

Article 56 : Primary and Related Commodities

In the early stages of Geneva there was a question at issue as to the commodities likely to come under Chapter VI. Some discussion took place relative to the desirability of bringing manufactured commodities within its purview, but this suggestion was resisted. It was decided to clarify the position by defining "primary and related commodities."

A primary commodity is defined as the product of farm, forest, or fishery or any mineral which is in its natural form or has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade. The term is also regarded as covering a group of commodities of which one is primary and the others so closely related as regards conditions of production or utilization to the others in the group that it would be appropriate to deal with them in a single agreement. (Examples: Fats might include butterfat, vegetable-oils, animal fats, and mixtures as in margarine. Rubber would embrace both natural and synthetic.)

In exceptional circumstances the Organization may decide that the provisions of the chapter should apply to a commodity not falling precisely within the definition of primary commodity. Synthetic fibres might come within this category, and their consideration might involve wool.

Article 57 : Objectives of Inter-governmental Commodity Agreements

The objectives for achievement of which inter-governmental commodity agreements are considered appropriate are—

- (a) Prevention or alleviation of economic difficulties resulting from inability of normal market forces to cope with the situation.
- (b) To promote for a limited period conditions under which internal readjustments may be made, such as a shift of resources and man-power, and, where appropriate, development of secondary industries based on the primary product concerned.
- (c) To achieve long-term equilibrium between production and consumption and to prevent violent price-fluctuation without detriment to consumers or producers.
- (d) To utilize natural resources to best advantage.
- (e) To permit of an expansionist policy, particularly for foodstuffs, and, if necessary, the employment of a "special price" system.
- (f) Equitable distribution of a commodity in short supply.

Objectives (a), (b), and (c) envisage control agreements as surpluses and labour difficulties would have arisen or would be anticipated, and all the provisions for control may be brought into operation. Objectives (d), (e), and (f) would be handled by commodity agreements devised to ensure equality of treatment, and, so far as (c) is concerned, an expansionist philosophy.