Indonesia, Israel, Japan, Lebanon, Mexico, Netherlands, New Zealand, Panama, Poland, Portugal, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Observers from the following countries: Romania, Switzerland.

In the absence of the Chairman, Mr. Gulrajani (India), Vice-Chairman, took the Chair.

### **Second supplementary report of the Credentials Committee (E/CONF.22/3/Add.2)**

1. Mr. RIEM (Netherlands), Chairman of the Credentials Committee, introduced the Committee's second supplementary report (E/CONF.22/3/Add.2), recommending that the Conference accept the credentials of the representatives of Lebanon and Nicaragua and of the observers for Brazil and Yugoslavia.

The second supplementary report of the Credentials Committee was adopted.

### **Adoption of the Protocol amending the International Sugar Agreement opened for signature at London on 1 October 1953 <sup>39/</sup>**

2. The CHAIRMAN recalled the decision taken by the Executive Committee at its twenty-first meeting that

<sup>38/</sup> Circulated as E/CONF.22/SR.9.

<sup>39/</sup> For the text of the Protocol of Amendment, as adopted by the Conference, see p. 34, below.

the percentages to be entered in article 4 of the Protocol of Amendment should be 60 in respect of importing countries and 75 in respect of exporting countries, as in article 41 (6) (i) of the International Sugar Agreement of 1953. He submitted that decision to the Conference for its approval.

The Executive Committee's decision was approved.

The Protocol amending the International Sugar Agreement opened for signature at London on 1 October 1953, as thus completed, was adopted.

### **Adoption of the annex to the Protocol of Amendment <sup>40/</sup>**

3. The CHAIRMAN drew attention to the various amendments to the International Sugar Agreement of 1953 set forth in the annex to the Protocol of Amendment.

The annex to the Protocol of Amendment was adopted.

### **Adoption of draft resolutions submitted by the Executive Committee <sup>41/</sup>**

Resolution 1, on the promotion of increased sugar consumption and new uses of sugar

Resolution 1 was adopted.

Resolution 2, on the import needs of Japan

Resolution 2 was adopted.

Resolution 3, endorsing the use of a Protocol of Amendment for the modification of the International Sugar Agreement of 1953

4. The CHAIRMAN drew attention to the fact that, although the representatives of two Contracting Parties to the International Sugar Agreement of 1953 - Greece and The Philippines - were not present at the meeting, both had previously stated that their Governments accepted the procedure laid down in resolution 3.

5. In that connexion, the EXECUTIVE SECRETARY referred to the legal aspects of resolution 3, and pointed out that the summary record of the meeting would indicate which representatives had been present at the time of its adoption. The Executive Committee had requested that, if the representatives of any

<sup>40/</sup> For the text of the annex to the Protocol of Amendment, as adopted by the Conference, see p. 35, below.

<sup>41/</sup> For the text of the resolutions, as adopted by the Conference, see p. 33, below.

Contracting Parties were unable to attend the plenary meeting, the record should indicate their endorsement, if any, of the use of a Protocol of Amendment, as drawn up by the Conference, as the appropriate method for giving effect to the modifications to the 1953 Agreement. Although the representatives of the Philippines and of Greece had already, at the fifteenth and sixteenth meetings of the Executive Committee respectively, given their approval to the procedure now being adopted, those delegations would also be given an opportunity of formally endorsing the resolution, and such endorsement would be shown in the records of the Conference.<sup>42/</sup>

Resolution 3 was unanimously adopted.

The delegates with voting rights of the following countries were present at the time of voting: Australia, Belgium, Canada, Ceylon, China, Cuba, Czechoslovakia, Dominican Republic, Federal Republic of Germany, France, Haiti, Hungary, India, Indonesia, Israel, Japan, Lebanon, Mexico, Netherlands, New Zealand, Nicaragua, Panama, Poland, Portugal, Spain, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Resolution 4: Final resolution of the United Nations Sugar Conference, 1956

The final resolution was adopted.

<sup>42/</sup> The delegations of Greece and the Philippines subsequently confirmed their endorsement of the resolution in communications addressed to the Executive Secretary of the Conference.

6. Mr. PITTIE (India) wished to inform the Conference on behalf of the Indian delegation that if the Government of India decided to accede to the 1953 Agreement as amended it would do so with reservations to articles 3, 5, 10 and 13.

### **Closure of the Conference**

7. The CHAIRMAN said that the Conference had been working for more than four weeks. There had been some tense moments during that period, and it had sometimes looked as if the Conference might fail; but representatives had understood one another's points of view and had succeeded in resolving their differences.

8. Though not every delegation had got what it wanted, it could legitimately be hoped that the new instrument would work for the good of the international trade in sugar.

9. The outstanding feature of the Conference had been the wide representation of countries interested in sugar. In all, sixty-three countries had been represented by delegates or observers.

10. He thanked the Chairmen of the various Committees and Working Parties, the Conference staff and the divisions concerned of the European Office of the United Nations, for their assistance in the conduct of the Conference's work.

11. Mr. MAÑAS (Cuba) expressed appreciation of the work done by Mr. Gulrajani as representative of India, and the Conference's gratification at having him as its Chairman at the last plenary meeting.

The meeting rose at 6.35 p.m.

## RESOLUTIONS ADOPTED AT THE FINAL PLENARY MEETING, ON 2 NOVEMBER 1956<sup>43/</sup>

### 1. Resolution on the promotion of increased sugar consumption and new uses of sugar

The United Nations Sugar Conference, 1956,

Recommends:

1. To the Governments participating in the United Nations Sugar Conference, 1956, that they should consider the practicability of eliminating or at least modifying such policies, if any, as have the effect of hampering the free increase of sugar consumption for both food and non-food uses;

2. To the International Sugar Council

(a) That it should proceed with the implementation of article 26 of the International Sugar Agreement of 1953 and in particular should consider the establishment of a Permanent Committee for the Promotion of Increased Sugar Consumption and New Uses of Sugar, which Committee might be charged with assisting the Council in discharging its functions under that article;

(b) That as the development of uses of sugar for purposes other than for human consumption is about to reach a point at which an appreciable new market for sugar is emerging, it should examine all aspects of this new market with a view to the formulation, should it be deemed desirable, of international measures to ensure that the new market is developed for the general benefit of all countries.

### 2. Resolution on the import needs of Japan

The United Nations Sugar Conference, 1956,

Considering representations from the delegate of Japan that in exceptional circumstances when it is found necessary with a view to maintaining the national economy Japan may need to import sugar from any participating exporting country in excess of the export quotas in effect,

Requests the International Sugar Council to consider any such request from Japan with the minimum of delay and as favourable as possible.

### 3. Resolution endorsing the use of a Protocol of Amendment for the modification of the International Sugar Agreement of 1953

The United Nations Sugar Conference, 1956,

Hereby resolves by unanimous vote, including the concurring votes of the duly accredited representatives of the Parties to the International Sugar Agreement

opened for signature in London on 1 October 1953, that the use of a Protocol of Amendment is an appropriate method for giving effect to the modifications of that Agreement which have been drawn up by the Conference.

### 4. Final resolution of the United Nations Sugar Conference, 1956

The United Nations Sugar Conference, 1956,

Having met in New York from 21 May to June 1956 and at Geneva from 4 October to 2 November 1956,

Expressing its gratitude for the facilities and services provided by the Secretary-General of the United Nations who convened the Conference at the request of the International Sugar Council,

Recording its deep appreciation of the untiring efforts of the Chairman of the Conference and of its other officers,

Having endorsed the use of a Protocol of Amendment as an appropriate method for giving effect to the modifications of the International Sugar Agreement of 1953,

Having established the text of this Protocol which includes the amendments to the International Sugar Agreement of 1953, in the English language, and provided for the establishment of authentic texts in the Chinese, French, Russian and Spanish languages,

1. Decides that the Chinese, English, French, Russian and Spanish texts so established shall be equally authentic;

2. Requests that such texts, authenticated by the signature of the Executive Secretary of the Conference, be forwarded to the Government of the United Kingdom of Great Britain and Northern Ireland;

3. Requests the Secretary-General of the United Nations to prepare a text of the International Sugar Agreement incorporating the amendments set out in the instrument drawn up by this Conference, and to send copies of such text in all the five official languages of the United Nations to the Governments of all countries Parties to the International Sugar Agreement and to all Governments invited to this Conference for their consideration;

4. Requests the Government of the United Kingdom to arrange for the Protocol amending the International Sugar Agreement to be open for signature in London during the period laid down in article 3 of the Protocol, and to register it, upon coming into force, with the Secretariat of the United Nations, in accordance with Article 102 of the Charter of the United Nations.

<sup>43/</sup> Circulated as E/CONF.22/6.

## **Protocol amending the International Sugar Agreement opened for signature at London 1 October 1953<sup>44/</sup>**

The Parties to this Protocol, taking into account resolution No. 3 adopted at the ninth plenary meeting of the United Nations Sugar Conference, 1956, by which the Parties to the International Sugar Agreement opened for signature at London on 1 October 1953 (hereinafter referred to as "the Principal Agreement") unanimously resolved that it would be appropriate to effect a modification of that Agreement by means of a Protocol of Amendment, and desiring by such Protocol to introduce into that Agreement certain amendments drawn up by the United Nations Sugar Conference, 1956, hereby agree as follows:

### **Article 1**

(1) The Parties to this Protocol undertake that they will, in accordance with the provisions of this Protocol, attribute full legal force and effect to, and duly apply, the amendments to the Principal Agreement as they are set forth in the Annex to this Protocol.

(2) The amendments set forth in the Annex to this Protocol shall come into force on the date of entry into force of this Protocol, and any State becoming a party to the Principal Agreement, after the amendments thereto have come into force, shall become a Party to the Principal Agreement as so amended.

### **Article 2**

As soon as possible after this Protocol has been opened for signature, the Secretary-General of the United Nations shall prepare a text of the Principal Agreement incorporating the amendments set out in the annex to this Protocol and shall send certified copies for their information to the Governments of all the Parties to the Principal Agreement and of all other States invited to the United Nations Sugar Conference 1956.

### **Article 3**

(1) This Protocol shall be open for signature at London from 1 to 15 December 1956, inclusive, by the Parties to the Principal Agreement.

(2) This Protocol shall be subject to ratification or acceptance by signatory Governments in accordance with their respective constitutional procedures, and the instruments of ratification or acceptance shall be deposited with the Government of the United Kingdom of Great Britain and Northern Ireland.

(3) This Protocol shall be open for accession by any Party to the Principal Agreement which has not signed this Protocol and such accession shall be effected by

the deposit of an instrument of accession with the Government of the United Kingdom of Great Britain and Northern Ireland.

(4) Governments of States which are not Parties to the Principal Agreement but which were invited to the United Nations Sugar Conference 1956, may accede to the Principal Agreement as amended in accordance with this Protocol pursuant to the provisions of article 41 of that Agreement as so amended.

### **Article 4**

(1) This Protocol shall enter into force on 1 January 1957 if on that date instruments of ratification or acceptance of, or accession to, this Protocol and instruments of accession to the Principal Agreement as amended in accordance with this Protocol have been deposited by Governments holding 60 per cent of the votes of importing countries and 75 per cent of the votes of exporting countries under the distribution set out in the annex to this Protocol, or on such later date during the following six months on which these percentages have been reached; provided that notifications containing an undertaking to seek to obtain as rapidly as possible under their constitutional procedure, but not later than 1 July 1957, either

(a) Ratification or acceptance of, or accession to, this Protocol, or

(b) Accession to the Principal Agreement as amended in accordance with this Protocol,

received by 1 January 1957 by the Government of the United Kingdom of Great Britain and Northern Ireland from Parties to the Principal Agreement or Governments referred to in article 3 (4) which by that date have been unable to ratify, accept or accede to this Protocol, or to the Principal Agreement as amended by it, as the case may be, will be considered as equivalent to ratification, acceptance or accession for the purpose of this paragraph.

(2) In any event the obligations for the 1957 quota year under this Protocol and the Principal Agreement as amended by it of Governments which have ratified, accepted or acceded to this Protocol or acceded to the Principal Agreement as amended by this Protocol not later than 1 July 1957 will run as from 1 January 1957.

(3) If on 1 July 1957 the percentage of votes of importing countries or of exporting countries the Governments of which have ratified, accepted or acceded to this Protocol and the Governments of which have acceded to the Principal Agreement as amended by this Protocol is less than the percentage required for the entry into force of this Protocol in accordance with paragraph 1, the Governments which have so ratified, accepted or acceded may agree to put into

<sup>44/</sup> Circulated as E/CONF.22/5, later known as the Protocol of 1 December 1956.

force among themselves the Principal Agreement as amended by this Protocol.

(4) The Government of the United Kingdom of Great Britain and Northern Ireland will notify all Parties to the Principal Agreement and all other States represented by delegates or observers at the United Nations Sugar Conference 1956 of each signature and of the deposit of any instrument referred to in article 3 of this Protocol.

#### Article 5

If on 1 July 1957 any Government which has notified its undertaking to seek to obtain accession to the Principal Agreement as amended in accordance with this Protocol has not deposited an instrument of accession, the International Sugar Council referred to in consultation with such Government, the status of such Government in relation to the Principal Agreement as amended and the conditions pertaining to such status.

#### Article 6

If (a) After the amendments set forth in the annex to this Protocol have entered into force, any Party to the Principal Agreement has not ratified, accepted or acceded to this Protocol or notified its undertaking to seek to obtain ratification, acceptance or accession, or

(b) On 1 July 1957 any Party to the Principal Agreement has not ratified, accepted or acceded to this Protocol,

the International Sugar Council shall consult with such Government with a view to resolving the problems arising therefrom.

#### Article 7

Any Government may at the time of signature, ratification or acceptance of, or accession to, this Protocol or accession to the Principal Agreement as amended by this Protocol, or at any time thereafter, declare by notification given to the Government of the United Kingdom of Great Britain and Northern Ireland that this Protocol or the Principal Agreement as amended by this Protocol shall extend to all or any of the territories for which it has international responsibility and this Protocol or the Principal Agreement as amended by it, as the case may be, shall from the date of the receipt of the notification extend to all the territories named therein.

This Protocol, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Government of the United Kingdom of Great Britain and Northern Ireland, which shall transmit certified copies thereof to each signatory and acceding Government.

In faith whereof the undersigned, duly authorized, have signed<sup>45/</sup> this Protocol on behalf of their respec-

tive Governments on the dates appearing opposite their signatures.

Done, at London, this first day of December one thousand nine hundred and fifty-six.

### Annex

#### To the Protocol amending the International Sugar Agreement opened for signature at London on 1 October 1953

In article 2, paragraph (3), the following shall be added after the first sentence of the paragraph:

"Sugar destined for uses other than human consumption as food is excluded, to the extent and under such conditions as the Council may determine."

In article 7, paragraph (1), sub-paragraph (i), "maximum established in Article 20" shall be replaced by "the higher price referred to in Article 21 (3)".

To article 8, paragraph (1), the following shall be added at the end of the paragraph:

"Subject to such tolerances as the Council may prescribe, any amount by which total net exports of an exporting country in any quota year exceeds its export quota in effect at the end of that year shall be charged to the export quota in effect of that country for the next following quota year."

