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II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 18 December 1987

on the signing and conclusion of the International Sugar Agreement, 1987

(88/106/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

HAS DECIDED AS FOLLOWS:

Article 1

The International Sugar Agreement, 1987, is hereby approved on behalf of the European Economic Community.

The text of the Agreement is attached to this Decision.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the agreement referred to in Article 1 for the purposes of binding the Community.

Article 3

This Decision shall be published in the *Official Journal of the European Communities*.

Done at Brussels, 18 December 1987.

For the Council

The President

N. WILHJELM

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INTERNATIONAL SUGAR AGREEMENT, 1987

CHAPTER I

OBJECTIVES

Article 1

Objectives

The objectives of the International Sugar Agreement, 1987 (hereinafter referred to as 'This Agreement'), in the light of the terms of resolution 93 (IV) adopted by the United Nations Conference on Trade and Development, are:

- (a) to further international cooperation in connection with world sugar matters and related issues;
- (b) to provide an appropriate framework for the preparation of a possible new international sugar agreement with economic provisions;
- (c) to encourage the consumption of sugar;
- (d) to facilitate trade by collecting and providing information on the world sugar market and other sweeteners.

CHAPTER II

DEFINITIONS

Article 2

Definitions

For the purposes of this Agreement:

- 1. 'Organization' means the International Sugar Organization referred to in Article 3;
- 2. 'Council' means the International Sugar Council referred to in Article 3 (3);
- 3. 'Member' means a Party to this Agreement;
- 4. 'exporting member' means any Member which is listed in Annex A to this Agreement, or which is given the status of an exporting member upon accession to this Agreement or upon change of category under Article 4 (3);
- 5. 'importing member' means any member which is listed in Annex B to this Agreement, or which is given the status of an importing member upon accession to this Agreement or upon any change of category under Article 4 (3);
- 6. 'special vote' means a vote requiring at least two-thirds of the votes cast by exporting members present and voting and at least two thirds of the votes cast by importing members present and voting, on condition that these votes are cast by at least half of the number of members in each category present and voting;
- 7. 'distributed simple majority vote' means a vote requiring more than half of the total votes of exporting Members present and voting and more than half of the total votes of importing members present and voting, on condition that these votes are cast by at least half of the number of members in each category present and voting;
- 8. 'year' means the calendar year;
- 9. '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, but does not include final molasses or low-grade types of non-centrifugal sugar produced by primitive methods or sugar destined for uses other than human consumption as food;
- 10. 'entry into force' means the date on which this Agreement enters into force provisionally or definitively, as provided for in Article 39;
- 11. 'free market' means the total of net imports of the world market, except those resulting from the operation of special arrangements as defined in Chapter IX of the International Sugar Agreement, 1977;
- 12. 'world market' means the international sugar market and includes both sugar traded on the free market and sugar traded under special arrangements as defined in Chapter IX of the International Sugar Agreement, 1977.

CHAPTER III

INTERNATIONAL SUGAR ORGANIZATION

*Article 3***Continuation, headquarters and structure of the International Sugar Organization**

1. The International Sugar Organization established under the International Sugar Agreement, 1968, and maintained in existence under the International Sugar Agreements 1973, 1977 and 1984, shall continue in being for the purpose of administering this Agreement and supervising its operation, with the membership, powers and functions set out in this Agreement.
2. The headquarters of the Organization shall be in London, unless the Council decides otherwise by special vote.
3. The Organization shall function through the International Sugar Council, its Executive Committee and its Executive Director and staff.

*Article 4***Membership of the Organization**

1. Each Party to this Agreement shall be a Member of the Organization.
2. There shall be two categories of members of the Organization, namely:
 - (a) exporting members; and
 - (b) importing members.
3. A Member may change its category of membership on such conditions as the Council may establish.

*Article 5***Membership by intergovernmental organizations**

Any reference in this Agreement to a 'government' or 'governments' shall be construed as including the European Economic Community and any other intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance, or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

*Article 6***Privileges and immunities**

1. The Organization shall have legal personality. It shall in particular have the capacity to contract, acquire and dispose of movable and immovable property and to institute legal proceedings.
2. The status, privileges and immunities of the Organization in the territory of the United Kingdom shall continue to be governed by the Headquarters Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the International Sugar Organization signed at London on 29 May 1969, with such amendments as may be necessary for the proper functioning of this Agreement.
3. If the seat of the Organization is moved to a country which is a member of the Organization, that member shall, as soon as possible, conclude with the Organization an agreement to be approved by the Council relating to the status, privileges and immunities of the Organization, of its Executive Director, staff and experts and of representatives of members while in that country for the purpose of exercising their functions.
4. Unless any other taxation arrangements are implemented under the agreement envisaged in paragraph 3 of this Article and pending the conclusion of that agreement the new host member shall:
 - (a) grant exemption from taxation on the remuneration paid by the Organization to its employees, except that such exemption need not apply to its own nationals; and
 - (b) grant exemption from taxation on the assets, income and other property of the Organization.
5. If the seat of the Organization is to be moved to a country which is not a member of the Organization, the Council shall, before that move, obtain a written assurance from the government of that country:
 - (a) that it shall, as soon as possible, conclude with the Organization an agreement as described in paragraph 3 of this Article; and
 - (b) that, pending the conclusion of such an agreement, it shall grant the exemptions provided for in paragraph 4 of this Article.
6. The Council shall endeavour to conclude the agreement described in paragraph 3 of this Article with the government of the country to which the seat of the Organization is to be moved before transferring the seat.

