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Executive Committee

RENEGOTIATION OF THE INTERNATIONAL NATURAL RUBBER AGREEMENT, 1987

Preamble and articles 14, 26, 32, 47, 53 bis and 59
cleared by the Legal Drafting Committee

Preamble

The Contracting Parties,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order, *

Recognizing in particular the importance of the United Nations Conference on Trade and Development resolutions 93 (IV), 124 (V) and resolution 155 (VI) on the Integrated Programme for Commodities; the Cartagena Commitment and the relevant objectives contained in "The Spirit of Cartagena" adopted by the United Nations Conference on Trade and Development,

Recognizing the importance of natural rubber to the economies of members, particularly to the exports of exporting members and to supply requirements of importing members,

* General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

Recognizing further that the stabilization of natural rubber prices is in the interests of producers, consumers and natural rubber markets, and that an international natural rubber agreement can significantly assist the growth and development of the natural rubber industry to the benefit of both producers and consumers,

Have agreed as follows:

CHAPTER IV - THE INTERNATIONAL NATURAL RUBBER COUNCIL

Article 14

Distribution of votes

1. The exporting members shall together hold 1,000 votes and the importing members shall together hold 1,000 votes.
2. Each exporting member shall receive one initial vote out of the 1,000 votes except that in the case of an exporting member with net exports of less than 10,000 tonnes annually the initial vote shall not apply. The remainder of such votes shall be distributed among the exporting members as nearly as possible in proportion to the volume of their respective net exports of natural rubber for the period of [....] calendar years commencing [....] calendar years prior to the distribution of votes.
3. The votes of importing members shall be distributed among them as nearly as possible in proportion to the average of their respective net imports of natural rubber during the period of three calendar years commencing four calendar years prior to the distribution of votes, except that each importing member shall receive one vote even if its proportional net import share is otherwise not sufficiently large to so justify.
4. For the purposes of paragraphs 2 and 3 of this article, paragraphs 2 and 3 of article 27 relating to contributions of importing members, and article 38, the Council shall, at its first session, establish a table of net exports of exporting members and a table of net imports of importing members which shall be revised annually in accordance with this article.
5. There shall be no fractional votes.

6. The Council shall, at the first session after the entry into force of this Agreement, distribute the votes for that year, to remain in effect until the first regular session of the following year, except as provided for in paragraph 7 of this article. Subsequently for each year, the Council shall distribute the votes at the beginning of the first regular session of that year. Such distribution shall remain in effect until the first regular session of the following year, except as provided for in paragraph 7 of this article.

7. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this Agreement, the Council shall redistribute the votes within the affected category or categories of members in accordance with the provisions of this article.

8. In the event of the exclusion of a member pursuant to article 64, or the withdrawal of a member pursuant to article 63 or article 62, resulting in the reduction of the total trade share of those members remaining in either category below 80 per cent, the Council shall meet and decide on the terms, conditions and future of this Agreement, including in particular the need to maintain effective buffer stock operations without causing undue financial burden to the remaining members.

CHAPTER VIII. THE BUFFER STOCK

Article 26

Size of the Buffer Stock

In order to achieve the objectives of this Agreement, an international Buffer Stock shall be established. The total capacity of the Buffer Stock shall be 550,000 tonnes, including the total stocks still held under the International Natural Rubber Agreement, 1987. It shall be the [sole] instrument of market intervention for price stabilization in this Agreement. The Buffer Stock shall comprise:

- (a) The normal Buffer Stock of 400,000 tonnes; and
- (b) The contingency Buffer Stock of 150,000 tonnes.

Article 32

Market indicator price

1. There shall be established a daily market indicator price which shall be a composite, weighted average - reflecting the market in natural rubber - of daily official prices as defined by the Council on the Kuala Lumpur, London, New York and Singapore markets, and such other established commercial markets as the Council may decide. Initially, the daily market indicator price shall comprise RSS 1, RSS 3 and TSR 20 and their weighting shall be in the ratio of 2:3:5. All quotations shall be converted into f.o.b. Malaysian/Singapore ports in Malaysian/Singapore currency.

2. The type/grade composition weightings, method of computing the daily market indicator price and the number of markets shall be reviewed and may, by special vote, be revised by the Council to ensure that it reflects the market in natural rubber. The Council may, [by special vote], decide to include additional established commercial markets in the calculation of the daily market indicator price if such markets are deemed to influence the international price of natural rubber.

3. The market indicator price shall be deemed above, at or below price levels specified in this Agreement if the average of the daily market indicator prices for the last five market days is above, at or below such price levels.

CHAPTER XII. STATISTICS, STUDIES AND INFORMATION

Article 47

Annual review

The Council shall each year review the operation of this Agreement including conformity to its spirit and promotion of its objectives. It may then make recommendations to members regarding ways and means of improving the functioning of this Agreement.

CHAPTER XIII - MISCELLANEOUS

Article 53 bis Environmental aspects

Members shall endeavour to pay due attention to environmental aspects as agreed at the Eighth session of the United Nations Conference on Trade and Development and the United Nations Conference on Environment and Development held in 1992.

CHAPTER XV - FINAL PROVISIONS

Article 59 Notification of provisional application

1. A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may at any time notify the depositary that it will fully apply this Agreement provisionally, either when it enters into force in accordance with article 60 or, if it is already in force, at a specified date.
2. Notwithstanding the provisions of paragraph 1 of this article, a Government may provide in its notification of provisional application that it will apply this Agreement only within the limitations of its constitutional and/or legislative procedures and its domestic laws and regulations. However, such Government shall meet all its financial obligations to this Agreement. The provisional membership of a Government which notifies in this manner shall not exceed 12 months from the provisional entry into force of this Agreement, unless the Council decides otherwise pursuant to paragraph 2 of article 58.