Article 8, paragraph (2), shall read:

"The Council may, if it deems necessary because of exceptional circumstances, limit the proportion of their quotas which participating exporting countries having basic tonnages in excess of 75,000 tons may export during any part of a quota year, provided that no such limitation shall prevent the participating exporting countries from exporting, during the first eight months of any quota year, 80 per cent of their initial export quotas and provided further that the Council may at any time modify or remove any such limitation which it may have imposed."

Article 11 shall read:

"The Government of each participating exporting country agrees to notify the Council, as soon as possible but not later than 30 September, whether or not it expects that its country's export quota in effect will be used and, if not, of such part of its country's export quota in effect as it expects will not be used, and on receipt of such advice the Council shall take action in accordance with Article 19 (1) (i)."

Article 12 shall read:

"If the actual net exports to the free market of any participating exporting country in a quota year fall short of its export quota in effect at the time of notification by its Government in accordance with Article 11, less such part, if any, of that quota as the Government has notified under Article 11 that it expected would not be used, and less any net reduction in its export quota in effect made subsequently by the Council under Article 21, the difference shall be deducted from that country's export quota in effect in the following quota year to the extent that such

<sup>45/</sup> The above text is that adopted at the United Nations Sugar Conference, 1956, and does not include the reservations made at the time of signature of this Protocol or the reservations to the Agreement which was opened by the United Kingdom Government for signature at London on 1 October 1953.



difference exceeds 10,000 tons or 5 per cent of its basic export tonnage, whichever is larger. The Council may however modify the amount to be so deducted, if it is satisfied by an explanation from the participating exporting country concerned that its net exports fell short by reason of force majeure."

In article 13, paragraph (5), the reference to "Article 22" shall be replaced by "Article 21".

In article 14, paragraph (1), "For each of the" shall be replaced by "(i) For the first three"; and the following shall be added at the end of the paragraph:

"(ii) For the last two quota years during which this Agreement is in force the exporting countries or areas named below shall have the following basic export tonnages for the free market:

(In thousands of tons)

Belgium (including Belgian Congo) . . . . .	55*
Brazil . . . . .	175
China (Taiwan) . . . . .	655
Colombia . . . . .	5
Cuba . . . . .	2,415
Czechoslovakia . . . . .	275
Dominican Republic . . . . .	655
France . . . . .	20**
Germany, eastern . . . . .	150
Haiti . . . . .	45
Hungary . . . . .	40
India . . . . .	25
Indonesia . . . . .	350
Mexico . . . . .	75
Kingdom of the Netherlands . . . . .	40
Peru . . . . .	457
Philippines . . . . .	25
Poland . . . . .	220
USSR . . . . .	200
Yugoslavia . . . . .	20

\* To be 50,000 tons for 1957.

\*\* The allocation to France of this basic export tonnage preserves to that country the same possibilities of making sales on the free market as the text of this Agreement as opened for signature on 1 October 1953; and, considering that paragraph 3 of Article 14 is deleted, it is recognized, in accordance with the decision of the Council of 1 December 1955, that France may export to the free market a quantity of sugar not exceeding 70,000 tons which is not chargeable against her net export quota."

In article 14, paragraph (2), after "Czechoslovak Republic" the following shall be added "Hungary".

Article 14, paragraph (3) shall be deleted.

In article 14, paragraph (4), "Costa Rica, Ecuador and Nicaragua" shall be replaced by "Costa Rica, Ecuador, Nicaragua and Panama".

In article 14, paragraph (6) shall be deleted and after paragraph (5) the following shall be added:

"(6 bis) Portugal to which no basic export tonnage has been allotted under Article 14 (1) may export to its traditional markets in the Federation of Rhodesia and Nyasaland up to 20,000 tons raw value each quota year and shall have the status of an exporting country.

"A bis. Special reserve

"(6 ter) A special reserve is established for the quota years 1957 and 1958 and is allocated as follows:

(In thousands of tons)

China (Taiwan) . . . . .	95
India . . . . .	25
Indonesia . . . . .	50*
Philippines . . . . .	20

\* Only in 1958.

"Notwithstanding that these allocations are not basic export tonnages, the provisions of the Agreement other than those of Article 19 shall apply to them as if they were basic export tonnages."

In article 14, paragraph (7), sub-paragraph (c), after "third" the following shall be added, "fourth and fifth".

In article 14, paragraph (8), sub-paragraph (ii), the reference to article "22" shall be replaced by article "21"; and the reference to "Articles 12 and 21 (3)" shall be replaced by "Articles 12 and 21".

In article 15, the following shall be deleted: "and the countries which France represents internationally"; and "(including Surinam)".

In article 16, paragraph (1), sub-paragraph (ii), "year 1956" shall be replaced by "years 1956 and 1957"; at the end of sub-paragraph (ii) the following shall be added: "per year"; and after sub-paragraph (ii), the following shall be added:

"(iii) In the calendar year 1958 - 2,540,835 tons (2,500,000 English long tons) tel quel."

In article 18, paragraph (2), the second sentence shall read:

"After considering that estimate and all other factors affecting the supply and demand for sugar on the free market the Council shall forthwith assign an initial export quota for the free market for such year to each of the exporting countries listed in Article 14(1) pro rata to their basic export tonnages, subject to the provisions of Article 14 B, to such penalties as may be imposed in accordance with the provisions of Article 12 and to such reductions as may be made under Article 21(8), provided that if at the time of fixing the initial export quotas the prevailing price is not less than 3.15 cents the total of the initial export quotas shall, unless the Council otherwise decides by Special Vote, be not less than 90 per cent of the basic export tonnages, the distribution among exporting countries being made in the same manner provided in this paragraph."

Article 18, paragraph (3) shall be deleted.

Article 20 shall read:

"(1) For the purposes of this Agreement any reference to the price of sugar shall be deemed to be to the spot price in United States currency per pound avoirdupois free alongside steamer Cuban port, as established by the New York Coffee and Sugar Exchange in relation to sugar covered by Contract No. 4, or any alternative price which may be established under paragraph (2) of this Article; and where any reference is made to the prevailing price being above or below any stated figure, that condition shall be deemed to be fulfilled if the average price over a period of seventeen consecutive market days has



been above or below the stated figure, as the case may be, provided that the spot price on the first day of the period and on not less than twelve days within the period has also been above or below the stated figure, as the case may be.

"(2) In the event of the price referred to in paragraph (1) of this Article not being available at a material period, the Council shall use such other criteria as it sees fit.

"(3) Any of the prices laid down in Articles 18 and 21 may be modified by the Council by a Special Vote."

Article 21 shall read:

"(1) The Council shall have discretion to increase or reduce quotas to meet market conditions, provided that:

"(i) When the prevailing price is not less than 3.25 cents and not more than 3.45 cents no increase shall be made so as to bring into effect quotas greater in total than the basic export tonnages plus 5 per cent or the initial export quotas, whichever are the greater, and no decrease shall be made so as to bring into effect quotas which are less in total than either the initial export quotas less 5 per cent or the basic export tonnages less 10 per cent, whichever are the greater;

"(ii) When the prevailing price exceeds 3.45 cents the quotas in effect shall be not less than the initial export quotas or the basic export tonnages, whichever are the greater;

"(iii) If the prevailing price is below 3.25 cents the export quotas in effect shall at once be reduced by 2 1/2 per cent and the Council shall meet within seven days to decide whether any further reduction shall be made; and if no agreement is reached at such meeting the percentage of the reduction shall be raised to 5 per cent, provided that reductions shall not be made so as to reduce the quotas below 90 per cent of the basic export tonnages unless the prevailing price is below 3.15 cents in which case further reduction may be made within the limits prescribed by Article 23; and

"(iv) If the prevailing price has risen above 3.25 cents and the export quotas in effect are below 90 per cent of the basic export tonnages, the export quotas in effect shall be increased at once by 2 1/2 per cent and the Council shall meet within seven days to decide whether a further increase shall be made; and if no agreement is reached at such meeting the percentage of the increase shall be raised to 5 per cent or such lesser amount as is required to restore the quotas to 90 per cent.

"(2) In considering changes in quotas under this Article the Council shall take into account all factors affecting the supply and demand for sugar on the free market.

"(3) If the prevailing price exceeds 4.00 cents all quotas and limitations on exports under any of the Articles of this Agreement shall for the time being become inoperative, provided that if subsequently the prevailing price falls below 3.90 cents the quotas and limitations previously in effect shall be restored,

subject to the power of the Council to vary quotas under paragraph (1) of this Article.

"(4) If the Council is satisfied that a new situation has arisen which endangers the attainment of the general objectives of the Agreement it may, by Special Vote, suspend temporarily for such period as it may think necessary the limits imposed under the preceding paragraphs of this Article upon its discretion to increase quotas; and during the period of such suspension the Council shall have full discretion to increase quotas as it may think necessary and to cancel such increases when they are no longer required.

"(5) All changes in quotas made under this Article shall be pro rata to the basic export tonnages, subject to the provisions of Article 14 B; and any references to percentages of quotas shall be construed as percentages of the basic export tonnages.

"(6) Notwithstanding the provisions of paragraph (1) of this Article, if the export quota of any country has been reduced under Article 19(1)(i) such reduction shall be deemed to form part of the reductions made in the same quota year under the terms of paragraph (1) of this Article.

"(7) The Secretary of the Council shall notify Participating Governments of each change made under this Article in the export quotas in effect.

"(8) If any reduction made under the preceding paragraphs of this Article cannot be fully applied to the export quota in effect of any exporting country because, at the time the reduction is made, that country has already exported all or part of the amount of such reduction, a corresponding amount shall be deducted from the export quota in effect of that country in the following quota year."

Article 22 shall be deleted.

Article 33 shall read:

"The votes to be exercised by the respective delegations of importing countries on the Council shall be as follows:

Cambodia .....	15
Canada .....	95
Ceylon .....	35
Federal Republic of Germany .....	60
Honduras .....	15
Israel .....	20
Japan .....	165
Lebanon .....	20
New Zealand .....	30
Spain .....	20
Tunisia .....	20
United Kingdom .....	245
United States of America .....	245
Viet-Nam .....	15

TOTAL 1,000"

Article 34 shall read:

"The votes to be exercised by the respective delegations of exporting countries on the Council shall be as follows:

Australia .....	45
Belgium .....	20
China .....	70
Cuba .....	245
Czechoslovakia .....	45
Dominican Republic .....	70
Ecuador .....	15
France .....	35
Haiti .....	20
Hungary .....	20
India .....	35
Indonesia .....	45
Mexico .....	25
Kingdom of the Netherlands .....	20
Nicaragua .....	15
Panama .....	15
Peru .....	45
Philippines .....	25
Poland .....	40
Portugal .....	15
Romania .....	15
South Africa .....	20
USSR .....	100
TOTAL 1,000"	

Article 35 shall read:

"Whenever the membership of this Agreement changes or when any country is suspended from voting or recovers its votes under any provision of this Agreement, the Council shall redistribute the votes within each group (importing countries and exporting countries) proportionally to the number of votes held by each member of the group, provided that no country shall have less than 15 or more than 245 votes and that there shall be no fractional votes, and provided further that the votes of countries having 245 votes under Article 33 or 34 shall not be reduced having regard to the substantial number of votes relinquished by each of those countries when accepting the number of votes attributed to them in Articles 33 and 34".

In article 36, paragraph (3), the reference to "Articles 21 and 22" shall be replaced by "Article 21".

Article 41, paragraph (2) shall be deleted.

Article 41, paragraphs (3) and (4) shall read:

"(3) This Agreement shall be open for accession by any Government referred to in Article 33 or 34 and such accession shall be effected by the deposit of an instrument of accession with the Government of the United Kingdom of Great Britain and Northern Ireland, provided that, if any such Government wishes to accede upon terms or conditions other than those provided for in this Agreement, it shall first seek approval by the Council of such terms or conditions, which if approved shall be submitted as recommendations to the Participating Governments.

"(4) The Council may approve accession to this Agreement by any Government invited to the United Nations Sugar Conference 1956 but not referred to in Article 33 or 34, provided that the conditions of such accession shall first be agreed upon with the Council by the Government desiring to effect it and submitted as recommendations to the Participating Governments."

In article 44, paragraph (1), the first sentence shall read:

"(1) If any Participating Government considers its interests to be seriously prejudiced by the failure of any signatory Government to ratify or accept this Agreement or the Protocol amending this Agreement opened for signature at London on 1 December 1956, or to accede to this Agreement as amended by that Protocol, or by conditions or reservations attached to any signature, ratification, acceptance or accession, it shall so notify the Government of the United Kingdom of Great Britain and Northern Ireland."

## **ANNEXES**

## ANNEX I

### General review of the working of the International Sugar Agreement of 1953 during its first two years<sup>1/</sup>

Note by the Secretary-General. - The following review was communicated to the Secretary-General by the Chairman of a preparatory committee established by the International Sugar Council. It served as a basis for discussion at the United Nations Sugar Conference, 1956. The review was prepared by a Technical Group appointed by the Council with regard to the professional qualifications of the members. In submitting the review, the Council pointed out that the members of the Technical Group served in their personal capacities and not as representatives of Governments. The review is the work of the Group as a whole and the individual members do not necessarily agree with all the statements made. The Governments represented on the Preparatory Committee or on the International Sugar Council are not responsible for any statements in the review.

The text of the International Sugar Agreement of 1953, which is reviewed, forms Appendix C to the Review of International Commodity Problems, 1953 (E/2578).<sup>2/</sup>

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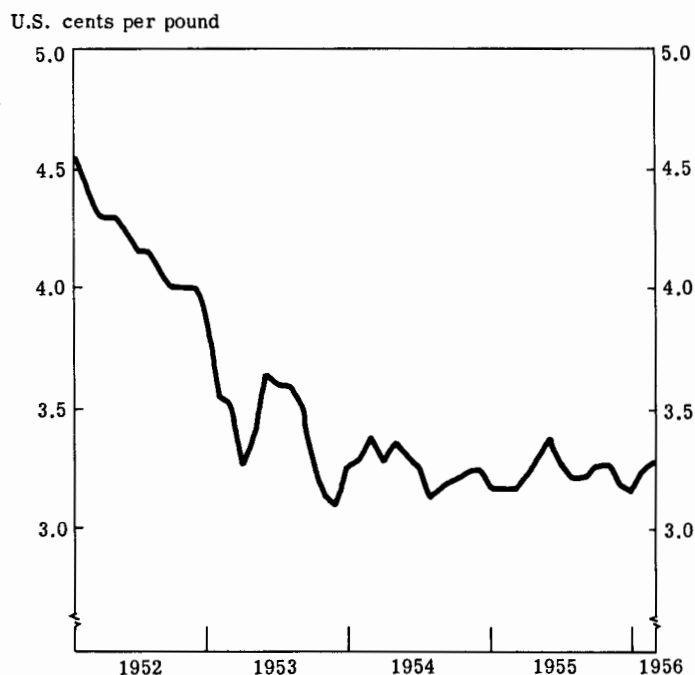
### 1. Introduction

1. The International Sugar Council commenced operations on 1 January 1954 under difficult circumstances. As will be seen from table 1 of appendix II, world stocks had increased, particularly in certain important exporting countries, from about 6.5 million tons in September 1948 to over 10.25 million tons in September 1953. The world market price which, with the exception of the Korean period in 1950-1951, had been falling since 1948, was showing signs of further weakness. Furthermore, several important exporting countries decided not to join the International Sugar Agreement and the importing side was inadequately represented.

