UNITED NATIONS SUGAR CONFERENCE, 1958

SUMMARY OF PROCEEDINGS
NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.
INTRODUCTORY NOTE

This publication summarizes the proceedings of the United Nations Sugar Conference, 1958, which met at Geneva from 22 September to 24 October 1958; it contains also the Conference agenda, the list of the representatives of the countries which participated in the Conference, the summary records of the plenary meetings, the text of the resolutions adopted at the final plenary meeting, the text of the International Sugar Agreement of 1958, and extracts from two background papers entitled "The International Market in Sugar and the International Sugar Agreement, 1953/1956" prepared by the Executive Director of the International Sugar Council and "The International Sugar Economy: Basic Problems and Inter-Governmental Action" prepared by the United Nations Secretariat.

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

The summary records of the meetings of the Executive and other Committees, which were held in closed session, were circulated separately to members of those committees.

Other Conference documents, such as the rules of procedure (E./CONF.27/2), are available for consultation in the archives of the United Nations Secretariat.
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SUMMARY

1. By a letter dated 16 December 1957 the Executive Director of the International Sugar Council informed the Secretary-General of the United Nations that he had been instructed by the Council to request that an international sugar conference be organized under United Nations auspices with the object of concluding a further agreement to come into force when the International Sugar Agreement, concluded at the United Nations Conference of 1953, as amended by the Protocol agreed at the United Nations Conference of 1956, expired on 31 December 1958. In transmitting the request the Executive Director stated that it was the wish of the Governments participating in the International Sugar Agreement that every effort should be made to continue measures of international co-operation in connexion with the problems of the world sugar industry and trade. For this purpose, the Council believed that all interested Governments should have an opportunity to discuss the problems of the world sugar industry and trade and, if possible, to conclude a further agreement to come into force on the expiry of the Agreement then in operation.

2. The International Sugar Council's request was referred by the Secretary-General 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. The Committee examined the request in accordance with the principles of chapter V of the Havana Charter relating to the calling of commodity conferences. In a note dated 28 January 1958 addressed to the Secretary-General, the Committee observed that the members of the International Sugar Council represented a significant part of the world production and consumption of, and trade in, sugar. It noted also that some countries with a considerable interest in the international trade in sugar were not Parties to the 1953 Agreement. The Committee considered therefore that the Secretary-General would be justified in calling an independent United Nations conference which all Governments would attend on equal terms, whether members of the International Sugar Council or not. The Committee drew attention to the fact that international trade in sugar had been subject to extreme fluctuations in prices in the latter part of 1957.

4. In accordance with its responsibilities, the Committee also gave consideration to the preparatory work for the Conference. It noted that the International Sugar Council had established a Preparatory Committee to review the operation of the 1953 Agreement and suggested that the United Nations officers concerned collaborate with the secretariat of the International Sugar Council.

5. The Secretary-General convened the United Nations Sugar Conference at the European Office of the United Nations, Geneva, on 22 September 1958. The Conference was attended by fifty-six countries, forty-four having delegation status and twelve observer status. The credentials of the representatives were examined by a Credentials Committee which met under the chairmanship of Dr. Tj. Bakker (Netherlands).

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

7. At the opening meeting Mr. Georges Palthey, Deputy Director of the European Office of the United Nations, welcomed the representatives on behalf of the Secretary-General. At the second plenary meeting Mr. Eric Roll, Executive Director of the International Sugar Council, was unanimously elected Chairman of the Conference; Mr. Arturo Mañas (Cuba) was elected First Vice-Chairman and Mr. A. M. Thomas (India) Second Vice-Chairman by acclamation.

8. The Conference had before it a paper entitled “The International Market in Sugar and the International Sugar Agreement, 1953/1956” prepared by the Executive Director of the International Sugar Council. The document had been prepared in the light of discussions of a group of experts appointed by the International Sugar Council but did not commit the experts or the Governments members of the International Sugar Council. A paper entitled “The International Sugar Economy: Basic Problems and Inter-Governmental Action” prepared by the United Nations Secretariat was also circulated.

9. The summary records of the six plenary meetings of the Conference are reproduced in the present publication.

10. The Conference set up an Executive Committee, on which each delegation was represented. Its functions and work are described below.

11. In the course of the Conference various technical films dealing with the sugar industry, supplied by the

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1 For list of representatives see p. 5, below.
2 Circulated as E/CONF.27/1 and 2, respectively.
3 See p. 4 below.
4 Circulated at the Conference as document E/CONF.27/R.1, of which a part is contained in annex 1 to the present publication.
5 Document E/CONF.27/R.2, of which a part is contained in annex II to the present publication.
6 See pp. 12 et seq. below.
delegations of Australia, the Federal Republic of Germany, France, the United Kingdom and the United States, were shown.

12. The Executive Secretary of the Conference and Secretary of the Executive and Co-ordination Committees was Mr. Perce R. Judd, Chief of the International Trade Relations Section of the United Nations. Mr. Dennis T. Holland of the United Nations Office of Legal Affairs served as legal adviser to the Conference and as Secretary of the Administrative and Legal Drafting Committees; Mr. C. Politoff of the International Sugar Council was Secretary of the Economic Committee and Mr. J. A. Hopkins of the International Sugar Council was Secretary of the Statistical and Technical Committee.

Principal committees of the Conference

Executive Committee

13. The Executive Committee, on which each delegation was represented, was asked to examine agenda items 8, 9 and 10 and to report its recommendations to the Conference. It was empowered to set up such committees as it thought necessary.

14. The Executive Committee elected Mr. Eric Roll, Chairman of the Conference, as its chairman. It established a Co-ordination Committee, a Negotiating Committee, an Administrative Committee, an Economic Committee, a Statistical and Technical Committee, and a Legal Drafting Committee.

Co-ordination Committee

15. The Executive Committee, at its second meeting, approved the following composition of the Co-ordination Committee: the Chairman of the Conference, the First and Second Vice-Chairmen of the Conference, the Chairmen of the Administrative, the Economic and the Statistical and Technical Committees, and the heads of the delegations of Australia, Brazil, Denmark, France, Japan, Pakistan, Union of Soviet Socialist Republics and United States of America.

16. The Committee elected Mr. Lawrence Myers (United States) chairman. It assigned the articles of the 1953 Agreement to the various committees for study and met frequently to ensure co-ordination of the work of the various committees of the Conference.

Negotiating Committee

17. The Negotiating Committee, consisting of the Chairman of the Conference and the heads of the Australian and the Japanese delegations, was established at the second meeting of the Executive Committee. It engaged in consultations on the question of the prices to be asserted in article 20 and examined and reported on articles 14 to 17 and 33 to 35 of the 1953 Agreement. Mr. Eric Roll was chairman.

Administrative Committee

18. With regard to the membership of the Administrative Committee, delegations were requested to signify their desire to participate. The Committee was thus composed of the representatives of Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, Chile, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Federal Republic of Germany, Federation of Malaya, Finland, France, Ghana, Greece, Guatemala, Haiti, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Morocco, Netherlands, Nicaragua, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Sweden, Tunisia, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom and United States. Dr. H. Scharmer (Federal Republic of Germany) was elected chairman.

19. The Committee, which held eight meetings, examined and reported on articles 4; 25; 26, paras. (2), (3) and (4); 27 to 32 and 36 to 46.

Economic Committee

20. As in the case of the Administrative Committee, delegations desiring to participate in the Economic Committee were asked to enrol their names. The Committee was thus composed of the representatives of Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, Chile, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, Finland, France, Ghana, Greece, Guatemala, Haiti, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Sweden, Tunisia, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States. Mr. G. S. Bishop (United Kingdom) was elected chairman.

21. The Economic Committee held nineteen meetings. It examined and reported on articles 1 to 3, 5 to 23 (except for matters dealt with by the Negotiating Committee), and 26 (para. (1)).

Statistical and Technical Committee

22. The Statistical and Technical Committee consisted of the following delegations which had indicated a desire to participate: Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, Finland, France, Ghana, Greece, Guatemala, Haiti, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Sweden, Tunisia, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom and United States. Dr. H. E. Priester (Dominican Republic) was elected chairman.

23. The Committee, which held six meetings, prepared statistical data and reviewed the statistical work of the International Sugar Council; it studied the expansion of consumption and research, including the appropriate part of article 25, and examined and reported on article 24.
Legal Drafting Committee

24. The Legal Drafting Committee was established by the Executive Committee at its fifth meeting. It consisted of the representatives of the following countries: Belgium-Luxembourg, Cuba, Dominican Republic, France, Japan, Peru, Union of Soviet Socialist Republics, United Kingdom, and United States. Its terms of reference were: (a) To prepare a text of the Agreement, on the basis of the work of the Committees, in one of the working languages for further substantive review by the Conference and its Committees; (b) to continue the collation of the texts in the various languages; and (c) to prepare a final text of the Agreement, after a final review of the substance by the Conference and the relevant Committees, and to complete the collation of the texts in the various languages. Mr. J. J. Czyzak (United States) was elected chairman.

Working parties

25. The main committees set up various working parties or groups, which are listed below:

Working Party No. 1 (Price and Quota Mechanism), set up by the Economic Committee. Mr. G. S. Bishop (United Kingdom) was chairman.

Working Party No. 2 (Legal Sub-Committee) set up by the Legal Drafting Committee. Mr. J. J. Czyzak (United States) was chairman.

Group No. 1 (Stocks) set up by the Economic Committee. Mr. P. C. Wahl (Belgium-Luxembourg) was chairman.

Group No. 2 (Drafting group) appointed by Working Party No. 1. Mr. P. E. Callanan (United States) was chairman.

Group No. 3 (Date for declaration of shortfalls) appointed by Working Party No. 1.

Group No. 4 (articles 1 and 10) appointed by Working Party No. 1. Mr. S. Bao (China) was chairman.

26. The Conference adopted a new five-year Agreement, which was opened for signature in London from 1 to 24 December 1958. The Agreement provided that it would enter into force on 1 January 1959 if by that date Governments holding 60 per cent of the votes allocated in the Agreement to importing countries and 70 per cent of the votes allocated to exporting countries had ratified, accepted or acceded to it or undertaken to seek to do this as rapidly as possible. In fact, nine importing countries holding 84 per cent of the votes of importing countries and twenty-five exporting countries holding 96 per cent of the votes of exporting countries had taken such action by 1 January 1959 and the Agreement accordingly entered into force.

27. The basic export tonnages of the countries participating in the 1953 Agreement and the price range were unchanged in the new Agreement. For the protection of importers and the avoidance of shortages, the minimum stocks of participating exporting countries were fixed at 12½ per cent of basic tonnages instead of 10 per cent as in the 1953 Agreement. As regards changes in quotas, the new Agreement contains a provision not included in the 1953 Agreement whereby the International Sugar Council has to meet and take appropriate action when the price exceeds 3.75 cents a pound. A provision concerning the negotiations of arrangements for multilateral options was included, which offers the possibility of assisting importing countries in times of shortages and also of helping exporting countries in times of surplus. Under these arrangements, if the prevailing price moves above the highest or below the lowest price of the range, the participating Governments concerned would have the right to exercise options for purchase or sale, as the case may be. The new Agreement also contains provisions designed, on the basis of experience, to improve its operation.

28. The Conference adopted three resolutions. One requested the International Sugar Council and its officers and staff to ensure an orderly and proper transition from the existing to the new Agreement. Another requested the International Sugar Council to place the matter of multilateral options on the agenda of its first meeting in 1959. The third related to arrangements for the signature of the Agreement in London and drew the attention of Governments to the notification procedure provided for in article 41 of the Agreement.

29. The text of the International Sugar Agreement of 1958 is given in annex III to the present publication.

* See p. 42, below.
* See p. 28, below.
CONFERENCE AGENDA

1. Opening of the Conference
2. Adoption of the provisional agenda
3. Adoption of the rules of procedure
4. Election of 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. Preparation of an international agreement embodying international measures considered desirable
10. Consideration and adoption of resolutions, Final Act, etc.
11. Any other business

10 Circulated as E/CONF.27/L.
LIST OF REPRESENTATIVES
LISTE DE RÉPRÉSENTANTS
LISTA DE REPRESENTANTES

AUSTRALIA — AUSTRALIE — AUSTRALIA

Representative

Alternate Representative
Mr. D. J. Muir, Agent-General for Queensland in the United Kingdom.

Advisers
Mr. F. O. Grogan, Assistant Secretary, Department of Trade.
Mr. O. Wolfensberger, Senior Marketing Officer, Department of Primary Industry.
Mr. Ronald J. S. Muir, C.M.G., General Secretary, Australian Cane Growers' Council.
Mr. E. T. S. Pearce, General Secretary, Australian Sugar Producers' Association.
Mr. P. T. Wheen, General Executive Officer, Colonial Sugar Refining Company, Ltd.

BELGIUM-LUXEMBOURG — BELGIQUE-LUXEMBOURG — BÉLGICA-LUXEMBURGO

Representative
Le baron Paul Kronacker, Ancien Ministre-Membre de la Chambre des représentants.

Alternate Representative
M. Yves Coppieters ’t Wallant, Inspecteur général au Ministère des affaires étrangères et du commerce extérieur.

Advisers
M. M. A. E. S. Cauwenbergh, Conseiller adjoint au Ministère des affaires économiques.
M. G. Mullie, Président du Boerenbond.
M. J. F. E. Delacroix, Président de la Société générale des fabricants de sucre de Belgique.
M. P. C. Wahl, Conseiller de la Confédération du sucre.
M. L. Leclercq, Président de la Fédération des planteurs de betteraves de la Hesbaye.
M. E. Warnant, Secrétaire de la Fédération des planteurs de betteraves de la Hesbaye.
M. M. Vandeputte, Ingénieur agronome de l'Etat au Ministère de l'agriculture, Service des relations internationales.

Representative
S. Exc. F. de A. Chateaubriand Bandeira de Mello, Ambassadeur extraordinaire et plénipotentiaire auprès de la Cour de Saint-James.

Alternate Representative
M. M. G. Maranhão, Président de l'Institut du sucre et de l'alcool.

Advisers
Col. F. M. C. Monteiro, Président de la Commission fédérale de l'approvisionnement et des prix.
M. G. de M. Maranhão, Membre du Comité exécutif de l'Institut du sucre et de l'alcool.
M. W. Sa de Andrade, Membre du Comité exécutif de l'Institut du sucre et de l'alcool.
M. F. P. de Queiroz, Représentant des producteurs.
M. H. Costa Pinto, Représentant des producteurs.
M. J. E. Feres, Economista do Instituto do Açúcar e do Alcool.
M. O. Montalegre, Economiste de l'Institut du Açúcar e do Alcool.
M. F. Morgenti.
M. E. C. de Carvalho.

Observers
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M. L. P. Velloso.
M. M. S. Pereira.

CANADA — CANADA — CANADÁ

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Alternate Representative
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Mr. E. A. Ostreicher, Department of Finance.
Mr. G. J. Dobson, Department of Agriculture.

Secretary
Miss S. N. Trott, Office of the High Commissioner in the United Kingdom.

CEYLON — CEYLON — CEILÁN

Representative
Mr. Malcolm D. Jansz, Commercial Attaché, Ceylon High Commission, United Kingdom.
Alternate Representative
Mr. E. M. Adons, Ceylon High Commission, United Kingdom.

CHILE — CHILI — CHILE

Representative
Sr. Diego Maldonado Velasco, Commercial Engineer and Chief of the Cost Department, Ministry of Economy.

CHINA — CHINE — CHINA

Representative and Head of Delegation
H.E. Dr. Mao-Ian Tuan, Ambassador Extraordinary and Plenipotentiary to Panama.

Representatives
Mr. C. Chao, Manager, Business Department, Taiwan Sugar Corporation.
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Dr. Arturo M. Mañas, President, Cuban Sugar Stabilization Institute.

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Sr. Aurelio Portuondo y de Regil, Miembro del Instituto Cubano de Estabilización del Azúcar.
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DOMINICAN REPUBLIC — RÉPUBLIQUE DOMINICAINE — REPÚBLICA DOMINICANA

Representative
Dr. H. B. Priester, Primer Vice presidente de la Comisión de Defensa del Azúcar y Fomento de la Caña.

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Sra. Lydia Pichardo, Funcionaria de la Comisión de Defensa del Azúcar y Fomento de la Caña.
Adviser
Sr. Ralph E. Becker.

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**Head of Delegation**
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**Members**
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Consul Dr. K. Barte, Consulate-General, Geneva.
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**Finland** — Finlande — Finlandia

**Representatives**
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Mr. Gunnar Hernberg, Managing Director of Suomen Sokeri O.Y.

**Secretary**
Mr. R. Routamo, Ministry of Commerce and Industries of Finland.

**France** — France — Francia

**Head of Delegation**
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**Representatives**
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M. Establie, Représentant permanent adjoint auprès de l'Organisation des Nations Unis.
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**Advisers**
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M. H. de Veyrac, Secrétaire général du Syndicat des fabricants de sucre.
M. H. Cayre, Directeur général de la Confédération des planteurs de betteraves.

