

proposed and concluded agreements and of the views of Members, is calculated to prevent agreements serving the interests of some countries to the detriment of others. All Members are to give favourable consideration to any recommendation made under such agreement aimed at expansion of consumption.

Article 61: Types of Agreements

Two types of agreements are provided for (a) commodity-control agreements and (b) other inter-governmental commodity agreements. The first type might restrict international trade through adoption of quantitative control of exports or imports and regulation of production and prices.

The second type of agreement provided for envisages an expansionist programme in the fields of production and consumption. It may contain provisions for regulation of production and control of exports and imports, and also price provisions which will come into operation at a later date. All such provisions in this type of inter-governmental commodity agreement should be entered into on the basis of an expansionist philosophy. Price provisions are to be of a guarantee nature in order to protect producers and permit of expansion without fear of future collapse.

Members undertake not to enter into any new commodity-control agreement other than through the machinery provided in the chapter, except that, if delay in treatment is excessive, Members may proceed to direct negotiation.

SECTION C.—INTER-GOVERNMENTAL COMMODITY-CONTROL AGREEMENTS

Article 62: Circumstances governing the Use of Commodity-control Agreements

Conditions are prescribed which must prevail before a control agreement is justified, and Members undertake to enter into such agreements only when such conditions have arisen or are contemplated. The conditions are—

- (a) A burdensome surplus of the commodity has developed or is expected to develop, which would result in serious hardship to producers, and in particular to small producers ;
- (b) When a fall in price would not result in a worth-while increase in consumption or adjustment in production ;
- (c) When widespread unemployment has developed or is expected to develop, with resultant hardship to workers, particularly in areas which do not lend themselves readily to alternative opportunities of employment. In other words, control agreements are particularly applicable when normal market forces are not able to correct the supply and demand position and complete economic disruption is threatened.