#### Stabilization of prices

2. In spite of these initial handicaps, graph 1 demonstrates that since the Agreement came into force free market prices, as measured by the New York world spot price, have been substantially stabilized:

**Chart 1. Sugar: Spot price for No. 4 Contract sugar on the New York Coffee and Sugar Exchange, 1952 to 1956**



The fluctuation of prices around the mean was:

1952 fluctuation = 27 per cent  
1953 fluctuation = 21 per cent  
1954 fluctuation = 11 per cent  
1955 fluctuation = 8 per cent

<sup>1/</sup> Circulated as E/CONF.22/R.1 and Corr. 1. This document was de-restricted by the International Sugar Council in January 1957.

<sup>2/</sup> United Nations publication, Sales No. : 1954.II.D.3.

<sup>3/</sup> Appendix II of E/CONF.22/R.1 consists of six tables, of which tables 1, 2 and 3 are reproduced in the present document. For tables 4, 5 and 6, see E/CONF.22/R.1 and Corr. 1.

This stabilization was made possible not only because of the terms of the Agreement itself but also because at a time of considerable difficulty the existence of an Agreement made it possible for participating exporters to pursue prudent and responsible policies in respect to export, stock holding and production which would not have been politically feasible without an Agreement.

#### Increasing consumption

3. It should be noted, however, that while world production has risen and has kept in line with increasing world consumption (table 1, appendix II) the share in this increased world production of the exporters who are members of the Agreement has fallen, and so has their share of the free market, as charts 2 and 3 show:

## **II. The free market**

4. We propose in this paper to analyse, in the light of two years' experience, some of the main features of the International Sugar Agreement. Before doing so we consider the nature of the "free market".

#### A residual market

5. The free market is that residual part of the international market for raw or white sugar for which there is no outlet on preferred terms. In recent years the free market has represented roughly one-third of an international trade in sugar of about 14 million tons. It has ranged from a maximum of about 6 million tons in 1953 to about 4.5 million tons in 1954. The net import figures for 1954 and 1955 might well have been smaller if there had not been net imports in these years by some countries which have in the past been regarded as net exporters.

#### Change in the pattern of the market

6. Within the free market there is, however, a considerable amount of sugar traded outside the normal operations of the market. For example, a large volume of sugar is traded bilaterally on a governmental or quasi-governmental basis or by restrictive tender. We estimate that about one-third of the sugar sold in the free market falls into one or other of these categories.

7. Moreover, the large contracts placed at times by refiners in importing countries on a price fixing basis are now an established feature of the free market.

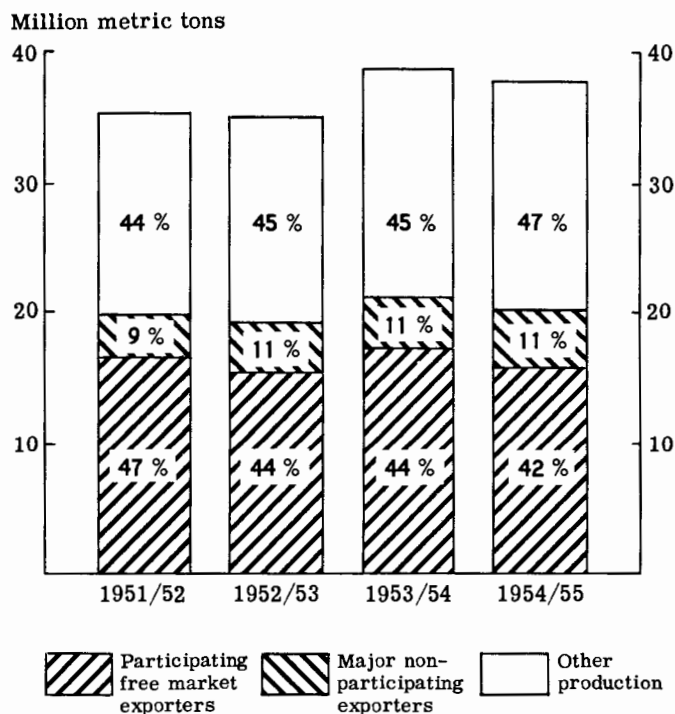
8. Sales of this kind have, of course, an important influence on the market. But their impact differs from the impact of the large number of smaller transactions freely made which is the pattern of the "classical" commodity market. It follows that because of the influence of at least some of these factors the free market price is somewhat less widely based than the definition in paragraph 5 above would suggest.

#### The white sugar market

9. There is a further factor which is of considerable importance in considering the nature of the free market. It is not only a market for raw sugar, although the free market price is invariably quoted in terms of raw sugar. Something like half the sugar sold to final

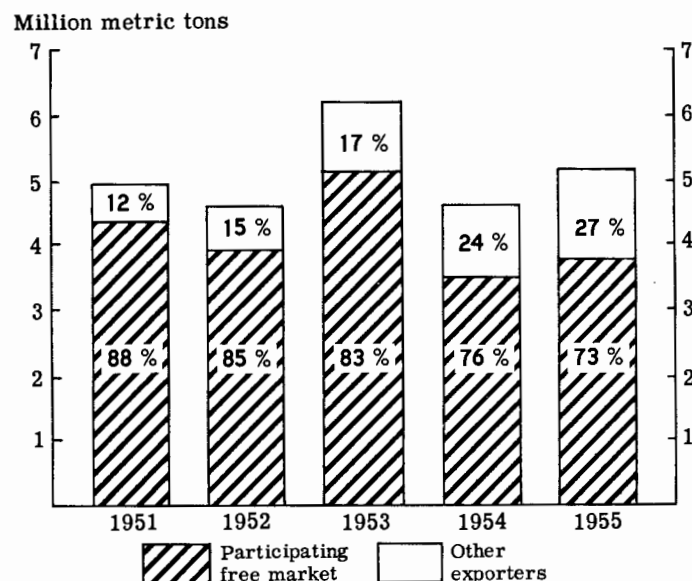
free market outlets is white sugar. Furthermore, sales of white sugar are made at prices which, though intimately related to the raw sugar price, do not necessarily closely follow that price on the day.

**Chart 2. World Sugar production: 1951-1952 to 1954-1955**



Source: F. O. Licht.

**Chart 3. Net exports to the free market: 1951 to 1955**



Source: International Sugar Council.

### Some characteristics of supply

10. Finally we come to the characteristics of supply and demand in the free market. There is, we think, little doubt that supply has a low elasticity, at least in the short term. That is to say, a fall or rise in the free market price does not exert, save in the long term, a proportionate influence on the volume of supplies offering. Indeed, the reverse may occur. This inelasticity derives from two main factors. First, sugar exports are the mainstay of the economies of most of the major exporters to the free market and, in consequence, these countries must produce and must endeavour to export a high volume of sugar, whatever the price. Their reaction to a fall in price is more often than not to try and export more in order to maintain their aggregate export earnings. Second, for many of the smaller exporters the free market is mainly an outlet for residual or fortuitous surpluses, after meeting home requirements and/or the requirements of protected markets. Again, these marginal quantities will be produced irrespective of the price ruling at the time.

### Some characteristics of demand

11. For the following reasons which are, we think, self-evident, there is even less doubt that demand in the free market is inelastic:

(a) First, a considerable part of the demand for free market sugar comes from countries with an important domestic sugar industry. In these cases, therefore, the free market is merely meeting residual requirements and, in consequence, demand is determined almost entirely by the size of the home crop and not by the free market price;

(b) Second, the high level of tariffs and other taxes on sugar, which at present prevail in very many consuming countries (as well, of course, as in many important producing countries) insulates the domestic consumer from the effects of a fall, or an increase, in the free market price. In many countries, a halving of the free market price would hardly be noticeable in the retail price of sugar and hardly significant even in the cost of sugar for manufacturing purposes. But this of course would no longer be true if a significant reduction in sugar taxation could be effected.

### Limited influence of market forces as a stabilizing factor

12. Inelasticity of demand coupled with a low short-term elasticity of supply means that the amount of influence market forces alone can exert to stabilize the free market price is very small indeed. Consequently, if left to itself the free market would tend, as past experience amply demonstrates, to long periods of chronic depression interspersed with periods when a comparatively small increase in demand, due to exceptional factors, induces a wholly disproportionate increase in price although even this happens only if world stocks are low. The latest example of this occurred at the time of the Korean crisis. It is, of course, because of the absence of natural stabilizing forces in the free market itself that international regulation is needed to produce stable conditions for both exporters and importers.

13. So far as we can see, the only important element of demand present in the free market today which, in the short run, is likely to respond significantly to price changes is that where sugar is purchased by Governments or where Governments limit imports for currency or balance of payment reasons. However, we should be surprised if, even in this field, the increase was proportionate to the reduction in price.

### Influence of the free market price outside the free market

14. We should not perhaps conclude this discussion of the free market without pointing out that the free market price has an important inter-relation with prices outside the free market itself. It directly determines the price at which much sugar is sold to preferred outlets and has a bearing on the price of the rest. Indirectly it influences domestic prices or the measure of protection or subsidy necessary to maintain domestic prices. The free market price is, therefore, a matter of material concern to many sugar producers and their Governments who may not appear to be directly affected by its movement, or who may even be completely insulated against short-term fluctuations.

## **III. Analysis of the International Sugar Agreement of 1953**

### The core of the Agreement

15. The core of the present Agreement is to be found in articles 14, 18, 20, 21, 22 and 23. Broadly, the intention of these articles was first to relate exports to the free market to the estimated requirements of that market at the beginning of each quota year and thereafter during the quota year to adjust quotas, if need be, in such a way that prices remained within a price zone, as measured by the New York spot, of 3.25 to 4.35 cents f.a.s. Cuba. Prices have not, however, moved exclusively within the price zone but have fluctuated around the minimum of the zone. We propose to examine why this has occurred. Some of the explanations may be found in the Agreement itself (for example, the price zone and the quota mechanism) and in the absence of important exporting and importing countries, while others arise from the circumstances under which the Agreement has operated and from the characteristics of the free market which we have already described and to which we refer again later.

### The zone of prices

### Comparison with the general level of commodity prices

16. We note first that it has been argued from time to time that it is a weakness of the Agreement that the zone of prices is too high. In the fundamental sense, prices might be regarded as too high if they were markedly out of line with the general level of commodity prices. But in our view this cannot be said of the current free market price, and this is borne out by the following table:

## Price indices of raw materials<sup>a/</sup>

	1948	1949	1950	1951	1952	1953	1954
TOTAL	100	92	96	120	108	104	109
Food.....		93	92	104	106	109	121
Sugar <sup>b/</sup> .....		98	117	135	98	81	77
Non-Food.....		92	99	131	108	99	99
Of agricultural origin .....		90	102	140	108	96	98
Of mineral origin .....		94	91	108	108	101	102

<sup>a/</sup> Calculated from material contained in the Yearbook of International Trade Statistics, 1954.

<sup>b/</sup> Calculated from data in E/CONF.22/R.1 and Corr. 1, appendix II. Not reproduced in the present document.

We attribute this low absolute level of prices for free market sugar mainly to the fact that the supplies sold on the free market represent a residual one-third of world exports. The remaining two-thirds is sold elsewhere at generally higher prices, and thus a number of important exporters can accept returns from their sales to the free market considerably lower than would otherwise be the case.

### Effect of a reduction in prices on demand

17. The zone of prices might also be regarded as too high if it could be expected that a reduction would lead to a proportional increase in demand. It is doubtful if a moderate reduction would produce this effect, save in the very long term. Demand is inelastic and it is unlikely therefore that there would be any appreciable rise in purchases from the free market, except perhaps by those importers whose purchases in particular years are strictly rationed for foreign exchange reasons.

18. Nor do we think that a moderate reduction in the price zone would appreciably discourage high-cost production, save possibly in the long run. As supply also tends to be inelastic, it is unlikely that lower prices in the free market would in the short run significantly reduce offerings from high-cost producers taken as a whole, or cause a significant curtailment of production in importing countries or of imports on preferred terms.

19. It is of course possible that a steep reduction might bring new outlets. Indeed we should expect it to do so at least in those parts of the market where currency or balance of payments determine the volume of purchases. Moreover, the view is strongly held by some that a substantially lower free market price would discourage high-cost production, make increased self-sufficiency less acceptable, restrain highly subsidized production and make expansion in production for the free market by non-member exporters less tempting. It would remain to be seen whether those consequences would follow. We do not think, however, that except possibly in the long term, there would follow a sufficient increase in demand in the free market taken as a whole to compensate producers for the reduction in the unit value of their returns on sugar.

20. Notwithstanding those arguments, there remains the point that if means do not exist to adjust supply to the extent needed to hold the price within a given zone,

and as a result the price falls below it, then that zone is unrealistic and should not be maintained. This aspect and the related considerations are dealt with in paragraphs 21 to 33 below.

### Quota mechanism

#### Limitations imposed by article 23

21. Articles 14 (2), 15, 16 and 17 exclude from the control of the Council a large part of the international trade in sugar. Moreover, article 23 provides that the export quota of a country holding a basic export tonnage under article 14 shall not be reduced by more than 20 per cent<sup>4/</sup> of that tonnage. The practical effect of this article is to give to each participating country which exports to the free market an irreducible minimum export quota. At the time the Agreement was negotiated this clause was regarded as a reasonable safeguard to major exporting countries and when, during the negotiations, basic export tonnages were increased, a corresponding increase in the maximum permitted quota cut was not made. As matters have turned out, the article has become one of the cardinal features of the Agreement, because of the limitations imposed by it on the Council's powers to reduce supplies to a level sufficient to prevent prices falling below the zone of 3.25 to 4.35 cents. Its ineffectiveness in this respect is in part, if course, a reflection of the fact that not as many countries as was hoped became members of the Agreement and that some of them were, therefore, able to expand their exports, whereas those countries which accepted the obligations imposed by the Agreement could not.

#### Limitations imposed by article 19

22. The Council's limited power to cut supplies to the free market is also reflected in article 19 which provides for the redistribution of unused quotas among member exporters, because these redistributions must be made by the Council notwithstanding that the price may be below the minimum of the zone or that supply may be in excess of demand in the free market as a whole.

#### Failure to balance supply and demand

23. Because of (1) the operation of articles 23 and 19; (2) the non-participation in the Agreement of some

<sup>4/</sup> 10 per cent in the case of countries with a basic export tonnage of less than 50,000 tons.



of the principal exporting countries and (3) expanding domestic production in many importing countries (appendix II, table 4),<sup>5/</sup> it was not possible to reduce quotas to the level needed to balance total supplies (including supplies available for export in non-member countries) with the estimated demand of the free market.

