SECTION C.—INTER-GOVERNMENTAL COMMODITY CONTROL AGREEMENTS

Article 59

Circumstances governing the Use of Commodity Control Agreements

1. The Members agree that commodity control agreements may be employed only when it is determined that:

(*a*) A burdensome surplus of a primary commodity has developed or is expected to develop, which, in the absence of specific governmental action, would cause serious hardship to producers among whom are small producers who account for a substantial portion of the total output, and that these conditions could not be corrected by normal market forces in time to prevent such hardship, because, characteristically in the case of the primary commodity concerned, a substantial reduction in price does not readily lead to a significant increase in consumption or to a significant decrease in production; or

(*b*) Widespread unemployment or under-employment in connection with a primary commodity, arising out of difficulties of the kind referred to in Article 52, has developed or is expected to develop, which, in the absence of specific governmental action, would not be corrected by normal market forces in time to prevent widespread and undue hardship to workers because, characteristically in the case of the industry concerned, a substantial reduction in price does not readily lead to a significant increase in consumption but to a reduction of employment, and because areas in which the commodity is produced in substantial quantity do not afford alternative employment opportunities for the workers involved.

2. Determinations under this Article shall be made through the Organization by consultation and agreement among Members substantially interested in the commodity concerned.

Article 60

Additional Principles governing Commodity Control Agreements

The Members shall observe the following principles governing the conclusion and operation of commodity control agreements in addition to those stated in Article 57:

(*a*) Such agreements shall be designed to assure the availability of supplies adequate at all times for world demand at reasonable prices, and, when practicable, shall provide for measures designed to expand world consumption of the commodity;