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**Alternate Representative**
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Mr. Hervé Boyer, Conseiller à la Cour supérieure des comptes.
Mr. Narses Day, Conseiller à la Cour Supérieure des comptes.

**Hungary** — Hongrie — Hungría

**Representative**
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**Representative**
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Deputy Head of Delegation

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Dr. C. Martini-Donati, Représentant de l'industrie sucrière italienne.

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Alternate Representatives
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Mr. Shunichi Ohkuchi, First Secretary, Embassy, London.
Mr. Shigeru Inada, First Secretary, Permanent Delegation to the International Organizations in Geneva.

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Mr. Iwami Sato, Representative, Japan Sugar Refiners Association.
Mr. Morihisa Emori, Chairman, Japan Sugar Import and Export Council.
Mr. Tsuneo Oyake, Attaché, Permanent Delegation to the International Organizations in Geneva.

MEXICO — MEXIQUE — MÉXICO

Representative and Head of Delegation
Sr. Dr. Pedro de Alba, Ambassador to the International Organizations in Geneva.

Alternate Representative
Sr. Lic. Plácido García Reyaoso, Director General de la Unión Nacional de Productores de Azúcar.

Members
Sr. Andrés V. Quijano, Unión Nacional de Productores de Azúcar, S.A. de C.V., Mexico City.

Advisers
Sr. Lic. Oliver M. Kisich, Consultant of the Unión Nacional de Productores de Azúcar.

MOROCCO — MAROC — MARRUECOS

Representatives
M. Abdelghani Sbihi, Chef de cabinet du Vice-Président du Conseil, Ministre de l'économie nationale et de l'agriculture.
M. Abdelhadi Sbihi, Chef du cabinet du Sous-Sécrétaire d'État à l'agriculture.
M. Kacem Benkirane, Chef de la Direction de l'industrie du Sous-Sécrétaire d'État à l'industrie et au commerce.

NETHERLANDS — PAYS-BAS — PAÍSES BAJOS

Representative
Mr. Tj. Bakker, Agricultural Attaché, Embassy, London.

Alternate Representatives
Mr. H. Riem, Head of the International Relations Branch, International Organizations Department, Ministry of Agriculture, Fisheries and Food.
Mr. W. A. Ho, Head of Sugar Branch, Food Supply Division, Ministry of Agriculture, Fisheries and Food.

Advisers
Mr. G. J. de Gilde, Chairman of the Association of Netherlands Sugar Manufacturers and Refiners.
Mr. G. M. A. Raaijmakers, Président Director N.V. Centrale Suiker Maatschappij.
Mr. E. M. Kopmels, M.D. Leonard Jacobson en Zn.
Mr. R. Dudok de Wit, Handelsvereniging, Dudok de Wit and Company.
Mr. C. H. Varkevisser, Sugar Expert.

NICARAGUA

Representatives
Dr. Luis A. Cantarero, Vice Ministro de Economia.
H.E. Sr. Don Ignacio Portocarrero Lacayo, Embajador de Nicaragua en Italia.
Ingeniero F. Alfredo Pellas, Presidente-Gerente de la “Nicaragua Sugar Estates, Ltd.”
NOYWAY — NORGÉVE — NORUEGA

Representative
Mr. Johan Z. Cappelen, Counsellor of Legation and Permanent Representative to the European Office of the United Nations.

Advisers
Mr. Johan Arnet, President, The Norwegian Wholesale Grocers’ Association.
Mr. Kjell Rongstad, Managing Director, Norwegian Wholesale Grocers’ Association Import Committee.

PAKISTAN — PAKISTAN — PAKISTÁN

Representative
Mr. M. Afzal Husain, Chairman of the Pakistan Sugar Commission.

Alternate Representative
Mr. A. H. B. Tyabji, Embassy, Berne.

PERU — PÉROU — PERÚ

Representatives
Sr. Henry S. Lamotte.
Mr. Walter Simon.

Adviser
Sr. Enrique Delgado O.

PHILIPPINES — PHILIPPINES — FILIPINAS

Chairman
H.E. Mr. León María Guerrero, Ambassador Extraordinary and Plenipotentiary to the Court of St. James.

Vice-Chairmen
Mr. Oscar Ledesma.
Mr. José Romero, Secretary-Treasurer of the Philippine Sugar Association.

Members
Mr. Lorenzo Teves, Member of the Congress of the Philippines.
Mr. Miguel Díaz, Director of the Philippine National Federation of Sugar Planters; President, Asociación de Plantadores de Bais y Tanjay; and Director, Philippine National Bank.

Advisers
Mr. Luis López.
Mr. Stewart Jamieson.
Mr. F. E. Ossorio.

POLAND — POLOGNE — POLONIA

Representatives
Mrs. Irena Pomian, Adviser to the Minister of Foreign Trade.
Mr. Zygmunt Kokeli, Direction centrale de l’industrie sucrière à Varsovie.
Mr. Jan Plociniak, Conseiller au Ministère du commerce extérieur.

PORTUGAL

Representatives
Mr. Luiz Leotte do Rego, Commercial Attaché, Embassy, London; Permanent Delegate to the International Sugar Council.
Dr. Pedro Guimarães, Representative of the Ministry of Economy.
Dr. Taborda Ferreira, Representative of the “Gremio de Productores de Açúcar de Ultragar.”

SWEDEN — SUÈDE — SUECIA

Representatives
Mr. B. G. du Rietz, Chief of Section, State Agricultural Marketing Board.
Mr. P. B. Kollberg, Permanent Representative to the European Office of the United Nations.
Mr. C. Malmberg, Svenska Sockerfabriks AB (The Swedish Sugar Co.).
Mr. S. Wangmark, Svenska Sockerfabriks AB (The Swedish Sugar Co.).

Observer
Mr. P. O. Forshell, Member of the Permanent Mission to the European Office of the United Nations, Geneva.

TUNISIA — TUNISIE — TUNEZ

Representatives
Mr. Ali Kassar, Attaché, Embassy, Paris.
Mr. Habib Majoul, Chief of the Commercial Service.

UNION OF SOUTH AFRICA — UNION SUD-AFRICaine — UNIÓN SUDAFRICANA

Representative
Mr. W. A. Horrocks, Senior Trade Commissioner, London.

Advisers
Mr. C. W. Hammond, S.A. Sugar Association.
Mr. W. K. Buchanan, Vice-Chairman, S.A. Sugar Association.
Mr. E. J. Burcher, S.A. Sugar Association.

UNION OF SOVIET SOCIALIST REPUBLICS — UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES — UNION DE REPÚBLICAS SOCIALISTAS SOVIÉTICAS

Representatives
Mr. V. I. Smirnov, Deputy Trade Representative in the United Kingdom.
Mr. S. A. Vishnyakov, Deputy Chairman of the All-Union Society “Prodintorg.”

Mr. A. N. Shakine, Director of the Scientific Research Institute for the Sugar Industry.

Mr. E. K. Medvedev, Senior Legal Adviser to the Board of the Ministry of Foreign Trade.

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

Representative
Mr. G. S. Bishop, C.B., O.B.E., Ministry of Agriculture, Fisheries and Food.

Alternate Representatives
Mr. W. B. L. Monson, C.M.G., Colonial Office.
Mr. W. A. Nield, Ministry of Agriculture, Fisheries and Food.
Mr. D. H. McPhail, Ministry of Agriculture, Fisheries and Food.

Advisers
Sir Jock Campbell.
Mr. H. G. Darwin.
Mr. P. F. Runge.
Mr. S. J. E. Southgate.
Mr. L. F. Mallam (Fiji).
Mr. A. Rafiray, Q.C. (Mauritius)
Mr. R. L. M. Kirkwood (West Indies).

UNITED STATES OF AMERICA — ÉTATS-UNIS D'AMÉRIQUE — ESTADOS UNIDOS DE AMÉRICA

Representative
Mr. Lawrence Myers, Director, Sugar Division, Commodity Stabilization Service, Department of Agriculture.

Alternate Representatives
Mr. Paul E. Callanan, Commodities Division, Office of International Resources, Department of State.
Mr. Eric Englund, Consultant, Foreign Agricultural Service, Department of Agriculture.

Advisers
Mr. William M. Case, Head, International Sugar Agreement Staff, Sugar Division, Commodity Stabilization Service, Department of Agriculture.

Observers
Sr. J. Zaldumbide, Consul de l'Equateur à Genève.
Sr. Dr. Albert Amy, Consul-General, Geneva.

Switzerland — Suisse — Suiza
Dr. Anton J. Kilchmann, 1er chef de section, Division du commerce, Département fédéral de l'économie publique.
Mr. H. Staehli, Conseiller national, Président de la sucrerie d'Aarberg S.A.

El Salvador — Salvador — El Salvador
Sr. Dr. Albert Amy, Consul-General, Geneva.

Turkey — Turquie — Turquía
Mr. Cezmi Tuz, Commercial Secretary, Embassy, Berne.

Observers
Sr. V. Pomes, Ministro Plenipotenciario del Uruguay y Delegado Permanente ante la Oficina Europea de la Naciones Unidas, Ginebra.

Spain — Espagne — España
Don G. Cebrián, Attaché économique, Ambassade, Berne.

Observers
Don E. Junco, Consejero Económico, Embajada, Berne.

Switzerland — Suisse — Suiza
Dr. Anton J. Kilchmann, 1er chef de section, Division du commerce, Département fédéral de l'économie publique.
Mr. H. Staehli, Conseiller national, Président de la sucrerie d'Aarberg S.A.

Uruguay
Sr. V. Pomes, Ministro Plenipotenciario del Uruguay y Delegado Permanente ante la Oficina Europea de la Naciones Unidas, Ginebra.

UNITED ARAB REPUBLIC — RÉPUBLIQUE ARABE UNIE — REPÚBLICA ARABE UNIDA

Mr. K. Gamal Eldin, Conseiller commercial, Ambassade, Berne.

Don E. Junco, Consejero Económico, Embajada, Berne.
VENEZUELA


Dr. Angel Francisco Luján, First Secretary, Permanent Mission to the European Office of the United Nations, Geneva.

YUGOSLAVIA — YUGOSLAVIE — YUGOSLAVIA

Mr. Branko Komatina, Secretary, Permanent Mission to the European Office of the United Nations, Geneva.

Specialized agencies
Institutions spécialisées
Organismos especializados

INTERNATIONAL LABOUR ORGANISATION — ORGANISATION INTERNATIONALE DU TRAVAIL — ORGANIZACIÓN INTERNACIONAL DEL TRABAJO

Mr. A. Evans, Industrial Committees 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 — ORGANIZACIÓN DE LAS NACIONES UNIDAS PARA LA AGRICULTURA Y LA ALIMENTACIÓN

Dr. A. Viton, Chief, Sugar and Beverages Section, Economics Division.

INTERNATIONAL MONETARY FUND — FONDS MONÉTAIRE INTERNATIONAL — FONDO MONETARIO INTERNACIONAL

Dr. Gertrud Lovasy, Research Department.

INTERIM COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION/GENERAL AGREEMENT ON TARIFFS AND TRADE — COMMISSION INTERIMAIRE DE L’ORGANISATION INTERNATIONALE DU COMMERCE/ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE — COMISIÓN INTERINA DE LA ORGANIZACIÓN INTERNACIONAL DE COMERCIO/ACUERDO GENERAL DE ARANCELES ADUANEROS Y COMERCIO

Mr. J. Royer, Deputy Executive Secretary.

Mr. F. A. Haight, Special Assistant, Office of the Executive Secretary.
SUMMARY RECORD OF THE FIRST PLENARY MEETING

held at the Palais des Nations, Geneva
on Monday, 22 September 1958, at 11 a.m.

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Acting Chairman: Mr. Georges PALTHY, Deputy Director of the European Office of the United Nations.

Present:

The representatives of the following countries: Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, Chile, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, Finland, France, Ghana, Guatemala, Haiti, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Sweden, 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: El Salvador, Iran, Romania, Switzerland, Turkey, Venezuela, Yugoslavia.

The representatives of the following specialized agencies: International Labour Organization, Food and Agriculture Organization of the United Nations, International Monetary Fund, Interim Commission for the International Trade Organization/General Agreement on Tariffs and Trade.

Opening of the Conference


2. Speaking on behalf of the Secretary-General of the United Nations, he welcomed the participants. The Secretary-General took a personal interest in the problem of the stability of the prices of primary commodities. The documents before the Conference dealt with the problems which had arisen in the international trade in sugar and the main measures taken in the past to solve them. The need for concerted international action was still pressing. To many non-industrial countries the international trade in sugar was an important source of foreign currency earnings, and employment and income in those countries were closely related to the production and profitable disposal of sugar. The consuming countries, for their part, had an interest in preventing shortages and in avoiding excessive price fluctuations. Many countries, though themselves producers, had to import some sugar and so had a vital interest in the maintenance of a measure of stability in the sugar trade.

3. The existing International Sugar Agreement would expire at the end of 1958. The Conference would therefore be concerned with the preparation of a new agreement. Since it was a United Nations Conference, all delegations would participate on an equal footing, whether members of the International Sugar Council or not. The United Nations Secretariat was glad to place its staff at the disposal of the Conference and welcomed the assistance of the Executive Director and specialist staff of the International Sugar Council.

Adoption of the agenda

4. Sir Arthur FADDEN (Australia) moved the adoption of the agenda (E/CONF.27/1).

The agenda was adopted.

Adoption of the rules of procedure

5. Mr. NAKAYAMA (Japan) said that, while the sugar exporting countries had been fully represented at the 1953 Conference and had been assiduous in their attendance at meetings, far fewer importing countries had been represented and they had displayed so little interest that at times they had even neglected to vote. The representatives of the exporting countries might very well say that that was no concern of theirs, but the fact remained that, whenever a vote had been taken on a matter of substance, the majority present and voting had always been composed of representatives of the exporting countries. The rules of procedure (E/CONF. 27/2) as drafted might be approved if no fundamental differences divided exporters and importers; but since many such differences did exist, it was undesirable that the exporting countries should appear to be imposing their wishes on the Conference as a whole. True, many decisions might be reached through the Chairman's mediation, and the general spirit of the Conference should be one of persuasion and compromise. Even so, however, the danger remained that vital decisions might...
be taken at the expense of the importers. Accordingly he proposed that rule 28 of the provisional rules of procedure be amended by adding at the end the words: "including a majority of the representatives of the importing countries present and voting."

6. The ACTING CHAIRMAN suggested that the Conference should adopt the rules of procedure as drafted. Under rule 54 those rules could be amended at any time, and accordingly he suggested that the Japanese amendment might be discussed under that rule after the officers had been elected.

*It was so agreed.*

The meeting rose at 11.30 a.m.
SUMMARY RECORD OF THE SECOND PLENARY MEETING 12
held at the Palais des Nations, Geneva
on Monday, 22 September 1958, at 3.25 p.m.

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Acting Chairman: Mr. Perce JUDD, Representative of the Secretary-General.
Chairman: Mr. ROLL.

Present:

The representatives of the following countries: Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, Chile, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, Finland, France, Ghana, Guatemala, Haiti, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Sweden, 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: El Salvador, Iran, Romania, Switzerland, Turkey, Venezuela, Yugoslavia.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Monetary Fund, Interim Commission for the International Trade Organization/General Agreement on Tariffs and Trade.

Election of Chairman and Vice-Chairmen

1. The ACTING CHAIRMAN called for nominations for the office of Chairman.
2. Mr. BANDEIRA DE MELLO (Brazil) proposed Mr. Roll, Executive Director of the International Sugar Council, who was attending the Conference in his capacity as consultant to the Secretary-General.
3. Mr. HUSAIN (Pakistan) seconded the proposal.

Mr. Roll was elected Chairman by acclamation.

4. The CHAIRMAN, thanking members for the honour they had done him, said he was conscious of the difficulties inherent in presiding over such a conference, and would be grateful for any help the delegations and the Executive Secretary could give him.

5. He then called for nominations for the two offices of Vice-Chairman.

6. Mr. PATERSON (Canada) proposed Mr. Arturo Manas (Cuba).

7. Mr. CANTARERO (Nicaragua) seconded the proposal.

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

8. Mr. PRIESTER (Dominican Republic) proposed Mr. Thomas, Deputy Minister of Food of India, as Second Vice-Chairman.

9. Mr. SMIRNOV (Union of Soviet Socialist Republics) seconded the proposal.

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

Appointment of Credentials Committee

10. The CHAIRMAN proposed that the Credentials Committee should consist of the same countries as at the previous Conference, namely, the Netherlands, Peru, the Philippines, Poland, Portugal, Sweden, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

It was so decided.