24. In consequence, it has never been possible effectively to test whether in practice the price of sugar could be kept within the zone of prices firstly by adjusting supplies to the estimated requirements of the market and thereafter by reducing supplies below that estimate if this were to become necessary to keep the price within the zone. Thus the only recourse open to the Council, within the terms of the Agreement, was to alter the zone of prices which, unlike the quota mechanism, can be varied by a two-thirds majority vote. No action on these lines was initiated in the Council.

#### Dependence of principal exporting countries on a high level of exports

25. Moreover, quite apart from the mechanism of the Agreement itself, it has become apparent that there are times when exporting countries, the economies of which mainly depend on sugar and which lack alternative uses for their resources or find themselves in balance of payments difficulties, are forced to regard the maintenance of a relatively high level of exports as of greater importance than the maintenance of a given level of prices, thus emphasizing the underlying inelasticity of supply. It is the emergence of this factor which has led to the as yet unsettled controversy over the interpretation of articles 13, 21 and 22.

#### Difference of view on the operation of articles 18, 21 and 22

26. One body of opinion on the Council holds that these articles, taken together, mean that the Council, having adopted an estimate of the free market in the November preceding the opening of the quota year and allotted initial export quotas accordingly, cannot thereafter adjust quotas because at a later stage the estimate proves to have been too high or too low (as will almost always turn out to be the case). Quotas, it is argued, can be adjusted only if the price of sugar shows signs of falling below the minimum or rising above the maximum of the zone of prices.

27. The other body of opinion holds that there is nothing in the Agreement to prevent the Council from amending its initial estimate of free market requirements and adjusting quotas during the year. They argue that the Council can alter quotas at any time and without limitation (other than the limitation in article 23) provided only that the price remains within the zone.

#### Need for clarification

28. It is not out of purpose, nor are we competent, to examine the legal arguments in favour of one view or

<sup>5/</sup> See E/CONF.22/R.1. and Corr. 1. Not reproduced in the present document.

the other; we are concerned only with their practical consequences. We think it should be said, however, that we regard it as essential that the precise intention of these clauses or whatever provisions supersede them should be clearly defined.

#### Price versus volume

##### Contrasted interests of exporters

29. It should be noted, however, that apart altogether from the legal arguments referred to in the preceding paragraphs regarding interpretation of articles 18, 21 and 22, there is an underlying difference of interest between the exporters which is reflected in a difference of opinion about the use of the quota mechanisms for maintaining prices on the one hand and on the other the volume of exports. Those countries with a small export quota to the free market which are not mainly dependent on sugar are interested primarily in the maintenance of prices, as are those exporting countries which, though dependent on sugar, are not subject to quota cuts under the Agreement. On the other hand, the primary aim of those exporting countries whose economies largely depend on their exports to the free market is to meet demands for sugar as they arise.

30. Given that this difference of interest exists, our concern here is to consider whether, in so far as the practical operation of the International Sugar Agreement is concerned, there is as much between the parties as has sometimes appeared to be the case.

31. There are, we think, two points to be borne in mind. On the one hand, once the maximum cuts permitted by article 23 have been made the Council is powerless to operate on the price by adjusting supplies when it is at or below the bottom of the zone. On the other hand, for reasons we have given earlier, we doubt whether a policy favouring volume of sales at the expense of price will result in a significant increase in free market outlets as a whole - although we recognize that in certain circumstances the quota mechanism can, without any effect on the price level, deprive member exporting countries of outlets, to the advantage of non-member exporters. To some extent, therefore, the argument whether the Council can or cannot adjust quotas when the price range is not threatened is unreal, unless and until free market outlets increase to a point where they more or less equate with the sum of basic export tonnages less 20 per cent (together, of course, with exports from non-participating countries); or unless article 23 is done away with. No doubt there would be circumstances when both parties to this controversy could show that in the short run the policy they favour would bring results. But we venture to doubt whether those results, in terms of price or of free market outlets, would be significantly different by the end of a quota year.

##### The overriding influence of article 23

32. What does emerge is the categorical importance of article 23 with its guarantee of an irreducible minimum export quota, and of the interrelated article 19 for so long as article 23 exists. The supply and demand position in the free market during the foresee-

able future may well become such that it is doubtful whether the Agreement can operate effectively to maintain prices within the price zone unless the aggregate amount of the basic export tonnages is in line with outlets, or article 23 is substantially modified. There is, however, so far little evidence that it would be possible to abandon an absolute limit to quota cuts so long as any major exporting countries remain outside the Agreement and are therefore in a position to reap the advantage.

#### The tendency of prices to find their own level

33. If an absolute limit to quota cuts is retained and if, in addition, the sum of the agreed minimum export quotas (together with the sugar available for export in countries outside the Agreement) exceeds available outlets in the free market, prices may, of course, still remain within the zone for a time. But there will always be the danger in such circumstances that pressure of supplies will force the price below the minimum, leaving the Council without effective means of restoring it to the agreed zone. Thus, notwithstanding the Agreement, prices will tend to find their own level.

#### Corrective steps to be considered

34. If the Council is to have power to maintain prices within the zone in all circumstances, it would be necessary to consider the following steps, singly or in combination. The basic export tonnages could be brought into line with a realistic estimate of the requirements of the free market; the limits on quota cuts (article 23) and mandatory redistributions of shortfalls (article 19) could be abandoned or substantially modified; or the price zone could be lowered. Reference to the reasons given in paragraph 25 and to the difficult negotiations which preceded the signing of the present Agreement when these problems were last exhaustively examined, does not suggest that these modifications will be easily achieved, and they may be unattainable. We should not conclude, however, that effective international action was impracticable because the objective might necessarily be more limited.

#### A more limited objective

##### The importance of stabilized prices

35. In the course of our analysis we have pointed out that though existing arrangements have serious weaknesses the Agreement has had the important and valuable effect of stabilizing the price on the free market. It can certainly be argued that consistently with other objectives the purpose of this type of international action should be to secure a degree of stability rather than to maintain prices within a predetermined zone. If it were decided to proceed on that premise there are two points which stand out amongst others as calling for consideration:

(i) The question might be raised whether the zone of prices should be retained at all;

(ii) Consideration might be given to whether the Agreement should provide for the allocation to each exporting country of a minimum export quota which would be irreducible but which could be increased by

the decision of the Council if demand conditions permitted.

## **IV. Concluding remarks**

### Failure to reach agreement

#### The exporters

36. It is not for us to recommend whether or in what form an International Sugar Agreement should be continued. Any conclusion, however, that further international action for the regulation of the free market was not possible would open up serious prospects, no less for those Governments which do not at present participate in the International Sugar Agreement than for those that do. Heavy stocks would still be hanging over the market but it would no longer be possible, in our view, for the principal exporting countries to pursue the course that reason and even self-interest might dictate. Stocks would no longer be withheld from the market, production for which there was no foreseeable outlet would be allowed to increase and there would ensue a bitter and probably prolonged struggle for the limited outlets available in the free market which could hardly fail to bring about a collapse in prices. Moreover, for reasons which we have already discussed, there would be no compensating increase in sales. Though, initially, one country might gain relatively at the expense of another, the results for all, including those countries which do not now participate in the Agreement, would before long be substantially reduced earnings overall.

#### The importers

37. To importers the choice may appear less clear-cut. As we have already pointed out, the free market is a residual market on which they either depend wholly for supplies or to which they turn to fill the balance of their requirements over and above their internal production or the supplies they obtain under preferential arrangements. Individual needs may be small in terms of world consumption but they nevertheless bridge the gap between shortage and plenty of one of the basic foodstuffs. In the short term the disintegration of the market might seem to be in the interests of some of them. But we doubt if, on a longer view, a prolonged period of instability in the market for a basic foodstuff is in the true interests of consumers. If they desire reasonable stability of supply and price it could well be in the interest even of those countries which mainly depend for supplies on their own resources to adjust their programme so that their demands on the free market were not simply confined to years of shortfall and so that some of their market were reserved for the free market. In no other way can reasonable stability of demand in the free market be maintained and, given that a residual supply is necessary even to the self-sufficient, some regulation of demand on the free market is the counterpart of assured supplies. This principle might be recognized in a revised Agreement.

38. We have based our arguments in this paper on our view that the prospect of any substantial increase in the size of the free market is very limited and that the market itself is inelastic. We believe this accords with

the facts as we know them today. We should not, however, close our remarks without pointing out that there is already some indication of possible changes which might affect that position. We understand, for example, that two countries which are large consumers of sugar have in contemplation a material reduction in sugar taxes. If this encouraging example were to be followed there can be little doubt that consumption of sugar would increase and that, to a greater or lesser extent, the free market would benefit. Moreover, the use of sugar for industrial purposes and for animal consumption is well past the experimental stage and there is, therefore, for the first time a prospect of widening uses for sugar, perhaps on a considerable scale. It is certainly not yet possible to measure the future effects of these developments but if, as some of us believe,

they bring substantial new demands for sugar, the situation on the market might alter radically.

39. This completes our general review of the working of the International Sugar Agreement. In preparing our general review we have had the advantage of a number of submissions from Governments, commenting on the working of the Agreement and offering suggestions for its improvement. We have found these most helpful and the views expressed have been taken into account in our review.

40. In appendix I, we discuss the price indicator used in the Agreement, and in appendix II we set out some statistics which we hope will be of assistance in the review of the Agreement.

## Appendix I

### The price indicator

1. In this appendix we discuss the question of the price indicator used in the Agreement.

2. In the Agreement as it stands the price indicator used is the World Spot Price for raw sugar published daily by the New York Coffee and Sugar Exchange. This quotation, which is determined by a Spot Committee of the Exchange, relates to Cuban raw sugar f.a.s. Cuban port and is normally established on the basis of sales made for shipment up to 10 weeks ahead. Sales of 3,000 tons or more to one buyer take precedence but the Committee may take account of sales of smaller quantities and of certain bids and offers.

3. Other things being equal, sales to foreign Governments and/or customary foreign refinery buyers take precedence, followed by sales to recognized foreign sugar merchants and trade buyers resident in the country of destination and sales to merchants in Cuba, the United States and elsewhere.

4. If no definite sales, bids or offers are reported to the Committee, they can take into account any other information which they think relevant to the establishment of a quotation, including c.i.f. sales and/or c. and f. sales to foreign markets, sales of other (non-Cuban) raw sugar, the course of prices in the No. 4 contract, transactions falling outside the spot period and transactions not effected on the customary Cuban contract terms.

5. The preceding paragraphs summarize the general bases upon which the quotation is established, but the Committee reserves to itself full freedom to give what weight it thinks appropriate to each deal or other piece of information coming to its notice; thus the Committee exercises a wide discretion in establishing the quotation.

6. In practice, it appears that the spot quotation is normally a reflection of business done in the Havana market where, generally speaking, prices tend to fluctuate on short term views of market prospects. Furthermore, we understand that in many cases the quotation is established on the basis of deals in which

the amount of sugar actually changing hands is extremely small and which may only have involved one or two operators.

7. In the short term a spot quotation determined on this basis may not always be representative of the general trend of the international trade in sugar. This is particularly relevant to articles 21 and 22 of the International Sugar Agreement, which provide for quota adjustments in the event of the average of the daily prices for 15 consecutive market days falling below the minimum or rising above the maximum of the zone. Thus it may mean that a quota adjustment becomes mandatory, or is prevented, because of the incidence of spot quotations unrepresentative of the true market trend. Also, where the quotation has fluctuated around the maximum or minimum of the zone for the greater part of 15 days, the quotations for the last few days of the period become of crucial importance for the question of quota adjustment.

8. A lengthening of the present 15-day period would go some way towards resolving the difficulty. It might also be helpful if the Council could ask the Spot Committee of the New York Coffee and Sugar Exchange to supply information showing the size of the transactions on which their quotation was based each day; this information might provide a means for identifying unrepresentative quotations.

9. A possibly more effective safeguard would be to employ more than one indicator. In this connexion it must not be overlooked that the movement of sugar in the free market is on the whole a movement east from the Caribbean and that the price of sugar which interests the buyer of free market sugar is not, generally speaking, the f.a.s. price but the c.i.f. price. At the present time there is no official European market for sugar traded on this basis but if, as seems likely, one or more such markets are opened in the near future, there would be, we think, a strong case for taking spot quotations on these markets into account along with New York. Because of the fluctuations of freight rates, the c.i.f. quotation could not be employed directly, but the Council could no doubt arrange for suitable conversion to f.a.s. equivalents to be made and published by the market authorities concerned.

## Appendix II

**TABLE 1. WORLD PRODUCTION, CONSUMPTION AND STOCKS, 1948/49 to 1954/55**  
(Metric tons, raw value)

Year	<u>World initial stocks</u>	<u>World production - (centrifugal sugar)</u>	<u>Apparent world consumption</u>	<u>World final stocks</u>
	(1)	(2)	(3)	(4)
1948-1949 .....	6,600,843	28,697,982	28,220,494	6,849,170
1949-1950 .....	6,849,170	29,344,602	29,622,087	6,796,500
1950-1951 .....	6,796,500	33,448,618	31,665,809	8,236,366
1951-1952 .....	8,236,366	35,369,892	32,568,031 <sup>a/</sup>	10,805,862
1952-1953 .....	10,805,862	35,035,717	34,935,331 <sup>a/</sup>	10,287,239
1953-1954 .....	10,287,239	38,832,677	36,887,549 <sup>a/</sup>	11,925,810
1954-1955 .....	11,925,810	37,875,385	37,604,302 <sup>a/</sup>	11,634,943

Note: The sum of columns (1) and (2), less column (3), will not give the figure shown in column (4). The relatively small differences represent the amount by which exports exceeded or fell short of imports in the year in question; e.g. in 1948-1949 the difference is 229,161 tons, representing

the amount by which exports exceeded imports in that year.

<sup>a/</sup> Excluding gur consumption in India which is included in F. O. Licht's published tables.

Source: F. O. Licht.

**TABLE 2. COMPARISON OF TOTAL WORLD IMPORTS AND NET IMPORTS OF THE FREE MARKET**  
(Metric tons, raw value)

Year	<u>Total world imports<sup>a/</sup></u>	<u>Free market net imports<sup>b/</sup></u>
1948 .....	11,405,691 <sup>c/</sup>	4,488,000
1949 .....	11,703,905 <sup>c/</sup>	4,023,000
1950 .....	13,224,882 <sup>c/</sup>	4,874,000
1951 .....	12,529,163	4,617,000
1952 .....	13,164,492	4,860,000
1953 .....	15,142,011	5,924,000
1954 .....	14,232,903 <sup>d/</sup>	4,666,000

<sup>a/</sup> Source: United States Department of Agriculture.

<sup>b/</sup> Source: International Sugar Council.

<sup>c/</sup> Excluding the USSR

<sup>d/</sup> Preliminary figure.

