

- (2) 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.

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

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

(13) "Importing Country" means one of the countries listed in Article 10 or any country which is a net importer of sugar, as the context requires.

(14) "Exporting Country" means one of the countries listed in Article 10 or any country which is a net exporter of sugar, as the context requires.

Chapter III.—General Undertakings by Participating Governments

1. Subsidies

ARTICLE 3

(1) The Participating Governments recognise that subsidies on sugar which so operate as to raise the market price of sugar above the world price are 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 import duty which operates directly or indirectly to increase exports of sugar from, or to reduce imports of sugar into its territory, it shall during each quinquennial year notify the Council in writing of the extent and nature of the subsidisation, of the estimated effect of the subsidisation on the quantity of sugar exported from or imported into its territory and of the circumstances making the subsidisation necessary.

(3) In any case in which a Participating Government considers that a subsidy prejudicial to its interests under this Agreement is caused or threatened by another subsidisation, 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 subsidisation. 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 fulfil its obligations under this Agreement with a view to the achievement of the general objectives set forth in Article 1 and to ensure as much progress as practicable within the duration of this Agreement towards the solution of the commodity problem involved.