General statements

11. The CHAIRMAN invited any representatives who so wished to make general statements.

12. Sir Arthur FADDEN (Australia) said that his Government had long supported the principle of orderly planning in the production and marketing of primary commodities. In the case of sugar particularly, by reason of the large capital outlay involved and since output could not be regulated at short notice, the balance between supply and demand could only be maintained by appropriate control, such as had existed in Australia for over forty years. Australia had been a Party to the International Sugar Agreement, 1937, and had played its full part as an exporting member of the existing Agreement, not only by operating comprehensive production controls but also by furnishing exports up to the limits imposed, and well above the normal level, in response to the International Sugar Council's appeal in 1957.

13. The experience of the past five years had confirmed the Australian Government's opinion, expressed
at the Sugar Conferences in 1953 and 1956,\textsuperscript{13} that economic stability could not be achieved in the world sugar industry unless there was a large measure of co-operation between producing and consuming countries. It could be profitable to no one in the long term if sugar sold at prices which were either unremunerative to the producer or beyond the consumer's capacity to pay. The inevitable result would be ruin for producers and the stoppage of supply. Severe price fluctuations had therefore to be avoided if reasonable stability in the industry, fair labour standards and reciprocal export trade were to remain possible.

14. Although the minimum and maximum prices set by the existing Agreement\textsuperscript{14} had not been maintained, the Australian Government did not hold the view that the Agreement had failed: without it, the trend towards instability might have been far more marked. The upward price movement in 1957 had been due in part to political and other factors outside the scope of the Agreement. From 1953 to 1956, the Agreement had served a most useful purpose, particularly in helping exporting countries to plan their industry. The importance of planning should not be underestimated. Australia had embarked on heavy capital expenditure in the early post-war years and still had ample land available which was suitable for sugar cane. Acreage controls had been supplemented by direct production controls, and mill efficiency had increased well above the level necessary to handle current production. The same situation existed in other countries, and it was obvious that without some form of planning the world market would be flooded with sugar. Australia fully agreed with the principle, stated in the existing Agreement (article 1), that every effort should be made to increase the consumption of sugar and to develop new outlets for sugar.

15. The Agreement admirably preserved the principle of free trade as between buyer and seller, but could only be fully effective if the principal exporters and importers participated. Unfortunately, that was not the case. The participating countries had had of necessity to shoulder a disproportionate share of responsibility. So far as exports to the free markets were concerned, non-participating exporting countries had gained by the quota restrictions imposed on participating exporters. The Australian Government hoped that the negotiations at the 1958 Conference would widen the membership. He was in favour of modifying and strengthening the existing Agreement, rather than endeavouring to change its whole structure. It would be a mistake to attempt to provide, from the outset, a solution to every possible problem which might arise. The Agreement should accordingly be kept as flexible as practicable, but it was in the interests of all producing and consuming countries that an effective Agreement should be achieved.

**Establishment of other committees**

16. The CHAIRMAN proposed that the Conference should form an Executive Committee, on which all delegations would be represented and which would discuss items 8, 9 and 10 of the agenda in closed meetings. The Executive Committee would have the power to establish whatever other committees it considered necessary.\textsuperscript{15}

\textit{It was so decided.}

**Message to Baron Kronacker**

17. Mr. LOPEZ CASTRO (Cuba) proposed that a message be sent to Baron Kronacker expressing the Conference's appreciation of his past services. He suggested that the Executive Secretary might draft a suitable message.

\textit{It was so agreed.}

The meeting rose at 4.15 p.m.

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\textsuperscript{14} For text of Agreement as amended by the 1956 Protocol, see United Nations publication, Sales No. 1957. I.D. 2, annex II.

\textsuperscript{15} For the composition of the Committees, see Summary, pp. 2 and 3.
 His country had always shown a genuine spirit of cooperation at the Sugar Conferences and been prepared to consider any ideas or suggestions tending to achieve the common purpose. Cuba had done its utmost to ensure the successful working of the Agreement, even by imposing domestic restrictions. Though, naturally, in the drafting of a new agreement, each country would have to defend its own interests, real success could be achieved only by compromise.

4. It would be wrong to proceed on the assumption that the Conference was composed of two antagonistic groups, the sugar exporters and the sugar importers. Such a view was unrealistic, since the interests of exporters and importers were not necessarily incompatible. Experience during the past five years had shown that the area of agreement was broader than that of disagreement and that there was no reason why exporters and importers should not reach an agreement satisfying not only their own particular interests but also the exigencies of the sugar trade in general. It had been observed that sugar consumption rose as civilization spread. Accordingly, he hoped that all participants would, by encouraging economic and social development, promote the consumption of sugar—which should, indeed, be one of the principal objectives of the Agreement.

5. The participants in the Conference should, in good faith and with an open mind, co-operate in devising measures for the protection of the vital commodity—sugar—with which they were all concerned. They were all bound to ensure the regular supply of sugar at prices remunerative to producers and not excessive to consumers. Cuba had always acted on that principle and had never been actuated by petty ambition, much less by the desire to procure exorbitant gains by taking advantage of exceptionally favourable economic circumstances, which almost always, unfortunately, followed in the train of events harmful to mankind in general.

6. As the free market in sugar was subject more than any other to uncontrollable factors and so encountered special difficulties, the Conference could not be expected to produce miracles. It could, however, take effective steps to prevent anarchy. The Cuban Government was convinced that the Agreement, if extended, should cover as many countries as possible. 

16 Circulated as E/CONF.37/SR.3.
unwilling to become parties to the Sugar Agreement to do so, and for that purpose recently, in preparation for the Conference, exchanged views with representatives of various countries in the Western Hemisphere concerned with the problems of sugar. It could now be said that such steps, added to those taken by other countries and by the International Sugar Council, had been successful, as was proved by the large membership of the present Conference. Several countries which had until recently doubled the value of the Sugar Agreement had now begun to show interest. Already in the first five years of the Agreement sufficient success had been achieved to encourage optimism about the outcome of the Conference.

7. Mr. STEINOE (Denmark) said that Denmark had been represented at the London Sugar Conference in 1933 and had signed the resulting Agreement. The Danish Government had not, however, found it possible to ratify the Agreement, mainly because the traditional Danish export trade to non-participating countries would eventually have made it difficult to fulfill the obligations of the Agreement in the matter of exports.

8. Denmark had always found it to be in its general interest to support and if possible take an active part in any international agreement designed to stabilize the prices of primary commodities in the world market. Its attitude to the present Conference was, therefore, very positive and it desired to make a fresh approach to the sugar problem. The practical conditions governing its accession to the Agreement were now more favourable, in consequence of certain changes in Denmark's position as an exporter and in its general production policy.

9. He hoped that the negotiations would speedily reach a successful conclusion and that the provisions of the resulting agreement would be so balanced that importing as well as exporting countries would find it in their interest to become Parties.

10. Mr. Abdelghani SBHIIH (Morocco) said that Morocco, now a big importer of sugar, had at one time been a producer, and even an exporter, of sugar. During the seventeenth century, however, sugar production in Morocco had gradually declined and finally ceased, and as a consequence sugar had become a scarce and expensive commodity. The import of sugar had begun in the latter half of the nineteenth century and had increased from 7,000 metric tons in 1900 to almost 170,000 metric tons in 1939. By 1957, sugar imports had risen to an annual rate of 350,000 metric tons, and per capita consumption to 33 kilograms (as compared with 25 kilograms in 1926). Immediately after the proclamation of Moroccan independence, the Government had begun experiments in the cultivation of cane and sugar beet which it hoped would be successful.

11. As an importer, Morocco welcomed the Conference. It would co-operate to the best of its ability in the work of the Conference, the aim of which should be to reach an agreement supported by as many exporting and importing countries as possible, with a view to stabilizing the world price of sugar.

12. Mr. VITON (Food and Agriculture Organization of the United Nations (FAO)) said the proceedings of the Conference should be seen against the background of the situation affecting commodities in general. Although sugar had its own economic characteristics, it was not isolated from world finance and trade. The policies of Governments concerning other commodities affected their sugar policies, just as the work of the Conference would affect their policies conserving other commodities. It was by reason of that relationship between commodities that the FAO Committee on Commodity Problems (CCP) had followed with great interest the developments in the International Sugar Council and in the world sugar economy. The Conference, in its turn, could learn from the experience acquired by other bodies in the operation and effect of agreements relating to other commodities, for example, those relating to wheat and tin. The thorough discussions of international commodity arrangements in the international Cotton Advisory Committee, the International Rubber Study Group, the FAO's Cocoa Study Group and others had, in addition, brought to light many economic facts and ideas which could be most useful to the Conference.

13. One point which had been emphasized in discussions of other commodities was the importance of the fullest possible participation, on a footing of equality, of both importing and exporting countries. It was therefore most gratifying to see that the efforts of the International Sugar Council and of its Executive Director had resulted in a much broader participation in the present Conference. Without the participation of large and small countries, of exporters, producers, traders and consumers, the problems of implementation and control became much more difficult, and might even endanger the very existence of the agreement. That point had been illustrated by the recent difficulties of the International Tin Council.

14. In the past, sugar had suffered from chronic over-production, but consumption was rising steadily. At the Sugar Conference in New York in 1956, he had predicted that world consumption would rise to about 46 million tons by 1960 as compared with 39.3 million tons in 1955, and it was now known that consumption had progressed as he had predicted. The price rise of 1957 had retarded the growth of consumption but, even so, world consumption in 1958 would probably exceed 43 million tons, an increase of almost 5 million tons since 1955. Indeed, the effect on consumption of the 1957 rise in prices could have been foretold exactly on the basis of FAO's elasticity calculations.

15. A great deal of research was being done by FAO into the subject of long-term forecasting techniques and their application to agricultural commodities. During the coming weeks economists from the International Bank for Reconstruction and Development, the International Monetary Fund and various other agencies would gather at FAO headquarters to work on these problems, and it was hoped their deliberations would lead to improved forecasting techniques, though even the techniques used in the past for forecasting sugar trends had yielded results which had stood up amazingly well to the test of experience.

16. In recent years, the combination of population growth, rising incomes and steady or declining "real"
sugar prices had resulted in a steady rise in consumption of about 2.6 per cent a year. If those trends continued, it was probable that by 1963 world sugar consumption (excluding the consumption of the USSR and mainland China) would be approximately 43 million tons, or more than 6 million tons higher than the 1958 figure; if the current plans of the USSR and the People’s Republic of China for the expansion of their sugar production were realized, total world consumption (including that of the two countries in question) might well reach 51 or 52 million tons by 1963.

17. An international agreement on sugar could help to prevent the price pendulum from swinging too far in either direction, for in the light of the experience of the past five or six years it could be said that, without an agreement, price movements would be very wide indeed.

The meeting rose at 11.45 a.m.
SUMMARY RECORD OF THE FOURTH PLENARY MEETING

held at the Palais des Nations, Geneva
on Wednesday, 24 September 1958, at 11 a.m.

CONTENTS

General statements (continued):

1. Mr. SCHARMER (Federal Republic of Germany) said that sugar was so important to the economies of both exporting and importing countries that international co-operation to secure reasonable and stable sugar prices was vital. Over-production of cane sugar and fluctuations in the output of European beet sugar had caused sharp falls in world sugar prices on more than one occasion.

2. The Federal Republic of Germany had been a Party to the existing Agreement from the outset and would support in every way efforts to work out a new agreement. That countries not previously Parties to the Agreement now seemed more inclined to accede was reassuring, and he hoped that the endeavours of the Executive Director of the International Sugar Council to broaden the membership of the Agreement would be successful. Only if all the large sugar exporters and a very large number of importing countries became Parties could the Agreement achieve its objectives.

3. Experience with the operation of the existing Agreement had shown that, if the world sugar market remained relatively normal, an agreement could keep sugar prices fairly stable. In 1957, however, a bad crop in Europe, coinciding with increased demand due to political tensions, had shown that the existing Agreement was not adequate. For several months importing countries had been forced to pay excessive prices for sugar, and that experience had impaired their confidence in the Agreement's efficacy. No agreement could cope with every contingency, but the existing Agreement could be made more effective.

4. The Conference would have to pay special attention to the protection of importing countries against excessive sugar prices, and to consider how that goal might be achieved by amending the existing Agreement. A number of amendments to that effect had been suggested at the Sugar Council's last meeting and during the discussions in the group of experts which had preceded the present Conference, but any such amendments should not involve any radical alteration of the basis of the existing Agreement.

5. Discussion in the International Sugar Council had always been based on mutual confidence and on a determination to solve all problems by reference to facts. The Conference would undoubtedly be more successful in consolidating the world sugar market if it worked in a similar spirit.

6. Mr. GUERRERO (Philippines) said it was generally recognized that the more exporting and importing countries participated in a sugar agreement, the more effective international co-operation in the world sugar trade would be. Accordingly, he welcomed the presence of representatives of countries which were not Parties to the existing Agreement or had not acceded to it until late in its period of validity, and he hoped that all participants in the Conference would join a new agreement. Yet, however sincere might be the desire to increase the stability of the world sugar market by an enlargement of the membership of the Agreement, such an enlargement should not be allowed to overshadow the very real needs of the countries which had participated in earlier Sugar Agreements.

7. The Philippines had been a Party to successive International Sugar Agreements since 1934 and had faithfully fulfilled its obligations under all of them; it had reduced the sugar-growing area from 240,000 hectares in 1934 to 170,000 in 1958 and sugar production...
from about 1,700,000 tons in 1934 to about 1,280,000 in 1958. Since 1954, when the existing Agreement had come into force, 25,000 hectares had been taken out of sugar production and 30 per cent of the milling capacity had been left idle. The reason was not that the Philippines could earn more money from other crops; sugar was, after all, still one of the richest sources of badly needed dollar earnings. Nor was the reason that the Philippines suffered from a shortage of capital or of labour; in 1934 less than a million persons in the Philippines had depended on sugar for their livelihood, but in 1958 the number had reached 4½ millions out of an expanding population of 23 millions. Other countries which had also long been Parties to Sugar Agreements had made similar sacrifices out of a sense of duty and for the sake of market stability; it was to be hoped that they would not now be penalized in consequence.

8. The Philippine Government realized that the sugar market should be organized internationally and that as many exporting and importing countries as possible should become Parties to the Agreement. It realized that exports had to be limited if prices were to be stabilized to the satisfaction of both exporters and importers. But it felt strongly that it would be most unjust if the export quotas did not make due allowance for the position which the Philippines would now be enjoying in the world sugar market if it had not restricted the natural expansion of the domestic sugar industry in conformity with its international obligations.

9. The population of the Philippines was growing and the country’s economy and earnings must expand with it. The sugar industry was a logical and inevitable channel for such expansion. In 1958 alone, under the restrictions imposed by the existing Agreement, the Philippines had built up a stock of 90,000 tons in excess of export commitments and domestic consumption. The land and the mill capacity were available to increase sugar production by 200,000 tons in two years and by 500,000 tons in five years.

10. If actual experts were to influence the apportionment of quotas, then account should be taken of whether such exports had been made under the restrictions of the existing Agreement or without them. If historical positions were to be taken into account, then in all fairness the historical position of the Philippines as a major sugar exporter in 1934 should be considered, besides the normal expansion it had denied itself in the ensuing twenty-five years—a expansion which was now inevitable.

11. When discussing the possibility of attracting new members, the Conference should also bear in mind the possibility of losing old ones. The older participants in the Agreement might well lay claim to higher quotas.

12. Mr. REYNOSO (Mexico) said that Mexico had suffered from the instability of commodity prices and from a deterioration in its terms of trade, for it had had to import manufactured goods and industrial raw materials at rising prices. It had therefore supported international agreements to stabilize export prices and become a Party to the International Sugar Agreement, although the quotas it had been granted were lower than those it had applied for. It was willing now to collaborate in revising the Agreement with a view to continuing and improving the machinery set up in 1953. If the new agreement was to be a success, every effort would have to be made to increase sugar consumption throughout the world; every participating country should regard that as its specific task and submit periodic reports to the International Sugar Council. Price ranges should be realistic and ensure that producers received remunerative and fair prices, so that they could maintain fair standards of labour and wages. The principle of maintaining purchasing power in the world’s markets should not be restricted to countries whose economies were largely dependent upon the production of sugar, but should be extended to other exporting countries, at least to ensure that the cost of machinery, equipment and chemical products imported for the sugar industry was balanced by the earnings from sugar exports and to prevent such imports from aggravating balance of trade problems, especially at a time when reserves of gold and foreign currency were low.

13. No new sugar mill had been built in Mexico for ten years. Natural conditions were favourable for sugar growing, and Mexico was one of the larger producers among the sugar exporters. The Mexican sugar industry did not receive any form of subsidy. Production in 1958 had totalled 1.2 million tons, in accordance with a planned increase in domestic consumption. The rapid growth in consumption, which would amount to more than 1 million tons in 1958, had been promoted by a policy of selling sugar to the public at prices which were regarded as among the lowest in the world.