**TABLE 3. INCREASE IN STOCKS IN COUNTRIES IMPORTING FROM OR EXPORTING TO THE FREE MARKET, 1948 AND 1953**  
(Metric tons, raw value)

Country	Stocks at 1 September		Increase
	1948	1953	
<u>I. Importers</u>			
<u>United Kingdom and Commonwealth</u>			
United Kingdom.....	386,994	878,275	491,281
British E. Africa.....	1,016	2,000	984
Canada.....	75,965	113,053	37,088
Ceylon.....	12,000	35,000	23,000
Malaya.....	15,000	9,000	-6,000
Malta and Gibraltar.....	-	1,000	1,000
New Zealand.....	8,000	20,320	12,320
	498,975	1,058,648	559,673

**TABLE 3. INCREASE IN STOCKS IN COUNTRIES IMPORTING FROM OR EXPORTING  
TO THE FREE MARKET, 1948 AND 1953**  
(Metric tons, raw value)

Country	Stocks at 1 September		Increase	
	1948	1953		
<u>Europe</u>				
Albania .....	-	-	-	
Austria .....	15,000	36,709	21,709	
Bulgaria .....	2,000	12,000	10,000	
Finland .....	10,000	14,624	4,624	
Germany (Western) .....	193,883	128,585	-65,298	
Greece .....	3,000	38,888	35,888	
Iceland .....	-	-	-	
Ireland .....	26,000	47,834	21,834	
Italy .....	80,000	103,000	23,000	
Norway .....	18,012	14,000	-4,012	
Portugal .....	7,000	12,000	5,000	
Romania .....	7,000	5,000	-2,000	
Sweden .....	94,770	137,772	43,002	
Switzerland .....	101,431	144,500	43,069	
Turkey .....	79,266	175,614	96,348	
Yugoslavia .....	12,000	32,800	20,800	
<u>America</u>				
Bolivia .....	-	-	-	
Chile .....	12,000	10,000	-2,000	
Uruguay .....	10,000	16,000	6,000	
Venezuela .....	-	-	-	
<u>Africa</u>				
Egypt .....	102,373	87,000	-15,373	
Sudan .....	6,000	12,000	6,000	
<u>Asia</u>				
China (Mainland) .....	-	-	-	
Iran .....	76,000	157,018	81,018	
Iraq .....	6,000	8,000	2,000	
Japan .....	25,334	220,585	195,251	
Loas, Cambodia and Viet-Nam .....	-	-	-	
Pakistan .....	-	-	-	
TOTAL IMPORTERS		1,386,044	2,472,577	1,086,533
<u>II. Participating exporters</u>				
(a) Belgium .....	36,067	55,148	19,081	
China (Taiwan) .....	25,000	173,950	148,950	
Cuba .....	2,008,622	3,117,893	1,109,271	
Czechoslovakia .....	24,810	40,000	15,190	
Dominican Republic .....	87,243	53,127	-34,116	
France .....	7,206	48,620	41,414	
(Morocco, Tunis and Algiers) .....	46,000	50,000	4,000	
Haiti .....	7,823	13,280	5,457	
Hungary .....	26,000	15,000	-11,000	
Mexico .....	99,803	177,670	77,867	
Netherlands .....	48,554	30,360	-18,194	
Philippines .....	66,000	71,886	5,886	
Poland .....	36,427	50,645	14,218	
USSR .....	100,000	200,000	100,000	
TOTAL PARTICIPATING EXPORTERS		2,619,555	4,097,579	1,478,024
(b) South Africa .....	126,905	197,707	70,802	
Australia .....	222,393	297,688	75,295	
British West Indies .....	52,613	79,045	26,432	
		401,911	574,440	172,529
<u>III. Non-participating exporters</u>				
Argentina .....	21,300	2,900	-18,400	
Brazil .....	194,758	239,407	44,649	
Colombia .....	-	-	-	

TABLE 3. INCREASE IN STOCKS IN COUNTRIES IMPORTING FROM OR EXPORTING  
TO THE FREE MARKET, 1948 and 1953  
(Metric tons, raw value)

Country	Stocks at 1 September		Increase
	1948	1953	
Denmark.....	26,446	40,340	13,894
Germany (Eastern).....	30,000	80,000	50,000
India.....	272,438	221,262	-51,176
Indonesia.....	72,960	333,745	260,785
Peru.....	48,797	103,191	54,394
Spain.....	59,761	356,856	297,095
TOTAL NON-PARTICIPATING EXPORTERS	726,460	1,377,701	651,241
Other countries.....	310,094	456,942	146,848
TOTAL FREE MARKET COUNTRIES	5,444,064	8,979,239	3,535,175

Source: F. O. Licht

TABLE 4. INCREASES IN FREE MARKET SUGAR CONSUMPTION: CURRENT TRENDS<sup>a/</sup>

[This table shows, for each country, consumption in 1949 - 1950 and in 1954 - 1955 as well as the increase during the period between these years. It also contains remarks relating to production and the increases in consumption.]

TABLE 5. SPOT PRICES OF RAW SUGAR ON THE NEW YORK COFFEE AND SUGAR  
EXCHANGE, 1948 TO 1955 <sup>a/</sup>

[This table contains for each month of this period, the high, low and average prices.]

TABLE 6. RAW AND WHITE SUGAR EXPORTS TO THE FREE MARKET IN 1955<sup>a/</sup>

<sup>a/</sup> For data, see E/CONF.22/R.1 and Corr. 1.

**ANNEX II**

**International Sugar Agreement of 1953, as amended by the Protocol opened  
for signature at London on 1 December 1956<sup>1/</sup>**

<sup>1/</sup> Circulated as E/CONF.22/8.



INTERNATIONAL SUGAR AGREEMENT OF 1953, AS AMENDED BY  
THE PROTOCOL OPENED FOR SIGNATURE AT LONDON ON 1 DECEMBER 1956

The Governments party to this Agreement have agreed as follows:

*CHAPTER I*

GENERAL OBJECTIVES

*Article 1*

The objectives of this Agreement are to assure supplies of sugar to importing countries and markets for sugar to exporting countries at equitable and stable prices; to increase the consumption of sugar throughout the world; and to maintain the purchasing power in world markets of countries or areas whose economies are largely dependent upon the production or export of sugar by providing adequate returns to producers and making it possible to maintain fair standards of labour conditions and wages.

*CHAPTER II*

DEFINITIONS

*Article 2*

For the purposes of this Agreement

(1) "Ton" means a metric ton of 1,000 kilogrammes.

(2) "Quota year" means calendar year, that is, the period from January 1 to December 31, both inclusive.

(3) "Sugar" means sugar in any of its recognized commercial forms derived from sugar cane or sugar beet, including edible and fancy molasses, syrups and any other form of liquid sugar used for human consumption, except final molasses and low-grade types of non-centrifugal sugar produced by primitive methods. Sugar destined for uses other than human consumption as food is excluded, to the extent

and under such conditions as the Council may determine.

Amounts of sugar specified in this Agreement are in terms of raw value, net weight, excluding the container. Except as provided in Article 16, the raw value of any amount of sugar means its equivalent in terms of raw sugar testing 96 sugar degrees by the polariscope.

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

(5) "Net exports" means total exports of sugar (excluding sugar supplied as ships' stores for ships victualling at domestic ports) after deducting total imports of sugar.

(6) "Free market" means the total of net imports of the world market except those excluded under any provisions of this Agreement.

(7) "Basic export tonnages" means the quantities of sugar specified in Article 14 (1).

(8) "Initial export quota" means the quantity of sugar allotted for any quota year under Article 18 to each country listed in Article 14 (1).

(9) "Export quota in effect" means the initial export quota as modified by such adjustments as may be made from time to time.

(10) "Stocks of sugar", for the purposes of Article 13, means either:

(1) All sugar in the country concerned either in factories, refineries, warehouses, or in the course of internal transportation for destinations within the country, but excluding bonded foreign sugar (which term shall be regarded as also covering sugar "en admission temporaire") and excluding sugar

in factories, refineries and warehouses or in the course of internal transportation for destinations within the country, which is solely for distribution for internal consumption and on which such excise or other consumption duties as exist in the country concerned have been paid; or

(2) All sugar in the country concerned either in factories, refineries, warehouses, or in the course of internal transportation for destinations within the country, but excluding bonded foreign sugar (which term shall be regarded as also covering sugar "en admission temporaire") and excluding sugar in factories, refineries and warehouses or in the course of internal transportation for destinations within the country which is solely for distribution for internal consumption; according to the notification made to the Council by each Participating Government under Article 13.

(11) "The Council" means the International Sugar Council established under Article 27.

(12) "The Executive Committee" means the Committee established under Article 37.

(13) "Importing country" means one of the countries listed in Article 33, or any country which is a net importer of sugar, as the context requires.

(14) "Exporting country" means one of the countries listed in Article 34, or any country which is a net exporter of sugar, as the context requires.

### **CHAPTER III**

#### **GENERAL UNDERTAKINGS BY PARTICIPATING GOVERNMENTS**

##### **1. SUBSIDIES**

###### ***Article 3***

(1) The Participating Governments recognize that subsidies on sugar may so operate as to impair the maintenance of equitable and stable prices in the free market and so endanger

the proper functioning of this Agreement.

(2) If any Participating Government grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of sugar from, or to reduce imports of sugar into its territory, it shall during each quota year notify the Council in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of sugar exported from or imported into its territory and of the circumstances making the subsidization necessary.

(3) In any case in which a Participating Government considers that serious prejudice to its interests under this Agreement is caused or threatened by such subsidization, the Participating Government granting the subsidy shall, upon request, discuss with the other Participating Government or Governments concerned, or with the Council, the possibility of limiting the subsidization. In any case in which the matter is brought before the Council, the Council may examine the case with the Governments concerned and make such recommendations as it deems appropriate.

##### **2. PROGRAMMES OF ECONOMIC ADJUSTMENT**

###### ***Article 4***

Each Participating Government agrees to adopt such measures as it believes will be adequate to fulfil its obligations under this Agreement with a view to the achievement of the general objectives set forth in Article 1 and as will ensure as much progress as practicable within the duration of this Agreement towards the solution of the commodity problem involved.

##### **3. PROMOTION OF INCREASED CONSUMPTION OF SUGAR**

###### ***Article 5***

With the object of making sugar more freely available to consumers, each Participating Government agrees to take such action as it deems

appropriate to reduce disproportionate burdens on sugar, including those resulting from

- (i) Private and public controls, including monopoly;
- (ii) Fiscal and tax policies.

#### 4. MAINTENANCE OF FAIR LABOUR STANDARDS

##### *Article 6*

The Participating Governments declare that, in order to avoid the depression of living standards and the introduction of unfair competitive conditions in world trade, they will seek the maintenance of fair labour standards in the sugar industry.

### CHAPTER IV

#### SPECIAL OBLIGATIONS OF THE PARTICIPATING GOVERNMENTS OF COUNTRIES WHICH IMPORT SUGAR

##### *Article 7*

(1) (i) The Government of each participating importing country and the Government of each participating exporting country which imports sugar for re-export agrees that, to prevent non-participating countries from gaining advantage at the expense of participating countries, it will not permit the import from non-participating countries as a group during any quota year of a total quantity larger than was imported from those countries as a group during any one of the three calendar years preceding the year in which the Agreement entered into force, *i.e.*, 1951, 1952, 1953; provided that the said total quantity shall not include imports purchased by a participating country from non-participating countries at any time when such country cannot meet its requirements from participating countries at prices not exceeding the higher price referred to in Article 21 (3), and has so notified the Council.

(ii) The years referred to in sub-paragraph (i) of this paragraph may be varied by a determination of the Council on the application of

any Participating Government which considers that there are special reasons for such variation.

(2) (i) If any Participating Government considers that the obligation it has assumed under paragraph (1) of this Article is operating in such a way that its country's re-export trade in refined sugar or trade in sugar-containing products is suffering damage therefrom, or is in imminent danger of being damaged, it may request the Council to take action to safeguard the trade in question, and the Council shall forthwith consider any such request and shall take such action, which may include the modification of the aforesaid obligation, as it deems necessary for that purpose. If the Council fails to deal with a request made to it under this sub-paragraph within 15 days of its receipt, the Government making the request shall be deemed to have been released from its obligation under paragraph (1) of this Article to the extent necessary to safeguard the said trade.

(ii) If in a particular transaction in the usual course of trade the delay resulting from the procedure provided for in sub-paragraph (i) of this paragraph might result in damage to a country's re-export trade in sugar, the Government concerned shall be released from the obligation in paragraph (1) of this Article in respect of that particular transaction.

(3) (i) If any Participating Government considers that it cannot carry out the obligation in paragraph (1) of this Article, it agrees to furnish the Council with all relevant facts and to inform the Council of the measures which it would propose to take, and the Council shall within 15 days examine the matter and may, in respect of such Government, modify the obligation laid down in paragraph (1).

(ii) If the Government of any participating exporting country considers that the interests of its country are being damaged by the operation of paragraph (1) of this Article, it may

furnish the Council with all relevant facts and inform the Council of the measures which it would wish to have taken by the Government of the other participating country concerned, and the Council may, in agreement with the latter Government, modify the obligation laid down in paragraph (1).

(4) The Government of each participating country which imports sugar agrees that as soon as practicable after its ratification of, acceptance of, or accession to this Agreement, it will notify the Council of the maximum quantities which could be imported from non-participating countries under paragraph (1) of this Article.

(5) In order to enable the Council to make the redistributions provided for in Article 19 (1) (ii), the Government of each participating country which imports sugar agrees to notify the Council, within a period fixed by the Council which shall not exceed eight months from the beginning of the quota year, of the quantity of sugar which it expects will be imported from non-participating countries in that quota year; provided that the Council may vary the aforesaid period in the case of any such country.

## CHAPTER V

### SPECIAL OBLIGATIONS OF GOVERNMENTS OF PARTICIPATING EXPORTING COUNTRIES

#### *Article 8*

(1) The Government of each participating exporting country agrees that exports from its country to the free market will be so regulated that net exports to that market will not exceed the quantities which such country may export each quota year in accordance with the export quotas established for it under the provisions of this Agreement. Subject to such tolerances as the Council may prescribe, any amount by which total net exports of an exporting country in any quota year exceeds its export quota in effect at the end of that year shall be charged

to the export quota in effect of that country for the next following quota year.

(2) The Council may, if it deems necessary because of exceptional circumstances, limit the proportion of their quotas which participating exporting countries having basic tonnages in excess of 75,000 tons may export during any part of a quota year, provided that no such limitation shall prevent the participating exporting countries from exporting, during the first eight months of any quota year, 80 per cent of their initial export quotas and provided further that the Council may at any time modify or remove any such limitation which it may have imposed.

#### *Article 9*

The Government of each participating exporting country agrees that it will take all practicable action to ensure that the demands of participating countries which import sugar are met at all times. To this end, if the Council should determine that the state of demand is such that, notwithstanding the provisions of this Agreement, participating countries which import sugar are threatened with difficulties in meeting their requirements, it shall recommend to participating exporting countries measures designed to give effective priority to those requirements. The Government of each participating exporting country agrees that, on equal terms of sale, priority in the supply of available sugar, in accordance with the recommendations of the Council, will be given to participating countries which import sugar.

#### *Article 10*

The Government of each participating exporting country agrees to adjust the production of sugar in its country during the term of this Agreement and in so far as practicable in each quota year of such term (by regulation of the manufacture of sugar or, when this is not possible, by regulation of acreage or plantings) so that the production does not exceed such

amount of sugar as may be needed to provide for domestic consumption, exports permitted under this Agreement, and maximum stocks specified in Article 13.

