

6. COMMODITY ARRANGEMENTS

70. Resolution II 7(b) of the Hot Springs Conference instructed the Commission to consider the desirability of assigning to the Organization functions in the field of agricultural commodity arrangements. The Commission has recognized the important role which such arrangements can play in (a) coordinating internationally diverse or conflicting national price and marketing policies and programs; (b) eliminating excessive fluctuations in prices; (c) mitigating some of the effects of trade cycles; (d) maintaining adequate supplies for consumers; and (e) ensuring markets for producers while promoting desirable adjustments in agricultural production. Commodity arrangements for non-agricultural products have a similar role to perform, and to secure fairness of treatment, avoid confusion, and establish consistent policies, the Commission recommends to its constituent governments that international commodity arrangements for both agricultural and non-agricultural products be coordinated under the supervision and direction of a single international authority. The Commission further recommends that principles governing international commodity arrangements for all classes of products should be formulated by a special international conference and that thereafter there should be established an international authority to review in the light of experience the application of the principles so formulated and to coordinate and supervise the administration of individual commodity arrangements.

71. The Commission recommends that the Organization, or in the event of its not being established in time the Interim Commission itself, should participate in the international conference which it proposes should be held to formulate the principles to which all commodity arrangements should conform. It further recommends that the Organization should be represented on the directorate of the proposed international authority and should be associated, where appropriate, with the working operations of that authority through mutual consultation and reference. [Art. XII.]

72. As in the case of international agricultural credit arrangements, the Organization will have an important, though not an exclusive, concern in international agricultural commodity arrangements. The Organization should be entitled to propose particular commodity arrangements to the proposed international authority, or in the absence of such an authority to governments, and to suggest the provisions of the arrangements so proposed. Similarly, the Organization should be entitled to propose that any existing agricultural commodity arrangement should be modified or terminated. [Art. IV.]

73. The Organization will have a special competence and interest in regard to such arrangements as they promote or hinder better orientation of production through agricultural adjustments and whether they may be effective in providing opportunities for supplying consumption needs from the most efficient sources of production. For example, the Organization may well study the effects of monopolistic practices, excessive price variations, and similar phenomena in order to stimulate appropriate international action for maintaining a check upon the first and for diminishing, or even for preventing, the second. On its own initiative, or in response to requests either from the general administrative authority or from the individual commodity control concerned, the Organization may conduct inquiries regarding any international agricultural commodity arrangement, and should furnish to governments, to the international commodity authority, or to any authority dealing with an individual commodity arrangement, information, analyses, or advice. [Art. I, IV.]