14. The Mexican delegation hoped that the Conference would allocate to Mexico a quota in keeping with its production, consumption, reserves and total volume of international trade. Mexico had faithfully complied with its commitments as a Party to the Agreement. It had no wish to become a large sugar exporter, but simply reiterated the plea it had been making ever since the first Sugar Conference.

15. Mr. SUJAK (Federation of Malaya) said that his country neither grew nor milled sugar, but imported 130,000 to 150,000 metric tons annually. In the past it had experienced no difficulty in obtaining supplies, and even during the Suez crisis had not found it necessary to reintroduce the controls which had been in force immediately after the war. Though it had no complaints about its sugar supply, it was participating in the Conference because it well knew how primary producers could be affected by fluctuations in the prices of primary commodities. His country had suffered badly in the late 1920s and early 1930s from fluctuations in the price of rubber and was now experiencing similar difficulties in the tin market, even though a Party to the International Tin Agreement. The reason why the Federation of Malaya had been a victim of the instability of rubber and tin prices was that it had not been possible to devise a stabilization scheme to meet all contingencies, and to obtain the co-operation in the scheme of all exporting countries.

16. The Sugar Agreement had worked fairly well and had perhaps been indirectly responsible for the Fed-
eration's continuing ability to obtain adequate supplies; it could, however, be improved. The Japanese dele-
gation had suggested some amendments (E/CONF.27/
EX/R.1) which his delegation would strongly support.
In addition it would support the Japanese delegation's
proposal made at the first plenary meeting, for the
amendment of rule 28 of the rules of procedure of the
Conference.
17. Mr. THOMAS (India) said that, although India
firmly believed in the possibility of reconciling ap-
parently irreconcilable positions and had been closely
associated with the two previous Sugar Conferences, it
had been unable, to its deep regret, to become a Party
to the Agreement in its present form.
18. India's problem was that of many under-developed
countries, where the central objective of national policy
had to be a rapid and balanced economic development.
The Indian economy under its two Five-Year Plans had
been a developing, not a stagnant, economy, but India
could become a Party to an International Sugar Agree-
ment only if its development plans were facilitated
thereby. In India agricultural yields were possibly the
lowest in the world. On the sugar-cane plantations the
average yield was only fourteen tons per acre, or 1.4 tons
of sugar. Yields were, however, improving, and the
improvement would be more rapid during the final
stages of the second Five-Year Plan, with the Govern-
ment providing irrigation facilities, roads and equipment.
19. The Conference should do its best to maintain an
equitable and stable sugar market, but it should not
insist on the status quo. It should pay special attention
to the needs of the under-developed countries, and not
so much to their past positions as to their present and
future production potential.
20. In India four million growers were cultivating five
million acres and producing 5.5 million tons of different
types of sugar. Sugar manufacturing employed 150,000
workers, and the Government was trying to ensure
that sugar machinery was manufactured in India itself.
The targets of the Five-Year Plan were being reached
and there would be a large sugar surplus for export.
21. India suffered from an acute foreign exchange prob-
lem, and had to rely more and more on sugar exports.
In fixing prices the Conference should pay due regard
to the stability of the world market, but in allocating
quotas, should take account of the difficulties and the
aspirations of the under-developed countries.
22. Mr. HUSAIN (Pakistan) said that Pakistan had
special problems with regard to sugar. Almost all farmers
in Pakistan cultivated some sugar on their small-
holdings. The area under sugar cane was steadily
increasing and had reached about one million acres. There
was some concentration in the vicinity of the sugar
mills. The country's total estimated yield was some
12 million tons of cane, but only 1,454,913 tons of cane
had been processed in the sugar mills in 1956-57; the
remaining seven-eighths had been crushed by primitive
methods in the villages, and gut — a dark brown non-
centrifugal sugar — had been produced. Small quan-
tities of white centrifugal sugar were also produced by
means of manually operated, and in some cases by
power-driven, centrifugal equipment. Under the special
conditions in the country, the need for the production
of such types of sugar, as a cottage industry, would
continue for a long time.
23. The progress of the sugar industry had been
encouraging, but the per capita consumption of centri-
fugal sugar was still very low. Pakistan did not yet
produce enough to satisfy its own requirements, and had
to import large quantities.
24. If the objective to increase the consumption of
sugar was to be attained, the consumers' interest had
to be watched, and a price within their means fixed.
The importers constituted the bulk of the consumers, and
therefore their interests deserved special consideration.
25. Something might be done to lower the price of
sugar through the increased use of the by-products of
the sugar industry. The International Sugar Council
was required, under article 26 (i) (iv) of the Agreement,
to conduct research into new uses of sugar, its by-
products etc. That point deserved consideration.
26. In due course, Pakistan — which fully subscribed
to the ideal of international amity — might find itself
in a position to join with other sugar-producing
countries.
27. Mr. CANTARERO (Nicaragua) said that Nicaro-
guana was one of the few small producers which were
members of the Agreement. It would continue to par-
ticipate, if possible, since the Nicaraguan Government's
fixed policy was to co-operate, so far as it could, in all
international agreements. Before it could make a final
decision, however, it would have to consider the domestic
situation, a probably restricted market for coffee and
rising difficulties with cotton. Industrialization was
impracticable owing to the limitations of the domestic
market, and consequently Nicaragua was compelled to
import all its equipment goods and most of its consumer
goods. Although Nicaraguan sugar production was only
a small fraction of total world production, any restriction
would involve the country in serious difficulties. The
Nicaraguan delegation nevertheless intended to do its
best to ensure the success of the Conference.

Adoption of the rules of procedure
(resumed from the first meeting)

28. The CHAIRMAN recalled that the rules of pro-
cedure had been adopted at the first plenary meeting
on the understanding that the Japanese delegation's
proposed amendment of rule 28 would be discussed after
the officers had been elected. The proposal was that at
the end of rule 28 the words: "including a majority of
the representatives of the importing countries present
and voting", should be added.
29. He said that, while he could sympathize with the
difficulties in the mind of the Japanese delegation, he
thought the amendment would raise a number of
problems. For example, there were precedents in the
rules governing debate in other bodies concerned with
 commoditie:s; the exporters in turn might wish to have
the rules of procedure changed if such an amendment

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was adopted; and it would be difficult to define exporting and importing countries for procedural purposes right at the outset of the Conference. Rule 29 gave a far clearer indication than did rule 28 of the way in which the framers of the rules had expected the work of the Conference to proceed. If rules 28 and 29 were read together, and having regard to the experience of the International Sugar Council, it would seem that the primary consideration should be to attempt to achieve agreement approaching unanimity.

30. After some discussion, the CHAIRMAN suggested that the anxieties of delegations might be allayed if he gave a formal undertaking that every effort would be made to enable the decision of the Conference to be arrived at in a spirit of general agreement and, if possible, without resort to a formal vote.

31. Mr. NAKAYAMA (Japan) said that, in view of the Chairman’s undertaking, he would not press his amendment.

The Chairman’s suggestion was approved.

The meeting rose at 12:25 p.m.
SUMMARY RECORD OF THE FIFTH PLENARY MEETING
held at the Palais des Nations, Geneva
on Tuesday, 30 September 1958, at 5.10 p.m.

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Chairman: Mr. ROLL.

Present:
The representatives of the following countries: Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, Chile, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, France, Ghana, Greece, Haiti, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, 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.

Observers from the following countries: Romania, Switzerland, Yugoslavia.

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

Message from Baron Kronacker

1. The CHAIRMAN read out a telegram which he had received from Baron Kronacker thanking him and the delegations for their message of greetings.

Report of the Credentials Committee

2. The CHAIRMAN invited the Chairman of the Credentials Committee to present his Committee's report.

3. Mr. BAKKER (Netherlands), Chairman of the Credentials Committee, said the Committee had held two meetings and its report (E/CONF.27/3) was unanimous, subject to a reservation by the representative of the USSR, with which the delegations of Poland and Czechoslovakia wished to be associated, respecting the decisions concerning the credentials of the delegations of China and Hungary. He moved the adoption of the report.

4. Mr. HALASZ (Hungary) said that the Hungarian delegation would be unable to vote in favour of the report. The Committee had no right to question the credentials of the representatives of Hungary, which were in conformity with the rules of procedure of the Conference. If the Credentials Committee had made a true investigation, it would have found that the Government of the Hungarian People's Republic was the only lawful Government of Hungary and that the delegation's credentials were entirely valid. Reference had been made to resolutions of the General Assembly, which had not been accepted by the Hungarian Government, and which were not binding on the Conference. The Hungarian delegation regarded the so-called "Hungarian question" as a political question with which the United Nations Sugar Conference was not concerned; the latter should confine itself exclusively to a discussion of the international sugar trade.

5. Mr. THOMAS (India) said that ever since 1949 the Government of India had consistently taken the view that the People's Republic of China should be given its proper place in the United Nations and in all its constituent and subsidiary bodies. Unfortunately, that view had not yet been accepted. It was not his delegation's intention to cause embarrassment to any country participating in the Conference, nor was it its purpose to import controversial issues of international politics into the discussions of an essentially economic conference, but it had to point out that, as things stood, the Conference's decisions concerning so important a commodity as sugar would leave out of account a large part of the world's population. The delegation of India expressed its disappointment at the fact that an invitation had not been extended to the People's Republic of China and made an earnest plea for according China proper representation at the Conference.

6. Mr. TUAN (China) said that what was at issue was the continuing struggle between the legal government, constituted by free elections, which he had the honour to represent, and a regime imposed upon the Chinese people on the mainland by sheer force as a result of indirect aggression.

The delegation of China felt obliged to state that it could not recognize the credentials of the Hungarian representative as valid; the heroic uprising of Hungarian people against a repressive regime, also imposed upon them by force, was too well known to need any further clarification.

At the request of Mr. Halasz (Hungary) a vote was taken by roll call.

Morocco, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Morocco, Netherlands, Nicaragua, Norway, Pakistan, 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, Australia, Belgium-Luxembourg, Brazil, Canada, Ceylon, Chile, China, Costa Rica, Caba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, France, Ghana, Greece, Haiti, India, Ireland, Israel, Italy, Japan, Mexico.

Against: Hungary.

Abstaining: Indonesia.

The report was adopted by 38 votes to 1 with 1 abstention.

8. Mr. SMIRNOV (Union of Soviet Socialist Republics) reaffirmed the statement which he had made in the Credentials Committee and which appeared in the Committee's report (para. 17).

9. Mrs. POMIAN (Poland) and Mr. FORT (Czechoslovakia) said they wished their delegations to be associated with the statement of the delegation of the USSR.

10. Mr. THOMAS (India) said that his vote in favour of the report of the Credentials Committee was subject to the statement he had made earlier in the meeting.

11. The CHAIRMAN said that, as a result of the vote, rule 4 of the rules of procedure of the Conference would govern the situation of the Hungarian delegation, which would be entitled provisionally to participate in the Conference.

Adoption of the rules of procedure (concluded)

12. The CHAIRMAN referred to the discussion of the Japanese delegation's proposed amendment to rule 28 of the rules of procedure, and recalled the decision taken by the Conference on that subject at the end of the previous meeting. Accordingly, if there were no objections, he would suggest that the matter should be considered closed.

It was so agreed.

The meeting rose at 5.35 p.m.
SUMMARY RECORD OF THE SIXTH (FINAL) PLENARY MEETING 20
held at the Palais des Nations, Geneva
on Friday, 24 October 1958, at 10 a.m.

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Chairman : Mr. ROLL.

Present :  
The representatives of the following countries: Australia, Belgium-Luxembourg, Brazil, Canada, China, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Federation of Malaya, Finland, France, Greece, India, Indonesia, Ireland, Italy, Japan, Mexico, Morocco, Netherlands, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Sweden, Tunisia, 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: Switzerland, Turkey, United Arab Republic, Venezuela.

Second report of the Credentials Committee
1. The CHAIRMAN called upon Mr. Riem (Netherlands), Acting Chairman of the Credentials Committee, to present the Committee's second report.
2. Mr. RIEM (Netherlands), Acting Chairman of the Credentials Committee, introduced the Committee's second report (E/CONF.27/3/Add.1) and recommended that it be adopted.

The second report of the Credentials Committee was adopted.

Adoption of the International Sugar Agreement of 1958 21

3. The CHAIRMAN said that, now that the work of the Conference had been brought to a successful conclusion, all participants should be aware of the excellent work done by its committees; he paid a special tribute to the Legal Drafting Committee and its Chairman.
4. Mr. CZYZAK (United States of America), speaking as Chairman of the Legal Drafting Committee, thanked the Chairman for his tribute, and asked that the Conference's appreciation of the invaluable help given by the Legal Adviser should be noted.

5. The CHAIRMAN drew attention to the text of the final draft of the Agreement as adopted by the Executive Committee (E/CONF.27/R.3); the text was subject to editorial changes.

6. Mr. JANTON (France) said that, even though in the allocation of export tonnages in article 14, overseas territories were not expressly mentioned against the name of France (by contrast with such a reference in the case of Belgium and Portugal), the quota allocated to France should be interpreted as applying to that country together with the territories for whose international relations it was responsible.

7. The CHAIRMAN, referring to article 30(2), proposed that, since for the purpose of determining the initial and the final export quotas the International Sugar Council would have to meet at least twice a year, the first sentence of the paragraph should be amended to read "The Council shall meet at least twice a year."

It was so agreed.

8. Mr. JANTON (France) asked what was the precise significance of the second sentence of article 45(1).

9. Mr. HOLLAND (Legal Adviser to the Conference) explained that the sentence had been added merely for clarification; it added nothing to the substance.

10. Mr. JANTON (France) proposed, in view of that explanation, that the sentence be deleted, since it was redundant.

It was so agreed.

11. Mr. THOMAS (India) asked whether, under article 45, delegations which did not make reservations at the Conference would be debarred from doing so later.

12. Mr. HOLLAND (Legal Adviser to the Conference) said that delegations were under no obligation to declare reservations at the Conference. If a reservation was not made in similar terms to a previous one, as described in paragraphs (1) and (2), then it came under paragraph (3) and would require the consent of the Council.

13. The CHAIRMAN put the text of the Agreement to the vote.

The International Sugar Agreement of 1958, as amended, and subject to editorial changes, was adopted unanimously.

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21 For the text of the International Sugar Agreement of 1958, see pp. 42 et seq., below.
Adoption of draft resolutions submitted by the Executive Committee 22

14. The CHAIRMAN said that the only remaining business was the adoption of the three draft resolutions submitted by the Executive Committee.

Draft resolution 1
15. Sir Arthur FADDEN (Australia) moved draft resolution 1 (transitional arrangements).
16. Mr. LAMOTTE (Peru) seconded the motion.

Draft resolution 1 was adopted unanimously.

Draft resolution 2
17. Mr. SB1H1 (Morocco) moved draft resolution 2 (consideration of multilateral options).
18. Mr. JANTON (France) seconded the motion.

Draft resolution 2 was adopted unanimously.

Draft resolution 3
19. Mr. NAKAYAMA (Japan) moved draft resolution 3 (final resolution of the United Nations Sugar Conference, 1968).
20. Mr. MANAS (Guba) seconded the motion.

Draft resolution 3 was adopted unanimously.

Closure of the Conference
21. Mr. PRIESTER (Dominican Republic) said he wished to put on record the unprecedented spirit of co-operation which had prevailed at the Conference. The new Agreement would cover all the principal exporting countries and, it was to be hoped, even more importing countries than the previous Agreement. For the first time in the history of international commodity negotiations an agreement had been reached in which every principal exporting country participated. That result had been achieved because the Parties to the 1956 Agreement had accepted the maintenance of the status quo in basic export tonnages, thereby forgoing the advantages they might have reasonably claimed on the plea of increased production and the need to earn foreign currency. For the Dominican Republic the decision had not been an easy one, since its economy was largely dependent on the production and export of sugar, but the Dominican Government had not hesitated to incur sacrifices in the hopes of greater stability in the world sugar market. The new machinery for collaboration between importing and exporting countries would prove a success if it were used well. He was confident that the same spirit of co-operation as had prevailed in the Conference would guide the deliberations of the International Sugar Council.

22. Mr. COSTA PINTO (Brazil) expressed his satisfaction that the new Agreement had been so drafted as to enable Brazil finally to become a participant. The quota originally offered to Brazil had seemed inadequate in view of the complex situation of Brazilian sugar pro-
duction and the balance of trade. The Brazilian delegation, desirous to promote international co-operation, had urged its Government to consent to sacrifices in order to participate in the new Agreement. It was to be hoped that due consideration would be given to Brazil’s action in connexion with the International Sugar Agreement when other international commodity agreements were prepared.

23. Mr. THOMAS (Indiа) said that since the Negotiating Committee had been able to see its way to meeting the requirements of the Indian delegation, he no longer needed to plead that the under-developed countries must be given a fair share in world trade. The main testimony to the success of the Conference was not the sacrifices incurred by some countries, but the general spirit of international co-operation that had prevailed throughout.