#### *Article 11*

The Government of each participating exporting country agrees to notify the Council, as soon as possible but not later than 30 September, whether or not it expects that its country's export quota in effect will be used and, if not, of such part of its country's export quota in effect as it expects will not be used, and on receipt of such advice the Council shall take action in accordance with Article 19 (1) (i).

#### *Article 12*

If the actual net exports to the free market of any participating exporting country in a quota year fall short of its export quota in effect at the time of notification by its Government in accordance with Article 11, less such part, if any, of that quota as the Government has notified under Article 11 that it expected would not be used, and less any net reduction in its export quota in effect made subsequently by the Council under Article 21, the difference shall be deducted from that country's export quota in effect in the following quota year to the extent that such difference exceeds 10,000 tons or 5 per cent of its basic export tonnage, whichever is larger. The Council may however modify the amount to be so deducted, if it is satisfied by an explanation from the participating exporting country concerned that its net exports fell short by reason of *force majeure*.

### *CHAPTER VI*

#### *STOCKS*

#### *Article 13*

(1) The Governments of participating exporting countries undertake so to regulate production in their countries that the stocks in their respective countries shall not exceed for each country on a fixed date each year immedi-

ately preceding the start of the new crop, such date to be agreed with the Council, an amount equal to 20 per cent of its annual production.

(2) Nevertheless, the Council may, if it considers that such action is justified by special circumstances, authorize the holding of stocks in any country in excess of 20 per cent of its production.

(3) The Government of each participating country listed in Article 14 (1) agrees:

(i) That stocks equal to an amount of not less than 10 per cent of its country's basic export tonnage shall be held in its country at a fixed date each year immediately preceding the start of the new crop, such date to be agreed with the Council, unless drought, flood or other adverse conditions prevent the holding of such stocks; and

(ii) That such stocks shall be earmarked to fill increased requirements of the free market and used for no other purpose without the consent of the Council, and shall be immediately available for export to that market when called for by the Council.

(4) The Council may increase the amount of the minimum stocks to be carried under paragraph (3) of this Article up to 15 per cent.

(5) The Government of each participating country, in which stocks are held under the provisions of paragraph (3) as they may be modified by the provisions of paragraph (4) of this Article, agrees that unless otherwise authorized by the Council, stocks held under those provisions shall be used neither for meeting priorities under Article 14 B, nor for meeting increases in quotas in effect under Article 21 while such quotas are lower than its country's basic export tonnage, unless the stocks so used can be replaced before the beginning of its country's crop in the ensuing quota year.

(6) For the purposes of this Agreement the Cuban Stabilization Reserve shall not be considered part of the stocks available for the free

market nor shall it be included in the computation of stocks under paragraph (1) of this Article.

The Cuban Government, however, agrees to consider making such reserve available for the free market on the request of the Council if the Council considers that market conditions make such action advisable.

(7) The Government of each participating exporting country agrees that, so far as possible, it will not permit the disposal of stocks held under this Article, following its withdrawal from this Agreement or following the expiration of this Agreement, in such a manner as to create undue disturbance in the free market for sugar.

(8) Not later than three months after the date of signature of this Agreement the Government of each participating country shall inform the Council which of the two definitions of "stocks of sugar" in Article 2 it accepts as applicable to its country.

## CHAPTER VII

### REGULATION OF EXPORTS

#### Article 14

##### A. Basic export tonnages

(1) (i) For the first three quota years during which this Agreement is in force the exporting countries or areas named below shall have the following basic export tonnages for the free market:

	(In thousands of tons)
Belgium (including Belgian Congo) ....	50
Brazil .....	175
China (Taiwan) .....	600
Colombia .....	5
Cuba .....	2,250
Czechoslovakia .....	275
Denmark .....	70
Dominican Republic .....	600
France (and the countries France represents internationally) .....	20
Germany, eastern .....	150
Haiti .....	45

	(In thousands of tons)
Hungary .....	40
Indonesia .....	250
Mexico .....	75
Netherlands (including Surinam) .....	40*
Peru .....	280
Philippines .....	25
Poland .....	220
USSR .....	200
Yugoslavia .....	20

\* The Kingdom of the Netherlands undertake not to export over the years 1954, 1955 and 1956, taken as a whole, a greater amount of sugar than they import during the same period.

(ii) For the last two quota years during which this Agreement is in force the exporting countries or areas named below shall have the following basic export tonnages for the free market:

	(In thousands of tons)
Belgium (including Belgian Congo) ....	55*
Brazil .....	175
China (Taiwan) .....	655
Colombia .....	5
Cuba .....	2,415
Czechoslovakia .....	275
Dominican Republic .....	655
France .....	20**
Germany, eastern .....	150
Haiti .....	45
Hungary .....	40
India .....	25
Indonesia .....	350
Mexico .....	75
Kingdom of the Netherlands .....	40
Peru .....	457
Philippines .....	25
Poland .....	220
USSR .....	200
Yugoslavia .....	20

\* To be 50,000 tons for 1957.

\*\* The allocation to France of this basic export tonnage preserves to that country the same possibilities of making sales on the free market as the text of this Agreement as opened for signature on 1 October 1953; and, considering that paragraph 3 of Article 14 is deleted, it is recognized, in accordance with the decision of the Council of 1 December 1955, that France may export to the free market a quantity of sugar not exceeding 70,000 tons which is not chargeable against her net export quota.

(2) The export quotas of the Czechoslovak Republic, Hungary and the People's Republic of Poland do not include their exports of sugar to the USSR and these exports are outside this Agreement. The USSR export quota is therefore calculated without taking into account imports of sugar from the above-mentioned countries.

(3) Deleted.

(4) Costa Rica, Ecuador, Nicaragua and Panama, to which no basic export tonnages have been allotted under this Article, may each export to the free market up to 5,000 tons raw value a year.

(5) This Agreement does not ignore, and does not have the purpose of nullifying Indonesia's aspiration as a Sovereign State for its rehabilitation to its historical position as a sugar exporting country to the extent that may be practicable within the possibilities of the free market.

(6) Deleted.

(6 *bis*) Portugal to which no basic export tonnage has been allotted under Article 14 (1) may export to its traditional markets in the Federation of Rhodesia and Nyasaland up to 20,000 tons raw value each quota year and shall have the status of an exporting country.

#### *A bis. Special reserve*

(6 *ter*) A special reserve is established for the quota years 1957 and 1958 and is allocated as follows:

	(In thousands of tons)
China (Taiwan) .....	95
India .....	25
Indonesia .....	50*
Philippines .....	20

\* Only in 1958.

Notwithstanding that these allocations are not basic export tonnages, the provisions of the Agreement other than those of Article 19 shall apply to them as if they were basic export tonnages.

#### *B. Priorities on shortfalls and on increased free market requirements*

(7) In determining export quotas in effect the following priorities shall be applied in accordance with the provisions of paragraph (8) of this Article:

(a) The first 50,000 tons will be allotted to Cuba.

(b) The next 15,000 tons will be allotted to Poland.

(c) The next 5,000 tons will be allotted to Haiti in the first and second year, this being increased to 10,000 tons in the third, fourth and fifth year.

(d) The next 25,000 tons will be allotted to Czechoslovakia.

(e) The next 10,000 tons will be allotted to Hungary.

(8) (i) In redistributions resulting from the provisions of Articles 19 (1) (i) and 19 (2), the Council shall give effect to the priorities listed in paragraph (7) of this Article.

(ii) In distributions resulting from the provisions of Articles 18, 19 (1) (ii) and 21, the Council shall not give effect to the said priorities until the exporting countries listed in paragraph (1) of this Article have been offered export quotas equal to the total of their basic export tonnages, subject to any reductions applied under Articles 12 and 21 and thereafter shall give effect to the said priorities only in so far as the said priorities have not already been brought into effect in accordance with subparagraph (i) of this paragraph.

(iii) Reductions resulting from the application of the provisions of Article 21 shall be applied *pro rata* to the basic export tonnages until the export quotas in effect have been reduced to the total of the basic export tonnages plus the total of the priorities allotted due to increases in free market requirements for that year, after which the priorities shall be deducted in the reverse order and thereafter reductions shall be applied again *pro rata* to basic export tonnages.

#### *Article 15*

This Agreement does not apply to movements of sugar between the Belgo-Luxembourg



Economic Union (including the Belgian Congo), France, the Federal Republic of Germany, and the Kingdom of the Netherlands. These countries undertake to restrict the movements referred to in this Article to a net amount of 175,000 tons of sugar per year.

#### *Article 16*

(1) The Government of the United Kingdom of Great Britain and Northern Ireland (on behalf of the British West Indies and British Guiana, Mauritius and Fiji), the Government of the Commonwealth of Australia and the Government of the Union of South Africa undertake that net exports of sugar by the exporting territories covered by the Commonwealth Sugar Agreement of 1951 (excluding local movements of sugar between adjoining Commonwealth territories, or islands, in such quantities as can be authenticated by custom) shall not together exceed the following total quantities:

(i) In the calendar years 1954 and 1955 — 2,413,793 tons (2,375,000 English long tons) *tel quel* per year;

(ii) In the calendar years 1956 and 1957 — 2,490,018 tons (2,450,000 English long tons) *tel quel* per year;

(iii) In the calendar year 1958 — 2,540,835 tons (2,500,000 English long tons) *tel quel*.

Subject to contractual obligations assumed by the Governments concerned under the Commonwealth Sugar Agreement of 1951, the quantitative limits for the calendar years 1954, 1955 and 1956 specified above shall not be varied and the provisions of all other articles of this Agreement shall be construed accordingly.

(2) These limitations have the effect of leaving available to the free market a share in the sugar markets of Commonwealth countries. The Governments aforementioned would, however, regard themselves as released from their obligation thus to limit exports of Common-

wealth sugar if a Government or Governments of a participating exporting country or of participating countries having a basic export tonnage or tonnages under Article 14 (1) should enter into a special trading arrangement with an importing country of the Commonwealth which would guarantee the exporting country a specified portion of the market of that Commonwealth country.

(3) The Government of the United Kingdom of Great Britain and Northern Ireland with the concurrence of the Government of the Commonwealth of Australia and the Government of the Union of South Africa, undertakes to provide the Council sixty days in advance of the beginning of each quota year with an estimate of total net exports from the exporting territories covered by the Commonwealth Sugar Agreement in such year and to inform the Council promptly of any changes in such estimate during that year. The information supplied to the Council by the United Kingdom pursuant to this undertaking shall be held to discharge fully the obligations in Articles 11 and 12 so far as the aforementioned territories are concerned.

(4) The provisions of paragraphs (3) and (4) of Article 13 shall not apply to the exporting territories covered by the Commonwealth Sugar Agreement.

(5) Nothing in this Article shall be held to prevent any participating country exporting to the free market from exporting sugar to any country within the British Commonwealth nor, within the quantitative limits set out above, to prevent any Commonwealth country from exporting sugar to the free market.

#### *Article 17*

Exports of sugar to the United States of America for consumption therein shall not be considered exports to the free market and shall not be charged against the export quotas established under this Agreement.

## Article 18

(1) Before the beginning of each quota year the Council shall cause an estimate to be made of the net import requirements of the free market during such year for sugar from exporting countries listed in Article 14 (1). In the preparation of this estimate, there shall be taken into account among other factors the total amount of sugar which the Council is notified could be imported from non-participating countries under the provisions of Article 7 (4).

(2) At least 30 days before the beginning of each quota year the Council shall consider the estimate of the net import requirements of the free market prepared in accordance with paragraph (1) of this Article. After considering that estimate and all other factors affecting the supply and demand for sugar on the free market the Council shall forthwith assign an initial export quota for the free market for such year to each of the exporting countries listed in Article 14 (1) *pro rata* to their basic export tonnages, subject to the provisions of Article 14 B, to such penalties as may be imposed in accordance with the provisions of Article 12 and to such reductions as may be made under Article 21 (8), provided that if at the time of fixing the initial export quotas the prevailing price is not less than 3.15 cents the total of the initial export quotas shall, unless the Council otherwise decides by Special Vote, be not less than 90 per cent of the basic export tonnages, the distribution among exporting countries being made in the same manner provided in this paragraph.

(3) Deleted.

(4) The Council shall have power by Special Vote to set aside in any quota year up to 20,000 tons of the net import requirements of the free market as a reserve from which it may allot additional export quotas to meet proved cases of special hardship.

## Article 19

(1) The Council shall cause export quotas in effect for participating countries listed in Article 14 (1) to be adjusted, subject to the provisions of Article 14 B, as follows:

(i) Within 10 days after the Government of any exporting country has given notice pursuant to Article 11 that a part of the initial export quota or export quota in effect will not be used, to reduce accordingly the export quota in effect of such country and to increase the export quotas in effect of other exporting countries by redistributing an amount of sugar equal to the part of the quota so renounced *pro rata* to their basic export tonnages. The Secretary of the Council shall forthwith notify Governments of exporting countries of such increases, and those Governments shall, within 10 days of receipt of such notification, inform the Secretary of the Council whether or not they are in a position to use the increase in quota allotted to them, and on receipt of such information, a subsequent redistribution of the quantity involved shall be made, and Governments of exporting countries concerned shall be notified forthwith by the Secretary of the Council of the increases made in their countries' export quotas in effect.

(ii) From time to time to take into account variations in the estimates of the quantities of sugar which the Council is notified will be imported from non-participating countries under Article 7; provided, however, that such quantities need not be redistributed until they reach a total of 5,000 tons. Redistributions under this subparagraph shall be made on the same basis and in the same manner as is provided in paragraph (1) (i) of this Article.

(2) Notwithstanding the provisions of Article 11, if the Council, after consultation with the Government of any participating ex-

porting country, determines that such country will be unable to use all or part of its export quota in effect, the Council may increase *pro rata* the export quotas of other participating exporting countries on the same basis and in the same manner as is provided for in paragraph (1) (i) of this Article; provided, however, that such action by the Council shall not deprive the country concerned of its right to fill its export quota which was in effect before the Council made its determination.

## CHAPTER VIII

### STABILIZATION OF PRICES

#### Article 20

(1) For the purposes of this Agreement any reference to the price of sugar shall be deemed to be to the spot price in United States currency per pound avoirdupois free alongside steamer Cuban port, as established by the New York Coffee and Sugar Exchange in relation to sugar covered by Contract No. 4, or any alternative price which may be established under paragraph (2) of this Article; and where any reference is made to the prevailing price being above or below any stated figure, that condition shall be deemed to be fulfilled if the average price over a period of seventeen consecutive market days has been above or below the stated figure, as the case may be, provided that the spot price on the first day of the period and on not less than twelve days within the period has also been above or below the stated figure, as the case may be.

(2) In the event of the price referred to in paragraph (1) of this Article not being available at a material period, the Council shall use such other criteria as it sees fit.

(3) Any of the prices laid down in Articles 18 and 21 may be modified by the Council by a Special Vote.

#### Article 21

(1) The Council shall have discretion to increase or reduce quotas to meet market conditions, provided that:

(i) When the prevailing price is not less than 3.25 cents and not more than 3.45 cents no increase shall be made so as to bring into effect quotas greater in total than the basic export tonnages plus 5 per cent or the initial export quotas, whichever are the greater, and no decrease shall be made so as to bring into effect quotas which are less in total than either the initial export quotas less 5 per cent or the basic export tonnages less 10 per cent, whichever are the greater;

(ii) When the prevailing price exceeds 3.45 cents the quotas in effect shall be not less than the initial export quotas or the basic export tonnages, whichever are the greater;

(iii) If the prevailing price is below 3.25 cents the export quotas in effect shall at once be reduced by  $2\frac{1}{2}$  per cent and the Council shall meet within seven days to decide whether any further reduction shall be made; and if no agreement is reached at such meeting the percentage of the reduction shall be raised to 5 per cent, provided that reductions shall not be made so as to reduce the quotas below 90 per cent of the basic export tonnages unless the prevailing price is below 3.15 cents in which case further reduction may be made within the limits prescribed by Article 23; and

(iv) If the prevailing price has risen above 3.25 cents and the export quotas in effect are below 90 per cent of the basic export tonnages, the export quotas in effect shall be increased at once by  $2\frac{1}{2}$  per cent and the Council shall meet within seven days to decide whether a further increase shall be made; and if no agreement is reached at such meeting the percentage of the increase shall be raised to 5 per cent or such lesser

amount as is required to restore the quotas to 90 per cent.

(2) In considering changes in quotas under this Article the Council shall take into account all factors affecting the supply and demand for sugar on the free market.

(3) If the prevailing price exceeds 4.00 cents all quotas and limitations on exports under any of the Articles of this Agreement shall for the time being become inoperative, provided that if subsequently the prevailing price falls below 3.90 cents the quotas and limitations previously in effect shall be restored, subject to the power of the Council to vary quotas under paragraph (1) of this Article.

(4) If the Council is satisfied that a new situation has arisen which endangers the attainment of the general objectives of the Agreement it may, by Special Vote, suspend temporarily for such period as it may think necessary the limits imposed under the preceding paragraphs of this Article upon its discretion to increase quotas; and during the period of such suspension the Council shall have full discretion to increase quotas as it may think necessary and to cancel such increases when they are no longer required.

(5) All changes in quotas made under this Article shall be *pro rata* to the basic export tonnages, subject to the provisions of Article 14 B; and any references to percentages of quotas shall be construed as percentages of the basic export tonnages.

(6) Notwithstanding the provisions of paragraph (1) of this Article, if the export quota of any country has been reduced under Article 19 (1) (i) such reduction shall be deemed to form part of the reductions made in the same quota year under the terms of paragraph 1 of this Article.

(7) The Secretary of the Council shall notify Participating Governments of each change made under this Article in the export quotas in effect,

(8) If any reduction made under the preceding paragraphs of this Article cannot be fully applied to the export quota in effect of any exporting country because, at the time the reduction is made, that country has already exported all or part of the amount of such reduction, a corresponding amount shall be deducted from the export quota in effect of that country in the following quota year.

## *Article 22*

Deleted.

## *CHAPTER IX*

### GENERAL LIMITATION OF REDUCTIONS IN EXPORT QUOTAS

## *Article 23*

(1) Except in respect of penalties imposed under Article 12 and reductions made under Article 19 (1) (i), the export quota in effect of any participating exporting country listed in Article 14 (1) shall not be reduced below 80 per cent of its basic export tonnage and all other provisions of this Agreement shall be construed accordingly; provided, however, that the export quota in effect of any participating exporting country having a basic export tonnage under Article 14 (1) of less than 50,000 tons shall not be reduced below 90 per cent of its basic export tonnage.

(2) A reduction of quotas under Article 21 shall not be made within the last forty-five calendar days of the quota year.

## *CHAPTER X*

### SUGAR MIXTURES

## *Article 24*

Should the Council at any time be satisfied that as the result of a material increase in the exportation or use of sugar mixtures, those products are taking the place of sugar to such an extent as to prevent full effect being given

to the purpose of this Agreement it may resolve that such products or any of them shall be deemed to be sugar, in respect of their sugar content, for the purposes of the Agreement; provided that the Council shall, for the purpose of calculating the amount of sugar to be charged to the export quota of any participating country, exclude the sugar equivalent of any quantity of such products which has normally been exported from that country prior to the coming into force of this Agreement.

## CHAPTER XI

### MONETARY DIFFICULTIES

#### *Article 25*

(1) If, during the term of this Agreement the Government of a participating importing country considers that it is necessary for it to forestall the imminent threat of, or to stop or to correct a serious decline in its monetary reserves, it may request the Council to modify particular obligations of this Agreement.

(2) The Council shall consult fully with the International Monetary Fund on questions raised by such request and shall accept all findings of statistical and other facts made by the Fund relating to foreign exchanges, monetary reserves and balance of payments, and shall accept the determination of the Fund as to whether the country involved has experienced or is imminently threatened with a serious deterioration in its monetary reserves. If the country in question is not a member of the International Monetary Fund and requests that the Council should not consult the Fund, the issues involved shall be examined by the Council without such consultation.

(3) In either event, the Council shall discuss the matter with the Government of the importing country. If the Council decides that the representations are well founded and that the country is being prevented from obtaining a sufficient amount of sugar to meet its con-

sumption requirements consistently with the terms of this Agreement, the Council may modify the obligations of such Government or of the Government of any exporting country under this Agreement in such manner and for such time as the Council deems necessary to permit such importing country to secure a more adequate supply of sugar with its available resources.

## CHAPTER XII

### STUDIES BY THE COUNCIL

#### *Article 26*

(1) The Council shall consider and make recommendations to the Governments of participating countries concerning ways and means of securing appropriate expansion in the consumption of sugar, and may undertake studies of such matters as:

(i) The effects of (a) taxation and restrictive measures and (b) economic, climatic and other conditions on the consumption of sugar in the various countries;

(ii) Means of promoting consumption, particularly in countries where consumption *per caput* is low;

(iii) The possibility of co-operative publicity programmes with similar agencies concerned with the expansion of consumption of other foodstuffs;

(iv) Progress of research into new uses of sugar, its by-products, and the plants from which it is derived.

(2) Furthermore, the Council is authorized to make and arrange for other studies, including studies of the various forms of special assistance to the sugar industry, for the purpose of assembling comprehensive information and for the formulation of proposals which the Council deems relevant to the attainment of the general objectives set forth in Article 1 or rele-

vant to the solution of the commodity problem involved. Any such studies shall relate to as wide a range of countries as practicable and shall take into consideration the general social and economic conditions of the countries concerned.

(3) The studies undertaken pursuant to paragraphs (1) and (2) of this Article shall be carried out in accordance with such terms as may be laid down by the Council, and in consultation with the Participating Governments.

(4) The Governments concerned agree to inform the Council of the results of their consideration of the recommendations and proposals referred to in this Article.

### *CHAPTER XIII*

#### *ADMINISTRATION*

##### *Article 27*

(1) An International Sugar Council is hereby established to administer this Agreement.

(2) Each Participating Government shall be a voting member of the Council and shall have the right to be represented on the Council by one delegate and may designate alternate delegates. A delegate or alternate delegates may be accompanied at meetings of the Council by such advisers as each Participating Government deems necessary.

(3) The Council shall elect a non-voting Chairman who shall hold office for one quota year and shall serve without pay. He shall be selected alternately from among the delegations of the importing and exporting participating countries.

(4) The Council shall elect a Vice-Chairman who shall hold office for one quota year and shall serve without pay. He shall be selected alternately from among the delegations of the exporting and importing participating countries.

(5) The Council is authorized, after consultation with the International Sugar Council established under the International Agreement regarding the Regulation of Production and Marketing of Sugar signed in London, May 6, 1937, to accept the records, assets and liabilities of that body.

(6) The Council shall have in the territory of each Participating Government, and to the extent consistent with its laws, such legal capacity as may be necessary in discharging its functions under this Agreement.

##### *Article 28*

(1) The Council shall adopt rules of procedure which shall be consistent with the terms of this Agreement, and shall keep such records as are required to enable it to discharge its functions under this Agreement and such other records as it considers desirable. In the case of inconsistency between the rules of procedure so adopted and the terms of this Agreement, the Agreement shall prevail.

(2) The Council shall publish at least once a year a report of its activities and of the operation of this Agreement.

(3) The Council shall develop, prepare and publish such reports, studies, charts, analyses and other data as it may deem desirable and helpful.

(4) The Participating Governments undertake to make available and supply all such statistics and information as are necessary to the Council or the Executive Committee to enable it to discharge its functions under this Agreement.

(5) The Council may appoint such permanent or temporary Committees as it considers advisable in order to assist it in performing its functions under this Agreement.

(6) The Council may, by a Special Vote, delegate to the Executive Committee set up under Article 37 the exercise of any of its

powers and functions other than those requiring a decision by Special Vote under this Agreement. The Council may, at any time, revoke such a delegation by a majority of the votes cast.

(7) The Council shall perform such other functions as are necessary to carry out the terms of this Agreement.

### *Article 29*

The Council shall appoint an Executive Director, who shall be its senior full-time paid officer, a Secretary and such staff as may be required for the work of the Council and its Committees. It shall be a condition of employment of these officers and of the staff that they do not hold or shall cease to hold financial interest in the sugar industry or in the trade in sugar and that they shall not seek or receive instructions regarding their duties under this Agreement from any Government or from any other Authority external to the Council.

### *Article 30*

(1) The Council shall select its seat. Its meeting shall be held at its seat, unless the Council decides to hold a particular meeting elsewhere.

(2) The Council shall meet at least once a year. It may be convened at any other time by its Chairman.

(3) The Chairman shall convene a session of the Council if so requested by

- (i) Five Participating Governments, or
- (ii) Any Participating Government or Governments holding not less than 10 per cent of the total votes, or
- (iii) The Executive Committee.

### *Article 31*

The presence of delegates holding 75 per cent of the total votes of the Participating Governments shall be necessary to constitute a quorum at any meeting of the Council, but if

no such quorum is present on the day fixed for a meeting of the Council which has been called pursuant to Article 30, such meeting shall be held seven days later and the presence of delegates holding 50 per cent of the total votes of the Participating Governments shall then constitute a quorum.

### *Article 32*

The Council may make decisions, without holding a meeting, by correspondence between the Chairman and the Participating Governments provided that no Participating Government makes objection to this procedure. Any decision so taken shall be communicated to all the Participating Governments as soon as possible and shall be set forth in the minutes of the next meeting of the Council.

### *Article 33*

The votes to be exercised by the respective delegations of importing countries on the Council shall be as follows:

Cambodia .....	15
Canada .....	95
Ceylon .....	35
Federal Republic of Germany.....	60
Honduras .....	15
Israel .....	20
Japan .....	165
Lebanon .....	20
New Zealand .....	30
Spain .....	20
Tunisia .....	20
United Kingdom .....	245
United States of America.....	245
Viet-Nam .....	15
TOTAL 1,000	

### *Article 34*

The votes to be exercised by the respective delegations of exporting countries on the Council shall be as follows:

Australia .....	45
Belgium .....	20
China .....	70
Cuba .....	245
Czechoslovakia .....	45
Dominican Republic .....	70
Ecuador .....	15



France .....	35
Haiti .....	20
Hungary .....	20
India .....	35
Indonesia .....	45
Mexico .....	25
Kingdom of the Netherlands.....	20
Nicaragua .....	15
Panama .....	15
Peru .....	45
Philippines .....	25
Poland .....	40
Portugal .....	15
Romania .....	15
South Africa .....	20
USSR .....	100

TOTAL 1,000

### *Article 35*

Whenever the membership of this Agreement changes or when any country is suspended from voting or recovers its votes under any provision of this Agreement, the Council shall redistribute the votes within each group (importing countries and exporting countries) proportionally to the number of votes held by each member of the group, provided that no country shall have less than 15 or more than 245 votes and that there shall be no fractional votes, and provided further that the votes of countries having 245 votes under Article 33 or 34 shall not be reduced having regard to the substantial number of votes relinquished by each of those countries when accepting the number of votes attributed to them in articles 33 and 34.

### *Article 36*

(1) Except where otherwise specifically provided for in this Agreement, decisions of the Council shall be by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries provided that the latter majority shall consist of votes cast by not less than one-third in number of the importing countries present and voting.

(2) When a Special Vote is required, decisions of the Council shall be by at least two-thirds of the votes cast, which shall include a

majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries; provided that the latter majority shall consist of votes cast by not less than one-third in number of the importing countries present and voting.

(3) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, at any session of the Council convened in accordance with Article 30 (3) (i) or Article 30 (3) (ii) to deal with any question relating to Article 21, decisions of the Council on action taken by the Executive Committee under the said Articles shall be by a simple majority of the votes cast by the participating countries present and voting taken as a whole.

(4) The Government of any participating exporting country may authorize the voting delegate of any other exporting country and the Government of any participating importing country may authorize the voting delegate of any other importing country to represent its interests and to exercise its votes at any meeting or meetings of the Council. Evidence of such authorization satisfactory to the Council shall be submitted to the Council.

(5) Each Participating Government undertakes to accept as binding all decisions of the Council under the provisions of this Agreement.

### *Article 37*

(1) The Council shall establish an Executive Committee, which shall be composed of representatives of the Governments of five participating exporting countries which shall be selected for a quota year by a majority of the votes held by the exporting countries and of representatives of the Governments of five participating importing countries which shall be selected for a quota year by a majority of the votes held by the importing countries.

(2) The Executive Committee shall exercise such powers and functions of the Council as are delegated to it by the Council.

(3) The Executive Director of the Council shall be *ex officio* Chairman of the Executive Committee but shall have no vote. The Committee may elect a Vice-Chairman and shall establish its Rules of Procedure subject to the approval of the Council.

(4) Each member of the Committee shall have one vote. In the Executive Committee, decisions shall be by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

(5) Any Participating Government shall have the right of appeal to the Council under such conditions as may be prescribed by the Council, against any decision of the Executive Committee. In so far as the decision of the Council does not accord with the decision of the Executive Committee the latter shall be modified as of the date on which the Council makes its decision.

## CHAPTER XIV

### FINANCE

#### Article 38

(1) Expenses of delegations to the Council and members of the Executive Committee shall be met by their respective Governments. The other expenses necessary for the administration of this Agreement, including remuneration which the Council pays, shall be met by annual contributions by the Participating Governments. The contribution of each Participating Government for each quota year shall be proportionate to the number of votes held by it when the budget for that quota year is adopted.

(2) At its first session the Council shall approve its budget for the first quota year and assess the contributions to be paid by each Participating Government.

(3) The Council shall, each quota year, approve its budget for the following quota year and assess the contribution to be paid by each Participating Government for such quota year.

(4) The initial contribution of any Participating Government acceding to this Agreement under Article 41 shall be assessed by the Council on the basis of the number of votes to be held by it and the period remaining in the current quota year, but the assessments made upon other Participating Governments for the current quota year shall not be altered.

(5) Contributions shall become payable at the beginning of the quota year in respect of which the contribution is assessed and in the currency of the country where the seat of the Council is situated. Any Participating Government failing to pay its contribution by the end of the quota year in respect of which such contribution has been assessed shall be suspended of its voting rights until its contribution is paid, but, except by Special Vote of the Council, shall not be deprived of any of its other rights nor relieved of any of its obligations under this Agreement.