24. Mr. GUERRERO (Philippines) said that the Conference had been remarkably successful in inducing all the leading exporters and most of the large importers to become Parties to the Agreement. For the Philippines, sugar was more than just a primary commodity; it was both a political factor and an economic means to feed the people and to pay for essential machinery imports, and its importance increased with the growth of the population. He earnestly hoped, therefore, that the Sugar Council would give special consideration to under-developed countries like the Philippines which had accepted the status quo with regard to their basic export tonnages.

25. Mr. BISHOP (United Kingdom) said that the new Agreement represented a substantial improvement over the 1956 Agreement. It was gratifying that the text had been worked out in a spirit of friendly compromise, and he hoped that the same spirit would reign in the International Sugar Council. The United Nations Sugar Conference, 1958, should serve as an example and encouragement to all other international commodity conferences.

26. Mr. HUSAIN (Pakistan), welcoming the new Agreement, suggested that for the purpose of disseminating knowledge about sugar, the International Sugar Council might consider the publication of a comprehensive handbook on sugar problems.

27. Mr. NATAPERMADI (Indonesia) thanked the Conference for its comprehension of Indonesia’s problems. The Indonesian Government had not decided whether to join the Agreement, but the Indonesian delegation would strongly recommend such participation.

28. Mr. SMIRNOV (Union of Soviet Socialist Republics) said that he had been particularly impressed by the spirit of co-operation and mutual understanding that had prevailed at the Conference, which had succeeded in attracting new members, in particular Brazil, India and Peru.

29. Mr. SIMON (Peru) thanked the Conference for enabling Peru to rejoin the Sugar Agreement.

30. Mr. BAO (China) thought the new Agreement was a great improvement on the old one. He was confident that all countries concerned in the sugar trade would shortly become Parties.

22 For the text of the resolutions adopted by the Conference, see page 28 below.
31. Mr. MANAS (Cuba) said that his Government fully realized the risks it was taking in consenting to a reduction in its basic export tonnage. It was the sugar industry alone that had enabled Cuba to develop its economy from the agricultural to the semi-industrial stage, but the country’s whole structure was still based on a single crop. If the Cuban delegation was recognized as having taken a purely objective position, without excessive regard for the interests of the Cuban sugar industry, but in a spirit of co-operation with the importing countries, it would have successfully carried out its instructions. The spirit of co-operation which had prevailed at the Conference had been unexampled; the Agreement now covered almost the entire sugar market, a situation without parallel in the application of any other commodity agreement. If the new Agreement failed to work, the whole idea of international commodity agreements could be abandoned.

32. Mr. REYNOSO (Mexico) hoped that the fact that so many importing countries had commented favourably on the Mexican plan for a rearrangement of the quota system, which he had outlined in the meetings of the Executive Committee, meant that a time would come when it might be accepted.

33. Mr. MYERS (United States of America) said that the new Agreement had succeeded beyond expectation and had been greatly improved both in membership and structure.

34. Mr. ORTEGA VIETO (Panama) hoped that the fundamental problem of inadequate consumption of sugar owing to inadequate purchasing power would eventually be solved.

35. Mr. SUJAK (Federation of Malaya) said that the sacrifices accepted by many countries would undoubtedly be outweighed by the advantages obtained. As the representative of a country which was an important producer of primary commodities, he hoped that the same spirit of co-operation would prevail at other international commodity conferences. Although it was for his Government to decide finally whether to participate in the Sugar Agreement, his delegation would confidently recommend such participation.

36. Mr. JUDD (Executive Secretary on the Conference) reported that he had received a telegram from United Nations Headquarters expressing the Secretary-General’s satisfaction at the outcome of the Conference.

37. Mr. SBIHI (Morocco), Mr. DO REGO (Portugal), Mr. BERIO (Italy), Mr. PATERSON (Canada), Mr. JANTON (France), Mr. AMRHEIN (Costa Rica), Mr. COPPIETERS ‘T WALLANT (Belgium/Luxembourg), Sir Arthur FADDEN (Australia) and Mr. NAKAYAMA (Japan) associated themselves with the remarks of previous speakers concerning the conduct of the Conference.

38. The CHAIRMAN said that the Conference had accomplished even more than had been hoped. The new Agreement would prevent violent fluctuations in the international sugar trade, and accordingly would be advantageous to importers and exporters and to producers and consumers alike. The addition of the phrase “and, in general, to further international co-operation in connexion with world sugar problems” at the end of article 1 was almost as important as any of the specific provisions. That spirit of co-operation could be expected to prevail in the International Sugar Council. A declared willingness to co-operate and a habit of co-operation were the sole means by which the Agreement’s objectives could be achieved. The Conference could justly claim to have made an important contribution to the fundamental objective of stabilizing the prices of primary commodities.

39. He then declared the United Nations Sugar Conference, 1958, closed.

The meeting rose at 11.45 a.m.
RESOLUTIONS ADOPTED AT THE FINAL PLENARY MEETING ON 24 OCTOBER 1958

Resolution 1

Transitional arrangements

The United Nations Sugar Conference 1958,

Noting that the International Sugar Agreement 1953, as amended by the Protocol of 1956, will terminate on 31 December 1958,

Noting further the provisions of Article 27 of the Agreement drawn up at the Conference regarding the continuance of the existing International Sugar Council,

1. Requests the International Sugar Council, its elected and other officers and staff so to conduct their activities as to ensure an orderly and proper transition from the Agreement of 1953, as amended, to the new Agreement when it enters into force;

2. Further requests the present elected officers of the Council to continue in office until the election of officers by the Council in 1959 and requests the Chairman of the Council to convene a meeting of the Council as soon in January 1959 as may be practicable.

Resolution 2

Consideration of multilateral options

The United Nations Sugar Conference 1958,

Having provided in Article 22 of the Agreement drawn up at the Conference for consideration during the first quota year of multilateral options,

Requests the International Sugar Council to place this matter on the agenda of its first meeting in 1959.

Resolution 3

Final resolution of the United Nations Sugar Conference 1958

The United Nations Sugar Conference 1958,

Having met in Geneva from 22 September to 24 October 1958,

Expressing its gratitude for the facilities and services provided by the Secretary-General of the United Nations,

Recording its deep appreciation of the skill and impartiality of the Chairman of the Conference and of its other officers as well as of the Secretariat,

Having established the text of the International Sugar Agreement, 1958, in English and provided for the establishment of authentic texts in Chinese, French, Russian and Spanish,

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 forward copies of the texts of the Agreement to all Governments invited to the Conference for their consideration;

4. Requests the Government of the United Kingdom of Great Britain and Northern Ireland to arrange for the Agreement to be open for signature at London during the period laid down in Article 41 of the Agreement, and to register it, upon its coming into force, with the Secretariat of the United Nations, in accordance with Article 102 of the Charter of the United Nations;

5. Draws the attention of Governments to the notification procedure provided in paragraph (6) of Article 41 of the Agreement and invites Governments if they cannot complete their constitutional procedures and deposit instruments of ratification, acceptance or accession before 1 January 1959, to give notifications in accordance with that article on or before 1 January 1959, and preferably by the last date for signature, 24 December 1958.

\(*\) Circulated as E/CONF.27/4.
ANNEXES
ANNEX I

The international market in sugar and the International Sugar Agreement, 1953/1956

Note by the Secretary-General: The Executive Director of the International Sugar Council submitted a paper, dated July 1958, on “The International Market in Sugar and the International Sugar Agreement, 1953/1956” which was circulated at the Conference as E/CONF.27/R.1. This document has since been de-restricted and parts I and II only are reproduced here.

In submitting the paper, the Executive Director stated that the opinions expressed therein were not to be taken as being those of the International Sugar Council or of any of the Governments that were members of it.


PART I

The free market in sugar and the need for international co-operation

The size and importance of the free market

3. The free market is that part of the international trade in sugar (raw and white) which is open to free competition; i.e., it excludes trade which is subject to standing preferential arrangements of one kind or another. During the period 1954-1957 inclusive, free market net exports have averaged 5.4 million metric tons, raw value, compared with an average of world exports of 12.2 million tons, raw value, and with an average of world consumption of 39.8 million tons, raw value.

4. The free market is thus relatively small when compared with total world consumption. It also accounts for only about one-half of the total international trade. Nevertheless, it occupies a key position in the world sugar economy.

5. For some countries it is virtually the only outlet; for some it is an essential outlet year in, year out; for others it is a smaller but nonetheless important outlet, either regularly, or from time to time when their production exceeds internal requirements.

6. The free market is of equal importance as a source upon which some countries rely for almost the whole of their requirements, while some countries rely more or less regularly, or from time to time, for part of their requirements.

7. Perhaps of equal, though more indirect, importance, conditions and prices on the free market have a substantial influence on those sectors of world sugar production which are outside its immediate scope. Thus, for example, much sugar moving in preferred channels is priced by reference to the values prevailing in the free market. Furthermore, supplies and prices in the free market are in many instances major factors in determining, in consuming countries, the measure of support or protection accorded to internal production and preferred imports, which at first sight may appear to be completely insulated from conditions in the free market.

8. In short, the free market is the balance wheel of the world sugar economy. For most exporting countries, it affords an essential outlet for their sugar industries; for most importing countries, the supplies it offers make the difference between shortage and plenty of a universal food.

9. During the period 1951-1957 inclusive, free market exports increased by about 28 per cent from 5.1 million tons to 6.5 million tons. World production increased by about 33 per cent from 33.8 million tons to 45 million tons. World consumption increased by about 38.8 per cent from 31.7 million tons in 1950-1951 to 44 million tons in 1956/57.

Inherent lack of short-term stability in the free market

10. The free market is prone to a marked degree of price fluctuation in the short term. If the market is left to itself, price fluctuations will tend to be very large in order to balance supply and demand. This is due, on the one hand, to the technical difficulties of expanding sugar production in both beet and cane countries promptly in response to increased demand and higher price and, on the other, to the fact that the price-elasticity of consumer demand for sugar is generally speaking relatively low in the short run. These characteristics produce a course of development in which, because of the substantial time-lag in the reaction of supply and demand to a given price situation, the whole process of adjustment tends to be “out of time”.

Outlook for the sugar market over the next five years

11. In relating these general observations to the outlook for the world sugar economy over the next five years, the first point to be noted is that, assuming current population trends and no major economic set-back in the world at large, world consumption of sugar is likely to continue to rise and may be expected to reach, and perhaps to exceed, 50 million tons in five years’ time.

12. In the second place, it must be pointed out that the expansion of the free market, compared with the period before the war, has been due to a considerable extent to certain changes of a non-economic nature. These have brought within the scope of the free market some consuming areas which, before the war, were either

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1 United Nations publication, sales No.: E.57.II.D.2.
2 The introductory paragraphs are not reproduced here.
self-sufficient or exported sugar. In the first few years following the war, production in many consuming areas (and within the preferential zones) increased at a much faster rate than consumption and, indeed, than total world production. Thus, but for the non-economic changes, the size of the free market in relation to the total world consumption and the total international trade in sugar would have diminished considerably. In the past six years, however, the size of the free market has been reasonably well maintained in relation to world consumption and to total international trade. This has been mainly due to the fact that during this period a large expansion of consumption has taken place in certain areas where production was either entirely non-existent or could be expanded only at a much slower rate. However, many of those areas now have ambitious programmes to increase domestic production in order to reduce the need for imports. The combined effect of putting these programmes into practice and of the continuation of the trend in the other importing countries and the preferential areas could be to reduce the size of the free market substantially. In the outcome, however, the effect of such developments may be greatly modified by other factors, especially by the rate at which world consumption increases.

13. An examination of the variations in over-all crop levels in the last six years and an examination of sugar production in individual countries show that the volume of imports required from the free market, or of exports seeking an outlet on that market, may vary by substantial amounts from year to year. World beet sugar production, for example, has varied over that period by as much as 3 million tons from one year to the next: production in 1952/53 was 13,423,794 tons compared with 16,521,459 tons in 1953/54. Nor are areas which produce cane sugar free from wide variations in crops.

14. It is clear from these figures that there might be very wide short-term variations in the demands placed upon the free market. If the market is left to itself, these variations would be reflected in very wide price oscillations, particularly now that the heavy stocks held by major exporters a few years ago have disappeared. In some periods, consuming countries will find themselves either obliged to pay very high prices or to make concessions in import contracts; at other times, countries exporting to the free market will be forced to accept very low returns, with serious consequences not only to their own economies but also to those of their trading partners.

15. It must, therefore, be clear that it is in the continuing interest of exporters and importers to co-operate in measures designed at the very least to moderate the inherent tendency of the free market to excessive short-term fluctuations. Measures that could be expected to reduce these fluctuations must be sought in the fields of production, exports and imports. In addition, the maintenance of an adequate, though not excessive, cushion of stocks is clearly an important contribution to short-term price stability. Unless individual countries act in concert in these fields and unless, generally, they maintain some machinery of international consultation and co-operation, very wide fluctuations in the price of sugar must be expected to occur.

PART II

The operation of the International Sugar Agreement, 1953/56

16. Having reached the general conclusion that international measures to stabilize the free market will be needed after 1958, it is useful to consider briefly how the Agreement concluded in 1953 and amended in 1956 has worked.

17. The present Agreement was concluded at a time when there was heavy over-supply and when, as a result, prices in the free market were depressed. It was joined by twenty-three countries including two important importers, Canada and Japan, which had not been members of the 1937 Agreement; but it did not include three important exporters, Brazil, Indonesia and Peru, which had been members. Indonesia has now become a member.

18. The principal method of stabilization adopted in the Agreement was to fix each year initial export quotas, based on estimated requirements, and thereafter to adjust them on the basis of price movements with the object of maintaining the price within the range of 3.25 to 4.35 cents per pound. No specific provision was made for adjustments independent of price e.g., to take account of additional demands which arose after the initial quotas were fixed. In fact, however, the quota policy actually adopted did have regard to this factor, particularly as it was found that a restrictive policy in regard to exports would, at times of acute competition, favour non-participants. In the early years, quotas had been cut substantially, but by the middle of 1956 no cut below basic export tonnages was in force. In the outcome, prices remained remarkably stable in the neighbourhood of the minimum of the range from the beginning of the Agreement in January 1954 until the middle of November 1956.

19. By that time, the elimination of the excessive stocks (accumulated before the Agreement came into force), which had begun in 1935, had been practically completed. World stocks fell from 13.9 million tons on 31 December 1954 to 12 million tons on 31 December 1956, while world consumption increased in the same period from 36 million tons to 41 million tons.

20. The amendments made to the Agreement as a result of the review conference held in 1956 replaced the provisions for maintaining prices within the range of 3.25 cents to 4.35 cents per pound by provision for certain automatic and discretionary quota adjustments at various points between 3.15 cents and 4 cents, the Council being charged, when making discretionary quota changes, to take into account all factors affecting the supply of and demand for sugar on the free market. The amendments also provided that if the prevailing price, as defined in article 20 of the Agreement, went above 4 cents, all quotas and limitations on exports should, for the time being, become inoperative.

21. The change in the conditions on the free market which occurred towards the end of 1956 was due to the coincidence of a number of factors which thus produced an aggravated effect. On the supply side, the 1956 crop in most of Europe was below the average, while stocks, particularly in the main participating exporting countries, had been depleted. At the same time, demand was not only strong on account of the continued increase in consumption, but it was further stimulated by the building up of stocks by consumers as a result of the political uncertainties prevailing at the time. Prices began to rise rapidly towards the end of November 1956, and reached a peak of 6.85 cents in April 1957. They remained high until July 1957.

22. The automatic lifting of quotas and all other limitations on exports and production prescribed in the Agreement came into effect on 25 January 1957. At the same time, participating importers were able to free themselves of any restriction under article 7 on purchases from non-participating exporters. In addition, the Council took the following action:
(a) Under article 13(3), it called on participating exporting countries to make their stocks available to the market;

(b) Under article 9, it recommended each participating exporting country to take all possible measures to ensure that the requirements of participating importing countries were met as a first priority on equal terms of sale;

(c) It also recommended that, during the period in which quotas were inoperative, each participating exporting country should, whenever possible, postpone the import of sugar from other participating exporting countries in order to make sugar more freely available to member importers.

(d) At its twelfth session, the Council made detailed arrangements for restoring limitations on exports when the price fell below 3.90 cents; this put the maximum emphasis on increasing supplies to the market during the period when quotas were inoperative.

23. The Council had estimated free market supplies in 1957 (6,532,927 tons) as likely to exceed requirements (6,240,000 tons) by about 293,000 tons. As events subsequently proved, supplies for 1957 for the free market were in fact adequate to meet the demand over the year taken as a whole; and over the period as a whole there was no actual shortage of sugar supplies for participating importing countries, although some delays occurred during negotiations of terms of sale. However, a substantial part of the supplies, as usual, became available only in the latter part of the year; while purchases were concentrated more than normally in the early part of the year.

24. It can be fairly concluded from the course of free market prices since the coming into force of the 1953 Agreement that, with the exception of the period from the end of 1956 to the middle of 1957, when a combination of unusually unfavourable circumstances was encountered, the International Sugar Agreement has had a moderating effect on price fluctuations. Furthermore, the amendments introduced in the Agreement by the 1956 Protocol have proved to be of value in conditions of rising prices and have contributed towards bringing the price back within the agreed range. Nevertheless, the experience of the sharp rise in prices at the end of 1956 and the first few months of 1957 (which supplements the contrary experience of the earlier years of the Agreement, when the market was dominated by excessive stocks), makes it desirable to consider carefully the provisions of the present Agreement with a view to seeing how far they could be strengthened in order to avoid excessive price fluctuations, particularly the "run-away" development referred to above. (The following two sections of this paper deal with this problem; part III by re-examining the existing provisions of the Agreement, part IV by considering the possibility of new stabilizing machinery.)

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ANNEX II

The international sugar economy: Basic problems and inter-governmental action

Note by the Secretary-General: A background paper under the above title prepared by the United Nations Secretariat was circulated at the Conference as E/CONF.27/R.2. Parts A and B of the document are reproduced here.

A. Basic problems and patterns in the international sugar economy

Introduction

1. The International Sugar Agreement, which came into operation on 1 January 1954, was made for five years subject to review in the third year; the Agreement was amended in December 1956 for the remaining two years of its operation. Any agreement limited to five years, which is the maximum under the Havana Charter, is likely to be largely concerned with reducing short-term fluctuations. Nevertheless, instability of the world sugar trade and prices is not unrelated to longer-run developments. An awareness of longer-term trends may contribute to an understanding of the problems encountered during the existence of the Agreement and to the development of measures for their solution.

2. In section A consideration is given to the basic problems arising in international trade in sugar, including those resulting from fluctuations in production and consumption. These forces are reflected in the free market with which the Agreement is primarily concerned.

Long-term trends

3. Production and trade. World surpluses and shortages have been a recurrent feature of world sugar production and trade over much of the past half century. During this period consuming countries sought increasingly to assure their supplies by expanding domestic production under tariff protection or subsidy and by entering into preferential trading arrangements. Moreover, preferential trading arrangements in sugar which were applied before the First World War became more pronounced during the inter-war period.

4. The decline in beet sugar production in Europe during the First World War resulted in high sugar prices during and immediately after the war and encouraged increased production of cane sugar, especially in Cuba. Beet sugar producing countries also restored pre-war levels of production, in part by means of governmental subsidies. The joint expansion of beet and cane sugar led to substantial world surpluses during the second half of the 1920s.

5. Shortages were experienced immediately after the Second World War and cane sugar producers again increased production and exports. By 1952/53, however, sugar was in ample supply, as is shown in chart I. In contrast to the 1920s, cane sugar producers exporting to the free market reduced output as sizable world surpluses began to accumulate, and beginning in 1954 free market exports were regulated under the terms of the International Sugar Agreement, which largely tended to stabilize free market prices until the last months of 1956.

6. The pattern of the world sugar trade has altered in several respects since the end of the Second World War.
The share of the free market in world trade is now considerably larger than in the pre-war period—about two-fifths of world net exports as against a little more than one-fourth in 1938 and 1939. At the same time, substantial changes have taken place in the free market export trade. The level of Cuban production and exports has been considerably higher than in the pre-war period (1935-1939). On the other hand, Indonesia which, for example, was a major exporter to the free market before the Second World War, has not yet regained its former volume of production and trade.

Consumption

7. World consumption has risen steadily since the war. By the mid-1950s (1953-1955 average) world sugar consumption was more than 25 per cent above the pre-war volume (see appendix table 1). The greater part of the rise took place in the less developed countries; their consumption is now about 80 per cent higher than in the pre-war period as against an increase of 23 per cent in the industrial countries.

8. Per capita consumption in the pre-war period (1934-1938 average) and in recent years is shown for a number of developed and less developed countries in appendix table 2. It may be noted that, despite the marked aggregate increase in the consumption of sugar in under-developed countries compared with pre-war figures, low per capita levels of consumption have persisted in a number of under-developed countries. Per capita consumption has increased moderately in the more economically developed countries of Europe and in the United States. It is much higher on the average for those less developed countries which, like Argentina, Brazil and Mexico, are sizable producers of sugar.

9. Policies in regard to duties or other taxes imposed on sugar vary from country to country. As a result, prices to consumers in different countries vary substantially and may have little relation to world market prices.

Short-term instability

10. Production. As its operation is limited to a few years, the International Sugar Agreement is concerned primarily with short-run variations in prices. Consideration is therefore given to some of the basic sources of short-term instability.

11. Both beet and cane production display a fairly regular seasonal pattern. The world beet crop is subject
to somewhat greater fluctuations than the cane crop owing to the fact that yields in beet production are generally more variable than in cane production. In Europe, for example, which produces about 60 per cent of the world beet crop, there is a wide annual variation in yield per acre and sugar content because of weather conditions.\(^5\)

12. Since the principal beet and cane crops are harvested at different seasons of the year, a pronounced variation in either crop can give rise to price fluctuations in world markets. For example, in the absence of an adequate level of world stocks a poor beet harvest in the latter part of a given year would find world markets with insufficient supplies until the canefield began to move to the world market in the following year. In the period between the harvest of the main beet and cane sugar crops, a short-supply position in sugar can therefore give rise to a rapid upward movement in world prices.

13. In most countries producing cane sugar, the main harvest takes place in the first four or five months of the calendar year. In Cuba, the cane harvest commences in January, is at its peak in March and is virtually completed by May; in the Dominican Republic the bulk of the crop is also harvested between January and May. The beet harvest, on the other hand, generally takes place during the final quarter of the year (see appendix table 4). Free market prices tend to rise towards the middle of the calendar year, after the cane crop has been harvested; they decline slightly towards the latter part of the year, that is, as the beet crop is harvested.

14. The seasonal pattern of production is reflected in the monthly movement of exports from Cuba. The movement of imports into major consuming countries on the other hand—with the exception of the United States, which is Cuba’s largest customer—reflects no pronounced seasonal pattern (see appendix table 5). The volume of sugar imports into Japan and the United Kingdom is spread fairly evenly over the calendar year; in the Federal Republic of Germany imports have not followed a consistent pattern. In the United States, on the other hand, imports tend to fall sharply during the final quarter of the year, when the domestic beet harvest reaches its peak. There is also a marked decline in total Cuban exports at this time of year.

15. Trade. The free market is a residual market and is therefore particularly liable to variation in demand. Where consuming countries, for example, obtain part of their sugar requirements from preference areas or from domestic sources, their markets are reserved in the first instance for supplies from those sources. The balance of their requirements is obtained from the free market. As a result, fluctuations either in the domestic production or in the preference imports of consuming countries may give rise to variations in imports from the free market. Fluctuations in imports owing to short-term variations in sugar production have in fact been a major source of instability in free market trade.

16. As major producers of sugar, European countries have achieved a considerable degree of self-sufficiency in sugar. As a general rule, they import from and export to the free market, at the same time maintaining a network of preferential trade arrangements in sugar. Since European countries grow beat sugar in the main for domestic consumption or for export within the region, shortfalls in beet production ordinarily tend to result in increased European import requirements for cane sugar from the free market. Poor crops in 1955 and 1956 in fact tended to increase European import requirements from the free market at a time when free market reserves of sugar were declining.

17. In contrast to European trade, Asian net imports (inclusive of Middle Eastern countries) reflect the greater dependence of countries in this region on imports from the free market. Indian imports rose sharply during 1954 but have declined since then as domestic production has increased.

18. As noted previously, the United States imports its sugar under quotas and therefore does not trade on the free market. However, in increasing its final import quotas in 1956 by about 220,000 metric tons, the United States drew on supplies from countries which were also major exporters of sugar to the free market.

19. Variations in export supply have also contributed to short-run instability of free market trade. A substantial part of sugar exports from Oceania and Africa move to European markets (for example, France, Portugal and the United Kingdom) under preference arrangements. The net exports of Africa and Oceania declined in 1955 and 1956, and so tended to reduce the movement of supplies to European countries at a time when European beet crops were below expectations.

20. Brazil and Peru, which do not participate in the International Sugar Agreement, account for a substantial part of free market supplies. From 1954 to 1956 exports from these countries showed pronounced fluctuations accompanied by comparable fluctuations in stocks (see appendix table 6), though production remained relatively stable during these years. The effect of these fluctuations in exports to the free market on the operation of the International Sugar Agreement is discussed below in section C.\(^\text{6}\)

21. Prices. The International Sugar Agreement is chiefly concerned with moderating price fluctuations in the international market for sugar which at times have taken place rapidly and have been of considerable magnitude. Fluctuations of this character took place, for example, in 1956 and 1957 during the operation of the present Agreement; as may be noted from chart 2, price fluctuations of comparable magnitude took place during the Korean hostilities and in the inter-war period. Attention may be drawn to certain contrasts between these price fluctuations. (See chart 2.)

22. During the inter-war period price fluctuations of a magnitude comparable to those in 1950/51 and 1956/57 took place shortly after the First World War. However, these reflected shortages attendant on the dislocation of production in war damaged areas, which were not fully overcome until about the mid-1920s.

23. Price fluctuations in 1950/51 were not confined to sugar. World commodity prices generally were affected by expectations of a shortage during the hostilities in Korea, followed by a decline in demand after hostilities ceased.

24. The fluctuations in the price of sugar which took place in 1956 and 1957 differed in character from those mentioned above. They occurred at a time when world production of sugar had increased well above pre-war levels and they appear to have been related partly to low beet production and partly to a marked decline in the reserves of sugar available for export to the free market.


\(^6\) Not reproduced in the present document.
CHART 2. RAW SUGAR: SPOT PRICES, NEW YORK AND LONDON

Average monthly spot prices,\(^a\) 1922 to 1939

Average monthly spot prices,\(^b\) 1948 to 1957


\(^a\) Cuban sugar, c.i.f. London.

\(^b\) New York Coffee and Sugar Exchange, No. 4 (World) Contract.
The market structure

25. The problems already discussed appear to arise in part from the structure of the sugar market. A sizable segment of the world market operates under tariff protection or subsidy. That part of the market which is usually referred to as the free market is considered to include all transactions carried out by members of preferential trading areas with countries outside their preference areas, in addition to the trade in sugar between countries not participating in preferential arrangements. The size and the importance of the free market is discussed in the statement submitted to the Conference by the Executive Director of the International Sugar Council. From this it will be seen that in recent years the free market has accounted for slightly more than two-fifths of the world trade in sugar.

26. The major portion of the world sugar trade, then, has taken place under preferential arrangements. A significant volume of trade is carried on under preferential arrangements by the United Kingdom, the United States, the Union of Soviet Socialist Republics, France and Portugal. Trade within these preference areas, and between the Belgio-Luxembourg Economic Union and certain specified countries, is excluded from the terms of the International Sugar Agreement.

27. The preference systems of the British Commonwealth and the United States together account for nearly one-half of the world net imports of sugar. Imports into the United States do not come under the heading of free market imports and are specifically excluded from the provisions of the Agreement by article 17. The United States import trade in sugar is conducted under the terms of its Sugar Act of 1948, as amended. Import quotas are therefore the principal means used to support the domestic price. The main elements in the operation of the system are as follows: (1) The United States Secretary of Agriculture each year determines total consumption requirements; (2) requirements are then apportioned on the basis of prescribed criteria among United States continental producers, United States insular areas and foreign producers; (3) domestic growers on the mainland and in the insular areas receive direct subsidies financed by an excise tax on all sugar marketed in the continental United States.

28. The Commonwealth Sugar Agreement, concluded in 1951, guarantees exporters participating in the Agreement a market for about 2.5 million metric tons of sugar. Of this total more than 1.5 million tons are purchased on the basis of an annually negotiated price, which is a single Commonwealth price applicable to all exporting territories with the provision that sellers are liable for agreed rates of freight and insurance at pre-war levels and buyers for amounts in excess of those rates. The remainder is granted imperial preference. The United Kingdom in the past few years has obtained about two-thirds of its sugar imports from countries participating in the Commonwealth Agreement; the balance is secured from the free market.

29. In recent years exports to the free market have amounted to between four and five million metric tons. Cuba supplies about half of this total, while the balance is supplied by Latin American countries, European beet producers and Asian countries, principally China (Taiwan), Indonesia and the Philippines.

30. There is in fact ordinarily a considerable spread between free market prices for sugar and prices in preferential markets. Prices conforming to Commonwealth and United States preference arrangements are compared with free market prices in appendix table 3.

B. Efforts to deal with problems of the international sugar economy

31. As will be seen in the following paragraphs, efforts at international action in the past have mainly centred around the problem of world surpluses. The Chadbourne Agreement of 1931 and the International Sugar Agreement of 1937 both sought to check a decline in the world price by reducing output and exports; this, rather than price stabilization, was the main objective of the international efforts in the sugar trade before the Second World War.

The Brussels Convention

32. On balance, the Brussels Convention reduced the competition offered to cane sugar by beet exports in world markets. Beet sugar production had expanded sharply in Europe during the second half of the nineteenth century under a system of subsidies, import duties and direct and indirect bounties on beet sugar exports. During this period cane sugar production suffered setbacks owing to a change-over from slave to free labour in colonial producing areas and competition in world markets with subsidized beet sugar exports.

33. In 1902 all direct and indirect bounties on the production and export of beet sugar were abolished by the following countries at the Brussels Convention: Austria, Belgium, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden and the United Kingdom. Luxembourg, Peru and Switzerland joined the Convention in 1907 and Russia in 1908. The Convention, which was to have terminated in 1908, was extended to 1918.

The Chadbourne Agreement

34. World sugar production expanded sharply after the First World War, in part as a result of the encouragement of production in new areas under preferential arrangements. The British Empire Producers Association was established in 1916 and production in this area and the United States preference area increased rapidly during the 1920s. In addition, free market producers such as Cuba, which also participated in the United States preference areas, tended to expand production shortly after the First World War in response to higher prices at a time when European beet sugar production had not yet recovered.

35. By 1927 prices had fallen to the pre-war level and Cuba attempted to restrict production as export markets contracted. In June 1928, the Council of the League of Nations referred the question of international co-operation in sugar to its Economic Committee which, however, refrained from recommendations for immediate action.

36. The sugar industries of the principal exporting countries held negotiations which resulted in 1931 in the conclusion of an International Sugar Agreement (the Chadbourne Agreement) between the nine principal exporting countries. The Agreement called for restriction of production and exports by signatory countries in order to reduce world stocks, and had a duration of five years. The signatory countries were: Belgium, Cuba, Czechoslovakia, Hungary, Indonesia and Poland. Peru and Yugoslavia later adhered to the Agreement.

37. The Chadbourne Agreement proved unable to deal with the problems which confronted exporting countries during the depression of the 1930s. While countries par-
ticipating in the Agreement reduced output and stocks, non-participating countries expanded output, and prices remained depressed.

The International Sugar Agreement of 1937

33. During the inter-war period the continued expansion of beet production by importing countries and of preferential trading arrangements narrowed the free market. Because of the failure of the Chadbourne Agreement to check the expansion of sugar production in protected markets, countries exporting to the free market pressed for a more effective international agreement. An International Sugar Agreement was reached in May 1937, providing for the first time for the participation of both importing and exporting countries. One of the main objectives of the Agreement was to encourage the export trade of efficient producers. However, the Agreement, which established export quotas and was to run for five years, was interrupted by the outbreak of the Second World War.

The International Sugar Agreement of 1954-1958

39. The new Agreement which was concluded in 1953 attempted to deal with the short-term problems discussed in the previous paragraphs. It made no direct reference to the efficiency of production and set forth measures intended to hold the price of sugar within a prescribed range. (The Agreement is discussed in detail in the section following.)

8 Not reproduced in the present document.
Appendix

TABLE 1. SUGAR: WORLD PRODUCTION AND CONSUMPTION, VOLUME AND INDEX

<table>
<thead>
<tr>
<th>Period</th>
<th>Production</th>
<th>Consumption</th>
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<tbody>
<tr>
<td></td>
<td>Thousands of metric tons</td>
<td>Index 1936-38 = 100</td>
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<tr>
<td>Pre-war</td>
<td>28,924</td>
<td>100</td>
</tr>
<tr>
<td>1947-49 average</td>
<td>28,844</td>
<td>86</td>
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<tr>
<td>1950-52 average</td>
<td>33,049</td>
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<tr>
<td>1953-55 average</td>
<td>36,840</td>
<td>127</td>
</tr>
<tr>
<td>1956</td>
<td>40,071</td>
<td>139</td>
</tr>
</tbody>
</table>

Sources: International Sugar Council (Statement on International Sugar Agreement of 1937, 12 November 1940); Sugar Yearbook and Statistical Bulletin.

* Average of crop years 1936-38 inclusive; pre-war years and years through 1952-53 are crop years ending 31 August.