(6) To the extent consistent with the laws of the country where the seat of the Council is situated, the Government of that country shall grant exemption from taxation on the funds of the Council and on remuneration paid by the Council to its employees.

(7) The Council shall, each quota year, publish an audited statement of its receipts and expenditures during the previous quota year.

(8) The Council shall, prior to its dissolution, provide for the settlement of its liabilities and the disposal of its records and assets upon the termination of this Agreement.

## CHAPTER XV

### CO-OPERATION WITH OTHER ORGANIZATIONS

#### Article 39

(1) The Council, in exercising its functions under this Agreement, may make arrangements for consultation and co-operation with

appropriate organizations and institutions and may also make such provisions as it deems fit for representatives of those bodies to attend meetings of the Council.

(2) If the Council finds that any terms of this Agreement are materially inconsistent with such requirements as may be laid down by the United Nations or through its appropriate organs and specialized agencies regarding inter-governmental commodity agreements, the inconsistency shall be deemed to be a circumstance affecting adversely the operation of this Agreement and the procedure prescribed in Article 43 shall be applicable.

## CHAPTER XVI

### DISPUTES AND COMPLAINTS

#### Article 40

(1) Any dispute concerning the interpretation or application of this Agreement, which is not settled by negotiation, shall, at the request of any Participating Government party to the dispute, be referred to the Council for decision.

(2) In any case where a dispute has been referred to the Council under paragraph (1) of this Article, a majority of Participating Governments or Participating Governments holding not less than one-third of the total votes may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph (3) of this Article on the issues in dispute before giving its decision.

(3) (i) Unless the Council unanimously agrees otherwise, the panel shall consist of

(a) Two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting countries;

(b) Two such persons nominated by the importing countries; and

(c) A chairman selected unanimously by the four persons nominated under (a) and

(b), or, if they fail to agree, by the Chairman of the Council.

(ii) Persons from countries whose Governments are parties to this Agreement, shall be eligible to serve on the advisory panel.

(iii) Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(iv) The expenses of the advisory panel shall be paid by the Council.

(4) The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

(5) Any complaint that any Participating Government has failed to fulfil its obligations under this Agreement shall, at the request of the Participating Government making the complaint, be referred to the Council which shall make a decision on the matter.

(6) No Participating Government shall be found to have committed a breach of this Agreement except by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries. Any finding that a Participating Government is in breach of the Agreement shall specify the nature of the breach.

(7) If the Council finds that a Participating Government has committed a breach of this Agreement, it may by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries suspend the Government concerned of its voting rights until it fulfils its obligations or expel that Government from this Agreement.

## CHAPTER XVII

### SIGNATURE, ACCEPTANCE, ENTRY INTO FORCE AND ACCESSION

#### Article 41

(1) This Agreement shall be open for signature from September 15 to October 31, 1953, by the Governments represented by delegates

at the Conference at which this Agreement was negotiated.

(2) Deleted.

(3) This Agreement shall be open for accession by any Government referred to in Article 33 or 34 and such accession shall be effected by the deposit of an instrument of accession with the Government of the United Kingdom of Great Britain and Northern Ireland, provided that, if any such Government wishes to accede upon terms or conditions other than those provided for in this Agreement, it shall first seek approval by the Council of such terms or conditions, which if approved shall be submitted as recommendations to the Participating Governments.

(4) The Council may approve accession to this Agreement by any Government invited to the United Nations Sugar Conference 1956 but not referred to in Article 33 or 34, provided that the conditions of such accession shall first be agreed upon with the Council by the Government desiring to effect it and submitted as recommendations to the Participating Governments.

(5) The effective date of a Government's participation in this Agreement shall be the date on which the instrument of ratification, acceptance or accession is deposited with the Government of the United Kingdom of Great Britain and Northern Ireland.

(6) (i) This Agreement shall come into force on December 15, 1953, as regards Articles 1, 2, 18 and 27-46 inclusive, and on January 1, 1954, as regards Articles 3-17 and 19-26 inclusive, if on December 15, 1953, instruments of ratification, acceptance or accession have been deposited by Governments holding 60 per cent of the votes of importing countries and 75 per cent of the votes of exporting countries under the distribution set out in Articles 33 and 34; provided that notifications to the Government of the United Kingdom of

Great Britain and Northern Ireland by Governments which have been unable to ratify, accept or accede to this Agreement by December 15, 1953, containing an undertaking to seek to obtain as rapidly as possible under their constitutional procedure, and during a period of four months from December 15, 1953, ratification, acceptance or accession, will be considered as equivalent to ratification, acceptance or accession. If, however, such a notification is not followed by the deposit of an instrument of ratification, acceptance or accession by May 1, 1954, the Government concerned shall then no longer be regarded as an observer. In any event the obligations under this Agreement of Governments of exporting countries which have ratified, accepted or acceded to this Agreement by May 1, 1954, for the first quota year will run as from January 1, 1954.

(ii) If at the end of the period of four months mentioned in sub-paragraph (i) the percentage of votes of importing countries or of exporting countries which have ratified, accepted or acceded to this Agreement is less than the percentage provided for in sub-paragraph (i), the Governments which have ratified, accepted or acceded to this Agreement may agree to put it into force among themselves.

(iii) The Council may determine the conditions under which the Governments which have not ratified, accepted or acceded to this Agreement by December 15, 1953, but who have made known their intention to obtain as rapidly as possible a decision on ratification, acceptance or accession may take part in the work of the Council as non-voting observers if they so wish.

(7) The Government of the United Kingdom of Great Britain and Northern Ireland will notify all signatory Governments of each signature, ratification, acceptance of, or accession to this Agreement, and shall inform all signatory Governments of any reservation or condition attached thereto.

## CHAPTER XVIII

### DURATION, AMENDMENT, SUSPENSION, WITHDRAWAL, TERMINATION

#### *Article 42*

(1) The duration of this Agreement shall be five years from January 1, 1954. The Agreement shall not be subject to denunciation.

(2) Without prejudice to Articles 43 and 44, the Council shall in the third year of this Agreement examine the entire working of the Agreement, especially in regard to quotas and prices and shall take into account any amendment to the Agreement which in connexion with this examination any Participating Government may propose.

(3) Not less than three months before the last day of the third quota year of this Agreement the Council shall submit a report on the results of the examination referred to in paragraph (2) of this Article to Participating Governments.

(4) Any Participating Government may within a period of not more than two months after the receipt of the Council's report referred to in paragraph (3) of this Article withdraw from this Agreement by giving notice of withdrawal to the Government of the United Kingdom of Great Britain and Northern Ireland. Such withdrawal shall take effect on the last day of the third quota year.

(5) (i) If, after the two months referred to in paragraph (4) of this Article, any Government which has not withdrawn from this Agreement under that paragraph considers that the number of Governments which have withdrawn under the said paragraph, or the importance of those Governments for the purposes of this Agreement, is such as to impair the operation of this Agreement, such Government may, within thirty days following the expiration of the said period, request the Chairman of the Council to call a special meeting of the

Council at which the Governments party to this Agreement shall consider whether or not they will remain party to it.

(ii) Any special meeting called pursuant to a request made under sub-paragraph (i) shall be held within one month of the receipt by the Chairman of such request and Governments represented at such meeting may withdraw from the Agreement by giving notice of withdrawal to the Government of the United Kingdom of Great Britain and Northern Ireland within thirty days from the date on which the meeting was held. Any such notice of withdrawal shall become effective thirty days from the date of its receipt by that Government.

(iii) Governments not represented at a special meeting held pursuant to sub-paragraphs (i) and (ii) may not withdraw from this Agreement under the provisions of those sub-paragraphs.

#### *Article 43*

(1) If circumstances arise which, in the opinion of the Council, affect or threaten to affect adversely the operation of this Agreement, the Council may, by a Special Vote, recommend an amendment of this Agreement to the Participating Governments.

(2) The Council shall fix the time within which each Participating Government shall notify the Government of the United Kingdom of Great Britain and Northern Ireland whether or not it accepts an amendment recommended under paragraph (1) of this Article.

(3) If, within the time fixed under paragraph (2) of this Article, all Participating Governments accept an amendment it shall take effect immediately on the receipt by the Government of the United Kingdom of Great Britain and Northern Ireland of the last acceptance.

(4) If, within the time fixed under paragraph (2) of this Article, an amendment is not accepted by the Governments of exporting countries which hold 75 per cent of the votes

of the exporting countries and by the Governments of importing countries which hold 75 per cent of the votes of the importing countries it shall not take effect.

(5) If, by the end of the time fixed under paragraph (2) of this Article, an amendment is accepted by the Governments of exporting countries which hold 75 per cent of the votes of the exporting countries and by the Governments of importing countries which hold 75 per cent of the votes of the importing countries but not by the Governments of all the exporting countries and the Governments of all the importing countries

(i) The amendment shall become effective for the Participating Governments which have signified their acceptance under paragraph (2) of this Article at the beginning of the quota year next following the end of the time fixed under that paragraph;

(ii) The Council shall determine forthwith whether the amendment is of such a nature that the Participating Governments which do not accept it shall be suspended from this Agreement from the date upon which it becomes effective under sub-paragraph (i) and shall inform all Participating Governments accordingly. If the Council determines that the amendment is of such a nature, Participating Governments which have not accepted that amendment shall inform the Council by the date on which the amendment is to become effective under sub-paragraph (i) whether it is still unacceptable and those Participating Governments which do so shall automatically be suspended from this Agreement; provided that if any such Participating Government satisfies the Council that it has been prevented from accepting the amendment by the time the amendment becomes effective under sub-paragraph (i) by reason of constitutional difficulties beyond its control, the

Council may postpone suspension until such difficulties have been overcome and the Participating Government has notified its decision to the Council.

(6) The Council shall establish rules with respect to the reinstatement of a Participating Government suspended under paragraph (5) (ii) of this Article and any other rules required for carrying out the provisions of this Article.

#### *Article 44*

(1) If any Participating Government considers its interests to be seriously prejudiced by the failure of any signatory Government to ratify or accept this Agreement or the Protocol amending this Agreement opened for signature at London on 1 December 1956, or to accede to this Agreement as amended by that Protocol, or by conditions or reservations attached to any signature, ratification, acceptance or accession, it shall so notify the Government of the United Kingdom of Great Britain and Northern Ireland. Immediately on the receipt of such notification, the Government of the United Kingdom of Great Britain and Northern Ireland shall inform the Council, which shall, either at its first meeting, or at any subsequent meeting held not later than one month after receipt of the notification, consider the matter. If, after the Council has considered the matter, the Participating Government still considers its interests to be seriously prejudiced, it may withdraw from this Agreement by giving notice of withdrawal to the Government of the United Kingdom of Great Britain and Northern Ireland within thirty days after the Council has concluded its consideration of the matter.

(2) If any Participating Government demonstrates that, notwithstanding the provisions of this Agreement, its operation has resulted in an acute shortage of supplies or in prices on the free market not being stabilized within the range provided for in this Agreement, and the Council fails to take action to remedy such

situation, the Government concerned may give notice of withdrawal from this Agreement.

(3) If, during the period of this Agreement, by action of a non-participating country, or by action of any participating country inconsistent with this Agreement such adverse changes occur in the relation between supply and demand on the free market as are held by any Participating Government seriously to prejudice its interests such Participating Government may state its case to the Council. If the Council declares the case to be well-founded the Government concerned may give notice of withdrawal from this Agreement.

(4) If any Participating Government considers that its interests will be seriously prejudiced by reason of the effects of the basic export tonnage to be allotted to a non-participating exporting country seeking to accede to this Agreement pursuant to Article 41 (4) such Government may state its case to the Council which shall take a decision upon it. If the Government concerned considers that, notwithstanding the decision by the Council, its interests continue to be seriously prejudiced, it may give notice of withdrawal from this Agreement.

(5) The Council shall take a decision within thirty days on any matters submitted to it in accordance with paragraphs (2), (3) and (4) of this Article; and if the Council fails to do so within that time the Government which has submitted the matter to the Council may give notice of withdrawal from this Agreement.

(6) Any Participating Government may, if it becomes involved in hostilities, apply to the Council for the suspension of some or all of its obligations under this Agreement. If the application is denied, such Government may give notice of withdrawal from this Agreement.

(7) If any Participating Government avails itself of the provisions of Article 16 (2), so as to be released from its obligations under that Article, any other Participating Government

may at any time during the ensuing three months give notice of withdrawal after explaining its reasons to the Council.

(8) In addition to the situations envisaged in the preceding paragraphs of this Agreement, when a Participating Government demonstrates that circumstances beyond its control prevent it from fulfilling its obligations under this Agreement it may give notice of withdrawal from this Agreement subject to a decision of the Council that such withdrawal is justified.

(9) If any Participating Government considers that a withdrawal from this Agreement notified in accordance with the provisions of this Article by any other Participating Government, in respect of either its metropolitan territory or all or any of the non-metropolitan territories for whose international relations it is responsible, is of such importance as to impair the operation of this Agreement, that Government may also give notice of withdrawal from this Agreement at any time during the ensuing three months.

(10) Notice of withdrawal under this article shall be given to the Government of the United Kingdom of Great Britain and Northern Ireland and shall become effective thirty days from the date of its receipt by that Government.

#### *Article 45*

The Government of the United Kingdom of Great Britain and Northern Ireland shall promptly inform all signatory and acceding Governments of each notification and notice of withdrawal received under Articles 42, 43, 44 and 46.

### *CHAPTER XIX*

#### *TERRITORIAL APPLICATION*

#### *Article 46*

(1) Any Government may at the time of signature, ratification, acceptance of, or accession to this Agreement or at any time there-



after, declare by notification given to the Government of the United Kingdom of Great Britain and Northern Ireland that the Agreement shall extend to all or any of the non-metropolitan territories for whose international relations it is responsible and the Agreement shall from the date of the receipt of the notification extend to all the territories named therein.

(2) Any Participating Government may, by giving notice of withdrawal to the Government of the United Kingdom of Great Britain and Northern Ireland in accordance with the provisions for withdrawal in Articles 42, 43 and 44, withdraw from this Agreement separately in respect of all or any of the non-metropolitan

territories for whose international relations it is responsible.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed<sup>2/</sup>this Agreement on the dates appearing opposite their signatures.

The texts of this Agreement in the Chinese, English, French, Russian and Spanish languages are all equally authentic, the originals being deposited with the Government of the United Kingdom of Great Britain and Northern Ireland, which shall transmit certified copies thereof to each signatory and acceding Government.

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<sup>2/</sup> This text of the 1953 Agreement as amended by the Protocol of Amendment adopted at the United Nations Sugar Conference, 1956, does not contain the statements regarding intention to make reservations which, in the Summary of Proceedings of the United Nations Sugar Con-

ference, 1953 (E/CONF.15/15, United Nations publication, Sales No.: 1953.II.D.3), follow the text of the 1953 Agreement, nor does it contain the reservations made on signing the Principal Agreement at London in 1953 or on signing the Protocol of 1 December 1956 at London.