TABLE 2. SUGAR: CONSUMPTION per capita in SELECTED COUNTRIES
(In pounds)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
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<td>Europe</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>121.7</td>
<td>125.0</td>
<td>118.6</td>
<td>128.5</td>
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<td>63.6</td>
<td>77.4</td>
<td>83.2</td>
<td>...</td>
</tr>
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<td>60.3</td>
<td>63.1</td>
<td>64.7</td>
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<td>66.9</td>
<td>66.7</td>
<td>70.6</td>
</tr>
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<td>...</td>
<td>77.7 **</td>
<td>103.2 **</td>
</tr>
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<td>22.9</td>
<td>44.2</td>
<td>44.0</td>
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<td>56.1</td>
<td>59.4</td>
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<td>Peru</td>
<td>34.3</td>
<td>44.4</td>
<td>45.3</td>
<td>48.2</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India **</td>
<td>7.3</td>
<td>10.8</td>
<td>10.1</td>
<td>11.2</td>
</tr>
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<td>14.3</td>
<td>16.1</td>
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<td>28.2</td>
<td>28.6</td>
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<td>4.8</td>
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<td>Philippines</td>
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<td>27.3</td>
<td>24.9</td>
<td>27.3</td>
</tr>
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<td>Turkey</td>
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<td>21.1</td>
<td>21.1</td>
<td>23.5</td>
</tr>
<tr>
<td>Oceania</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>112.4</td>
<td>121.7</td>
<td>119.5</td>
<td>119.9</td>
</tr>
</tbody>
</table>


** International Sugar Council Pocket Sugar Yearbook.
*** Excluding consumption of low-grade sugar.
### Table 3. Annual Average Prices of Raw Sugar in Several Markets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<td>Free market:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;World&quot; f.a.s. Cuba (dollars)</td>
<td>100</td>
<td>4.98</td>
<td>5.70</td>
<td>4.17</td>
<td>3.41</td>
<td>2.26</td>
<td>3.34</td>
<td>3.47</td>
<td>5.16</td>
</tr>
<tr>
<td>&quot;World&quot; f.a.s. Cuba (shillings sterling)</td>
<td>112</td>
<td>39s. 1½d.</td>
<td>45s. 8d.</td>
<td>33s. 4d.</td>
<td>27s. 4d.</td>
<td>26s. 8d.</td>
<td>25s. 11d.</td>
<td>27s. 9d.</td>
<td>41s. 3d.</td>
</tr>
<tr>
<td>London, c.i.f. UK (shillings sterling)</td>
<td>112</td>
<td>40s. 10d.</td>
<td>45s. 4d.</td>
<td>33s. 0d.</td>
<td>31s. 4d.</td>
<td>29s. 9d.</td>
<td>31s. 6d.</td>
<td>35s. 2d.</td>
<td>47s. 1d.</td>
</tr>
<tr>
<td>Preference systems:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commonwealth Agreement c.i.f., UK (shillings sterling)</td>
<td>112</td>
<td>30s. 6d.</td>
<td>32s. 10½d.</td>
<td>38s. 6d.</td>
<td>42s. 4d.</td>
<td>41s. 0d.</td>
<td>40s. 9d.</td>
<td>40s. 9d.</td>
<td>42s. 2d.</td>
</tr>
<tr>
<td>USA, f.o.b. Cuba (dollars)</td>
<td>100</td>
<td>5.09</td>
<td>5.07</td>
<td>5.35</td>
<td>5.42</td>
<td>5.43</td>
<td>5.06</td>
<td>5.10</td>
<td>5.31</td>
</tr>
</tbody>
</table>

Sources: Czarnikow, Sugar Review; Cuba Económica y Financiera; United Nations, Monthly Bulletin of Statistics.

### Table 4. Sugar: Annual and Quarterly Production in Selected Countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Belgium</th>
<th>Federal Republic of Germany</th>
<th>United Kingdom</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>67,775</td>
<td>159,600 **</td>
<td>282,870</td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>67,775</td>
<td>159,600 **</td>
<td>282,870</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>925</td>
<td>151,985</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>232</td>
<td>247,247</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>1,191,250</td>
<td>1,708,594</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>335,837</td>
<td>1,261,859</td>
<td>680,000</td>
<td>2,314,697</td>
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<tr>
<td>1955</td>
<td>88,184</td>
<td>120,000</td>
<td>184,385</td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>6,754</td>
<td>120,000</td>
<td>184,385</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>57</td>
<td>190,574</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>4,182</td>
<td>184,385</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>373,823</td>
<td>1,203,523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>380,579</td>
<td>1,298,463</td>
<td>792,000</td>
<td>2,164,553</td>
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<tr>
<td>1956</td>
<td>54,227</td>
<td>106,000</td>
<td>180,731</td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>3,600</td>
<td>106,000</td>
<td>180,731</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>5,242</td>
<td>99,924</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>6,778</td>
<td>134,391</td>
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<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>1,646,634</td>
<td>1,864,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>325,087</td>
<td>1,110,881</td>
<td>685,000</td>
<td>2,279,935</td>
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<tr>
<td>1957</td>
<td>81,635</td>
<td>182,400</td>
<td>181,193</td>
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</tr>
<tr>
<td>1st quarter</td>
<td>3,833</td>
<td>182,400</td>
<td>181,193</td>
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<tr>
<td>2nd quarter</td>
<td>961</td>
<td>92,798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>3,547</td>
<td>206,381</td>
<td></td>
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<tr>
<td>4th quarter</td>
<td>1,482,715</td>
<td>1,841,273</td>
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<tr>
<td>Total</td>
<td>379,635</td>
<td>1,568,195</td>
<td>713,000</td>
<td>2,321,934</td>
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</table>


* Figures do not always add to total for the year because of revisions in reported production at end of crop year.

** First half-year.
Table 5. Sugar: Annual and quarterly imports in selected countries *

(Metric tons)

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>Federal Republic of Germany</th>
<th>Japan</th>
<th>United Kingdom</th>
<th>Union of Soviet Socialist Republics</th>
<th>United States</th>
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<tr>
<td><strong>1954</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>3,908</td>
<td>24,186</td>
<td>564,776**</td>
<td>884,113</td>
<td>76,166**</td>
<td>1,201,979</td>
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<tr>
<td>2nd quarter</td>
<td>35,208</td>
<td>25,473</td>
<td>264,225</td>
<td>465,171</td>
<td>0</td>
<td>963,672</td>
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<tr>
<td>3rd quarter</td>
<td>5,667</td>
<td>3,971</td>
<td>236,725</td>
<td>436,676</td>
<td>101,243</td>
<td>1,084,000</td>
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<tr>
<td>4th quarter</td>
<td>4,829</td>
<td>9,468</td>
<td>230,725</td>
<td>436,676</td>
<td>101,243</td>
<td>248,957</td>
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<tr>
<td><strong>Total</strong></td>
<td>48,795</td>
<td>63,937</td>
<td>941,786</td>
<td>2,491,552</td>
<td>2,491,552</td>
<td>3,498,608</td>
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<tr>
<td><strong>1955</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1st quarter</td>
<td>4,580</td>
<td>138,299</td>
<td>271,188</td>
<td>554,877</td>
<td>253</td>
<td>914,713</td>
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<tr>
<td>2nd quarter</td>
<td>23,823</td>
<td>55,347</td>
<td>366,757</td>
<td>654,414</td>
<td>392,833</td>
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<td>3rd quarter</td>
<td>13,362</td>
<td>9,579</td>
<td>248,845</td>
<td>515,504</td>
<td>227,848</td>
<td>1,063,849</td>
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<tr>
<td>4th quarter</td>
<td>417</td>
<td>48,956</td>
<td>302,225</td>
<td>564,054</td>
<td>30,859</td>
<td>608,284</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36,378</td>
<td>252,004</td>
<td>1,028,642</td>
<td>2,776,300</td>
<td>3,638,463</td>
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<tr>
<td><strong>1956</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1st quarter</td>
<td>10,436</td>
<td>27,907</td>
<td>369,943</td>
<td>623,481</td>
<td>95,072</td>
<td>1,171,361</td>
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<tr>
<td>2nd quarter</td>
<td>26,195</td>
<td>24,091</td>
<td>234,441</td>
<td>666,671</td>
<td>392,438</td>
<td>1,064,488</td>
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<tr>
<td>3rd quarter</td>
<td>7,243</td>
<td>172,793</td>
<td>276,961</td>
<td>442,752</td>
<td>2,300</td>
<td>1,266,297</td>
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<tr>
<td>4th quarter</td>
<td>117</td>
<td>48,956</td>
<td>302,225</td>
<td>564,054</td>
<td>30,859</td>
<td>608,284</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>46,349</td>
<td>297,598</td>
<td>1,147,537</td>
<td>2,379,451</td>
<td>3,862,512</td>
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<tr>
<td><strong>1957</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>5,70</td>
<td>116,144</td>
<td>299,220</td>
<td>737,120</td>
<td>n.a.</td>
<td>1,143,023</td>
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<tr>
<td>2nd quarter</td>
<td>42,410</td>
<td>292,951</td>
<td>270,437</td>
<td>788,669</td>
<td>n.a.</td>
<td>1,148,776</td>
</tr>
<tr>
<td>3rd quarter</td>
<td>12,688</td>
<td>140,442</td>
<td>250,718</td>
<td>602,626</td>
<td>n.a.</td>
<td>1,119,806</td>
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<tr>
<td>4th quarter</td>
<td>2,133</td>
<td>36,606</td>
<td>297,773</td>
<td>897,789</td>
<td>n.a.</td>
<td>534,776</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>56,474</td>
<td>504,955</td>
<td>1,117,149</td>
<td>2,925,994</td>
<td>519,282</td>
<td>3,896,487</td>
</tr>
</tbody>
</table>

* Gross imports. Figures do not always add to total for the year because of revisions in reported production at end of crop year.
** First half-year.

Table 6. Sugar: Production, exports and stocks in major non-participating countries

(Thousands of metric tons)

<table>
<thead>
<tr>
<th>Country</th>
<th>Production</th>
<th>Exports</th>
<th>Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td>2,118</td>
<td>151</td>
<td>843</td>
</tr>
<tr>
<td>1955</td>
<td>2,073</td>
<td>576</td>
<td>384</td>
</tr>
<tr>
<td>1956</td>
<td>2,268</td>
<td>23</td>
<td>618</td>
</tr>
<tr>
<td>1957</td>
<td>2,714</td>
<td>409</td>
<td>i,012</td>
</tr>
</tbody>
</table>

| Indonesia **   |            |         |        |
| 1954           | 718        | 219     |        |
| 1955           | 851        | 174     | 221    |
| 1956           | 780        | 165     | 212    |
| 1957           |            | 144     |        |

| Peru           |            |         |        |
| 1954           | 612        | 422     | 77     |
| 1955           | 652        | 483     | 51     |
| 1956           | 690        | 428     | 190    |
| 1957           | 577        | 491     | 58***  |

* At end of period.
** The decline in Indonesian consumption (61,924 tons) during 1956 was nearly as great as that in production (65,429 tons). Exports fell by only some 9,000 tons and stocks by a nearly equivalent amount.
*** Estimated.
International Sugar Agreement of 1958, as adopted at the final plenary meeting held at Geneva on 24 October 1958*

ANNEX III

International Sugar Agreement of 1958

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 and, by those and other means, to facilitate steady increases in the consumption of sugar and corresponding increases in the supply of sugar, to contribute to the improvement of the living conditions of consumers throughout the world and to assist in the maintenance of the purchasing power in world markets of producing countries or areas and especially of those 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; and, in general, to further international co-operation in connexion with world sugar problems.

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 1 January to 31 December, 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 for 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) "Importing country" means one of the countries listed in Article 33.

(8) "Exporting country" means one of the countries listed in Article 34.

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

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

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

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

(i) 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

(ii) 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.

(13) "Price" and "prevailing price" have the meanings specified in Article 20.

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

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

(16) "Special Vote" has the meaning specified in paragraph (2) of Article 36.

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 exported from or imported into its territory and of the circumstances making the subsidization necessary. The notification referred to in this paragraph shall be given at the request of the Council, which request shall be made at least once each quota year in such form and at such time as may be provided in the rules of procedure of the Council.
(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 fulfill 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) To prevent non-participating countries from gaining advantage at the expense of participating countries, the Government of each participating country agrees that it will not permit the import for any purpose from non-participating countries as a group during any quota year of a total quantity of sugar larger than was imported from those countries as a group during any one of the three calendar years 1951, 1952, 1953; provided that the said total quantity shall not include imports purchased by a participating country from non-participating countries during any period when by virtue of paragraph (3) of Article 21, quotas and limitations on exports are inoperative, and provided further that the Government of the participating country has notified the Council in advance that such purchases may be made.

(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 refined sugar or trade in sugar-containing products, 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 obligations 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 in that quota year and the Council shall, within fifteen days, take a decision as to whether or not the obligation laid down in paragraph (1) of this Article should be modified for that quota year in respect of such Government. However, if the Council is unable to reach a decision, the Government concerned shall be released from its obligations under paragraph (1) of this Article to such extent as may be necessary to permit it to carry out in that quota year the measures it has proposed to the Council.

(ii) If the Government of any participating exporting country considers that the interests of its country are being harmed 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) (iii), 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.

(6) The Government of each participating importing country agrees that in any quota year the total exports, if any, of sugar from its country, excluding sugar supplied as ships' stores for ships victualling at domestic ports, shall not exceed the total imports of sugar into that country in that quota year.
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 limitations 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 regulating the manufacture of sugar or, when this is not possible, the acreage or plantings, so that the production shall result in such amount of sugar as may be needed to provide for domestic consumption, exports permitted under this Agreement and stocks specified in Article 13.

Article 11

(1) The Government of each participating exporting country agrees to notify the Council, as soon as possible, but not later than 15 May whether or not it expects that its country's export quota in effect at the time of that notification 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).

(2) In addition to the notification provided for in paragraph (1) above, the Government of each participating exporting country agrees to notify the Council, as soon as possible after 15 May, but not later than 30 September, whether or not it expects that its country's export quota in effect at the time of that notification 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

(1) 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 paragraph (1) of Article 11, less such part, if any, of that quota as the Government has notified under paragraph (1) of 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 50 per cent of the amount notified under paragraph (1) of Article 11.

(2) Without prejudice to the provisions in paragraph (1) of this Article, 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 paragraph (2) of Article 11, less any reduction in its export quota in effect made subsequently by the Council under Article 21, an allowance of 50 per cent of the amount notified in accordance with paragraph (2) of Article 11 shall be made against the deduction of that shortfall from that country's export quota in the following quota year.

(3) If no notification is given under Article 11, the whole of any shortfall of total net exports during the quota year below the export quota in effect at the end of that quota year shall be charged to the export quota of that country in the following quota year.

(4) The Council may modify the amounts to be deducted under this Article if it is satisfied by an explanation from the participating country concerned that its net exports fell short by reason of force majeure.

(5) The Government of each participating exporting country undertakes to notify the Council before 1 April in any quota year of its total net exports in the previous quota year.

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 immediately 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 12 1/2 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 to 15 per cent or reduce to 10 per cent the amount of minimum stocks to be carried in each quota year under paragraph (3) of this Article. If any Participating Government considers that, owing to special circumstances, the amount of the minimum stocks required to be held, in its country, under paragraphs (3) or (4) of this Article should be less, it may state its case to the Council. If the Council finds the contentions of the Government concerned well founded, it may vary the amount of minimum stocks to be held in the country concerned.

(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 C, 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) 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.

(7) At the time of deposit of its instrument of ratification, acceptance or accession, each Government shall notify the Government of the United Kingdom of Great Britain and Northern Ireland, for transmission to 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:

<table>
<thead>
<tr>
<th>Country</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium (including Belgian Congo)</td>
<td>55 **</td>
</tr>
<tr>
<td>Brazil</td>
<td>556</td>
</tr>
<tr>
<td>China (Taiwan)</td>
<td>535</td>
</tr>
<tr>
<td>Colombia</td>
<td>5</td>
</tr>
<tr>
<td>Cuba</td>
<td>2,415</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>275</td>
</tr>
<tr>
<td>Denmark</td>
<td>75</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>655</td>
</tr>
<tr>
<td>France</td>
<td>30 **</td>
</tr>
<tr>
<td>Germany, eastern</td>
<td>150</td>
</tr>
<tr>
<td>Haiti</td>
<td>45</td>
</tr>
</tbody>
</table>

* In calculating Belgium's net exports, the first 25,000 tons of exports to Morocco shall be excluded.

** Having regard to the links existing between France and Morocco and Tunisia within the French franc monetary zone and considering that Morocco and Tunisia import from the free market, France is authorized to export, in addition to its export quota in effect, a net annual amount of 390,000 tons of sugar.

(2) (a) 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.

(b) The USSR export quota is calculated without taking into account imports of sugar from the Czechoslovak Republic, Hungary and the People's Republic of Poland in excess of 50,000 tons.

(c) The next 25,000 tons will be allotted to Hungary.

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

(e) The next 25,000 tons will be allotted to Poland.

(f) The next 25,000 tons will be allotted to Cuba.

(g) The next 25,000 tons will be allotted to the free market up to 5,000 tons raw value a year.

(4) 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.

B. Special reserve

(5) A special reserve is established for each of the first three quota years of this Agreement and is allocated as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (Taiwan)</td>
<td>95</td>
</tr>
<tr>
<td>India</td>
<td>50</td>
</tr>
<tr>
<td>Indonesia</td>
<td>50</td>
</tr>
<tr>
<td>Philippines</td>
<td>20</td>
</tr>
</tbody>
</table>

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.

C. Priorities on shortfalls and on increased free market requirements

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

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

(b) The next 25,000 tons will be allotted to Poland.

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

(d) The next 10,000 tons will be allotted to Cuba.

(7) (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 (5) 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 (2) of this Article have been offered export quotas equal to the total of their basic export quotas.
tonnages, subject to any reductions applied under Articles 12 and 21, and there after 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 sub-paragraph (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 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, Italy and the Kingdom of the Netherlands up to a net amount of 150,000 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 year 1959 2,500,000 English long tons (2,540,825 tens) tel quel;

(ii) In the calendar years 1960 and 1961 2,575,000 English long tons (2,617,060 tens) tel quel per year.

In addition to providing for the export of the quantities set out above, the Governments above-mentioned agree that except by reason of drought, flood or other adverse conditions stocks to a total of not less than 30,000 English long tons (50,817 tons) tel quel shall be held in the exporting territories as a group covered by the Commonwealth Sugar Agreement at all times in each calendar year unless and until they have been released with the consent of the Council, and that those stocks shall be immediately available for export to the free market when called for by the Council.

(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 Commonwealth 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 make an estimate 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 thirty days before the beginning of each quota year the Council shall consider the estimate 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 a provisional 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 C, and to such charges and deductions as may be required under Article 8 (1) and Article 12, provided that if at the time of fixing provisional initial export quotas the prevailing price is not less than 3.15 cents the total of the provisional 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) Prior to 1 April in each quota year, the Council shall make a further estimate of free market requirements in the manner provided in 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, not later than 1 April and in the manner provided in paragraph (2) of this Article, make a final determination of initial export quotas. Thereafter, any references to initial export quotas in other Articles of this Agreement shall be deemed to be references to the initial export quotas as finally determined.

(4) As soon as the final determination of initial export quotas has been made, export quotas in effect shall immediately be adjusted as if the provisional initial export quotas had been the same as those finally determined, due account thus being taken of any variations in these provisional quotas made by the Council under
other Articles of this Agreement prior to the final determination. Adjustment of export quotas in effect in accordance with this paragraph shall be without prejudice to such powers or duties to vary quotas in effect as are possessed by the Council under other Articles of this Agreement.

(5) At the time of the adjustment of export quotas in effect in accordance with paragraph (4) of this Article, the Council shall also review the supplies of sugar available for the free market for that quota year and shall consider the variation of export quotas in effect of particular countries by the exercise of its powers under Article 19 (2) of this Agreement.

(6) The Council shall have power by special vote to set aside in any quota year up to 40,000 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 C, 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 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 Council whether or not they are in a position to use the increase in quota allotted to them. 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 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 sub-paragraph 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 exporting 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 no 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) When the prevailing price exceeds 3.75 cents the Council shall meet within seven days to consider the market situation and to take such action in regard to quotas as may be appropriate for the purpose of achieving the general objectives of this Agreement. In the absence of agreement by the Council on the action to be taken the quotas in effect shall forthwith be increased by 2½ per cent. If, after action decided by the Council has been taken or the quotas have been increased by 2½ per cent, the prevailing price continues to be above 3.75 cents, the Council shall meet again within seven days in order to give further consideration to the market situation.

(iv) When, after quotas in effect have been raised in pursuance of subparagraph (iii) of this paragraph, the prevailing price falls below 3.75 cents, quotas in effect shall be restored to the level at which they were before the above-mentioned increase.

(v) If the prevailing price is below 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 2½ 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 cents all quotas and limitations on exports under any of the Articles of this Agreement shall for the time being become imperative, 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 C; 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 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

(1) During the first quota year of this Agreement, the Council shall consider, and make recommendations to interested participating Governments concerning the negotiation of arrangements for multilateral options drawn up in accordance with the provisions of this Article.

(2) Such arrangements shall be designed to secure that, if the prevailing price moves beyond the highest or lowest price of the range set out in Article 21, the Participating Governments concerned will have the right to exercise options for sale or purchase, as the case may be, in respect of such quantities of sugar as may be prescribed in the arrangements.

(3) The options shall be exercisable in accordance with such limits as to time and frequency, or otherwise, as may be prescribed in the arrangement.

(4) The arrangements shall take into account the traditional pattern of the trade in sugar.

(5) The Council may establish such committees as it deems desirable to assist it in the examination of these questions and to formulate the recommendations provided for in paragraph (1) above.

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 thus 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 consumption re-
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 relevant 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.

(5) The Council, in furtherance of resolution No. 1 of the United Nations Sugar Conference of 1956, the purpose of this Article and the general objectives of this Agreement set forth in Article 1, shall appoint a Committee to assist it in carrying out its functions under this Article, especially those which relate to sub-paragraphs (ii) and (iv) of paragraph (1), including in particular the compilation of results of research, wherever conducted, into the consumption and new uses of sugar and its by-products and the dissemination of those results.

CHAPTER XIII
ADMINISTRATION

Article 27

(1) The International Sugar Council established under the International Sugar Agreement 1953, as amended by the Protocol of 1956, shall continue in being for the purpose of administering the present Agreement, with the membership, powers and functions set out in 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 shall have in the territory of each Participating Government, with effect from 1 January 1959 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 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.

(3) 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.

(4) The Council shall develop, prepare and publish such reports, studies, charts, analyses and other data as it may deem desirable and helpful.

(5) 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.

(6) The Council shall publish at least once a year a report of its activities and of the operation of this Agreement.

(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 chief administrative officer. In accordance with rules established by the Council, the Executive Director shall appoint such staff as may be required for
the work of the Council and its Committees. It shall be a condition of employment of the Executive Director 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 meetings shall be held at its seat, unless the Council decides to hold a particular meeting elsewhere.

(2) The Council shall meet at least twice 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:

<table>
<thead>
<tr>
<th>Country</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>85</td>
</tr>
<tr>
<td>Ceylon</td>
<td>20</td>
</tr>
<tr>
<td>Chile</td>
<td>30</td>
</tr>
<tr>
<td>Federal Republic of Germany</td>
<td>45</td>
</tr>
<tr>
<td>Ghana</td>
<td>10</td>
</tr>
<tr>
<td>Greece</td>
<td>10</td>
</tr>
<tr>
<td>Ireland</td>
<td>10</td>
</tr>
<tr>
<td>Israel</td>
<td>10</td>
</tr>
<tr>
<td>Japan</td>
<td>150</td>
</tr>
<tr>
<td>Federation of Malaya</td>
<td>20</td>
</tr>
<tr>
<td>Morocco</td>
<td>45</td>
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<tr>
<td>Norway</td>
<td>20</td>
</tr>
<tr>
<td>Pakistan</td>
<td>15</td>
</tr>
<tr>
<td>Sweden</td>
<td>10</td>
</tr>
<tr>
<td>Tunisia</td>
<td>10</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>245</td>
</tr>
<tr>
<td>United States of America</td>
<td>245</td>
</tr>
</tbody>
</table>

Total 1,000

Article 34

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>45</td>
</tr>
<tr>
<td>Belgium</td>
<td>15</td>
</tr>
<tr>
<td>Brazil</td>
<td>70</td>
</tr>
<tr>
<td>China</td>
<td>55</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>10</td>
</tr>
<tr>
<td>Cuba</td>
<td>245</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>35</td>
</tr>
<tr>
<td>Denmark</td>
<td>15</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>15</td>
</tr>
<tr>
<td>France</td>
<td>30</td>
</tr>
<tr>
<td>Guatemala</td>
<td>10</td>
</tr>
<tr>
<td>Haiti</td>
<td>10</td>
</tr>
<tr>
<td>Hungary</td>
<td>10</td>
</tr>
<tr>
<td>India</td>
<td>35</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10</td>
</tr>
<tr>
<td>Italy</td>
<td>15</td>
</tr>
<tr>
<td>Mexico</td>
<td>20</td>
</tr>
<tr>
<td>Kingdom of the Netherlands</td>
<td>15</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>10</td>
</tr>
<tr>
<td>Panama</td>
<td>10</td>
</tr>
<tr>
<td>Peru</td>
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<tr>
<td>Philippines</td>
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<td>Poland</td>
<td>30</td>
</tr>
<tr>
<td>Portugal</td>
<td>10</td>
</tr>
<tr>
<td>Union of South Africa</td>
<td>26</td>
</tr>
<tr>
<td>Union of Soviet Socialist Republic</td>
<td>26</td>
</tr>
</tbody>
</table>

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 10 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 acepting 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 39 (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 seven 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 seven 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, representatives on the Executive Committee and on any other committee established in accordance with this Agreement 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 under this Agreement 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 with effect from 1 January 1959 on the assets, income and other property 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.

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 Government 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 fulfill 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 fulfills its obligations or expel that Government from this Agreement.

CHAPTER XVII

SIGNATURE, ACCEPTANCE, ACCESSION AND ENTRY INTO FORCE

Article 41

(1) This Agreement shall be open for signature from 1 December to 24 December 1958, by the Governments represented by delegates at the Conference at which this Agreement was negotiated.

(2) This Agreement shall be subject to ratification or acceptance by the 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 Agreement shall be open for accession by any Government referred to in Article 33 or 34 and such accession shall be effected by deposit of an instrument of accession with the Government of the United Kingdom of Great Britain and Northern Ireland.

(4) The Council may approve accession to this Agreement by the Government of any Member of the United Nations and by any Government invited to the United Nations Sugar Conference 1958, but which is 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. Conditions agreed by the Council in accordance with this paragraph shall be consistent with the provisions of this Agreement, and where the Council agrees a basic export tonnage in respect of a Government of an exporting country not named in Article 14, it shall do so by special vote. Where any Government desiring to accede to this Agreement requests amendment of the Agreement as a condition of accession, the accession shall not be approved unless and until the Council has recommended such amendment and it has taken effect in accordance with Article 43.

(5) Subject to the provisions of paragraph (6) (i) of this Article, 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 enter into force on 1 January 1959 between those Governments which have by that date deposited instruments of ratification, acceptance or accession, provided that such Governments hold 60 per cent of the votes of importing countries and 70 per cent of the votes of exporting countries in accordance with the distribution established in Articles 33 and 34. Instruments of ratification, acceptance or accession deposited thereafter shall take effect on the date of their deposit.

(ii) For the purposes of entry into force of this Agreement in accordance with sub-paragraph (i) above, a notification containing an undertaking to seek ratification, acceptance or accession in accordance with constitutional procedures as rapidly as possible and if possible before 1 January 1959, received by the Government of the United Kingdom of Great Britain and Northern Ireland on or before 1 January 1959, shall be regarded as equal in effect to an instrument of ratification, acceptance or accession.

(iii) Any notification given in accordance with sub-paragraph (ii) of this paragraph may indicate that the Government concerned will, from 1 January 1959, apply this Agreement provisionally. In the absence of such an indication, the notifying Government shall be regarded as a non-voting observer, provided, however, that such a Government may cease to be an observer if it indicates, before 1 January 1959, that it will apply this Agreement provisionally.

(iv) If any Government giving a notification in accordance with sub-paragraph (ii) of this paragraph fails to deposit an instrument of ratification, acceptance or accession by 1 June 1959, it shall thereby cease to be entitled to the status of provisional participant or observer, as the case may be. If, however, the Council is satisfied that the Government concerned has not deposited its instrument owing to difficulties in completing its constitutional processes, the Council may extend the period beyond 1 June 1959 to such other date as it may determine.

(v) The obligations under this Agreement of Governments which have deposited instruments of ratification, acceptance or accession by 1 June 1959, or such later date as is determined by the Council in accordance with sub-paragraph (iv) of this paragraph shall apply as from 1 January 1959, for the first quota year, except to the extent that any Government is required by existing legislation to take action inconsistent with this Agreement by reason of it not being in force either fully or provisionally for that Government at that time.
(vi) If at the end of the period of five months mentioned in sub-paragraph (ii), or at the end of any extension of that period, 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.

(7) Where, for the purposes of the operation of this Agreement, reference is made to Governments or countries listed, named or included in particular Articles, any country the Government of which has not acceded to this Agreement on conditions agreed with the Council in accordance with paragraph (4) of this Article shall be deemed to be listed, named or included in those Articles accordingly.

(8) 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 and acceding Governments of any reservation attached thereto.

CHAPTER XVIII

DURATION, AMENDMENT, SUSPENSION, WITHDRAWAL, RESERVATIONS AND TRANSITIONAL MEASURES

Article 42

(1) The duration of this Agreement shall be five years from 1 January 1959. 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, shall take into account any amendment to the Agreement which in connexion with this examination any Participating Government may propose, and shall propose amendments or make such other arrangements as are necessary to provide for the amendment of this Agreement in respect of its operation during the fourth and fifth years.

(3) Not less than three months before the last day of the third quota year of this Agreement the Council shall submit or arrange for the submission of a report on the matters 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 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 Par-
Article 44

(1) If any Participating Government considers its interests to be seriously prejudiced by the failure of any Government referred to in Article 33 or 34 to ratify, accept, or accede to this Agreement or by reservations approved by the Council in accordance with Article 45 of this Agreement, 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 thereafter, or at any subsequent meeting held not later than one month after receipt of the notification, consider the matter. If after a period of two months following the notification to the Government of the United Kingdom, 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 a period of thirty days thereafter.

(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 of 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 not 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 not named in Article 14 seeking to accede to this Agreement pursuant to Article 41(4) of this Article, it may not be prevented from so stating 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 (5), 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) 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.

(9) 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

(1) Any Government which was, on 31 December 1958, party to the International Sugar Agreement 1953, or to that Agreement as amended by the Protocol of 1956, with one or more reservations shall be entitled to signature, ratification, acceptance or accession to this Agreement to make an identical reservation or reservations.

(2) If any Government represented at the United Nations Sugar Conference 1958 may make one or more reservations in similar terms to those referred to in paragraph (1) of this Article and in the same manner. Any dispute arising under this paragraph shall be settled in accordance with the procedure contained in Article 40.

(3) Any other reservation to this Agreement whether made on signature, ratification, acceptance or accession, shall require the consent of the Council.

(4) Where any reservation or reservations are made in accordance with this Article which require the consent of the Council, the Council shall consider the matter as soon as may be practicable after the deposit of the instrument of ratification, acceptance or accession, as the case may be, of the Government concerned. The instrument shall be regarded as provisionally effective until such time as the Council has considered the matter and, if that Government is unable to obtain the consent of the Council to the reservation or to that reservation as modified, or is unwilling to withdraw the reservation, the instrument shall cease to have effect.

(5) The powers of the Council specified in this Article shall be exercised by special vote.

(6) Nothing in this Article shall prevent any Participating Government withdrawing, either in whole or in part, any reservation made by it.

Article 46

(1) Where in accordance with the International Sugar Agreement 1953 as amended by the Protocol of 1956 the
consequences of anything done, to be done or omitted to be done in a quota year would, for the purposes of the operation of that Agreement, have taken effect in a subsequent quota year, those consequences shall have the same effect during the first quota year of this Agreement as if the provisions of the 1953 Agreement as amended by the Protocol of 1956 continued in effect for this purpose.

(2) Notwithstanding the provisions of paragraphs (1) and (2) of Article 18 and of paragraph (1) of this Article, the provisional initial export quotas for the quota year 1959 shall be assigned by the Council during the month of January 1959.

Article 47

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 48.

CHAPTER XIX
TERITORIAL APPLICATION

Article 48

(1) Any Government may at the time of signature, ratification, acceptance of, or accession to this Agreement or at any time thereafter, 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) Within thirty days following a request by the Council, each Government shall furnish to the Council a list, expressed in geographical terms, of the territory or territories to which, at that time, this Agreement applies either by virtue of ratification, acceptance or accession in accordance with Article 41 or of notification made under paragraph 1 of this Article by that Government.

(3) 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.

(4) In the case of withdrawal by a Participating Government in respect of all or any of the non-metropolitan territories for whose international relations it is responsible, and in case of changes in territorial application, metropolitan or non-metropolitan, of any participating country as reported to the Council by any Participating Government under paragraph (2) of this Article, the Council, at the request of any Participating Government, shall examine whether it is pertinent to make changes in the status, quotas, rights and obligations of the Government concerned, and if it is found that such is the case, shall decide by special vote the changes to be made therein.

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.