CHAPTER IV

INTERNATIONAL SUGAR COUNCIL

*Article 7***Composition of the International Sugar Council**

1. The highest authority of the Organization shall be the International Sugar Council, which shall consist of all the members of the Organization.
2. Each member shall have one representative in the Council, and if it so desires, one or more alternates. Furthermore, a member may appoint one or more advisers to its representatives or alternates.

*Article 8***Powers and functions of the Council**

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement and to pursue the liquidation of the Stock Financing Fund established under Article 49 of the International Sugar Agreement, 1977, as delegated by the Council under that Agreement to the Council under the International Sugar Agreement, 1984, pursuant to Article 8 (1), of the latter.
2. The Council shall adopt, by special vote, such rules and regulations as are necessary to carry out the provisions of this Agreement and are consistent therewith, including rules of procedure for the Council and its committees, and the financial and staff regulations of the Organization. The Council may, in its rules of procedure, provide a procedure whereby it may, without meeting, decide specific questions.
3. The Council shall keep such records as are required to perform its functions under this Agreement and such other records as it considers appropriate.
4. The Council shall publish an annual report and such other information as it considers appropriate.

*Article 9***Chairman and vice-chairman of the Council**

1. For each year, the Council shall elect from among the delegations a chairman and a vice-chairman, who shall not be paid by the Organization.
2. The Chairman and the vice-chairman shall be elected one from among the delegations of the importing members and the other from among those of the exporting members. Each of these offices shall, as a general rule, alternate each year between the two categories of members; provided, however, that this shall not prevent the re-election under

exceptional circumstances of the chairman or vice-chairman or both when the Council so decides by special vote. In the case of such re-election of either officer, the rule set out in the first sentence of this paragraph shall continue to apply.

3. In the absence of the chairman, the duties of the post shall be carried out by the vice-chairman. In the temporary absence of both the chairman and the vice-chairman or the permanent absence of one or both, the Council may elect from among the delegations new officers, temporary or permanent as appropriate, taking account of the general rule of alternating representation set out in paragraph 2 of this Article.

4. Neither the chairman nor any other officer presiding at meetings of the Council shall vote. They may, however, appoint another person to exercise the voting rights of the member which they represent.

*Article 10***Sessions of the Council**

1. As a general rule, the Council shall hold one regular session in each half of the year.
2. In addition, the Council shall meet in special session whenever it so decides or at the request of:
 - (a) any five members;
 - (b) two or more members holding collectively 250 votes or more under Article 11; or
 - (c) the Executive Committee.
3. Notice of sessions shall be given to members at least 30 calendar days in advance, except in case of emergency, when such notice shall be given at least 10 calendar days in advance.
4. Sessions shall be held at the headquarters of the Organization unless the Council decides otherwise by special vote. If any member invites the Council to meet elsewhere than at the headquarters of the Organization, and the Council agrees to do so, that member shall pay the additional costs involved.

*Article 11***Votes**

1. For the purposes of voting under this Agreement, members shall hold a total of 2 000 votes, the exporting

members holding together 1 000 votes and the importing members holding together 1 000 votes.

2. Members' shares of the total votes in their categories in paragraph 1 of this article shall be calculated as follows:

(a) *Exporting members:*

In the same proportion as the number of their votes in Annex A bears to the total number of votes of countries in that Annex which are members.

(b) *Importing members:*

(i) for the first year, on the basis of the same criterion as in subparagraph (a) above, in respect of the votes in Annex B;

(ii) for subsequent years, on the basis of the criteria in Article 24 (3) (b).

3. There shall be no fractional votes. No member shall have fewer than five votes or more than 285 votes.

4. Whenever a member has its voting rights suspended under any provision of this Agreement, its votes shall be distributed among the other members in its category according to their shares as established under paragraph 2 of this Article. The same procedure shall apply when the member recovers its voting rights, the member concerned being included in the distribution.

Article 12

Voting procedure of the Council

1. Each member shall be entitled to cast the number of votes it holds under Article 11. It shall not be entitled to divide such votes.

2. By informing the chairman in writing, any exporting member may authorize any other exporting member, and any importing member may authorize any other importing member, to represent its interests and to cast its votes at any meeting or meetings of the Council. A copy of such authorizations shall be examined by any credentials committee that may be set up under the rules of procedure of the Council.

3. A member authorized by another member to cast the votes held by the authorizing member under Article 11 shall cast such votes as authorized and in accordance with paragraph 2 of this Article.

Article 13

Decisions of the Council

1. All decisions of the Council shall be taken and all recommendations shall be made by distributed simple majority vote, unless this Agreement provides for a special vote.

2. In arriving at the number of votes necessary for any decision of the Council, votes of members abstaining shall not be reckoned and those members shall not be considered as 'voting' for the purposes of Article 2, definition 6 or definition 7, as the case may be. Where a member avails itself of the provisions of Article 12, and its votes are cast at a meeting of the Council, such member shall, for the purposes of paragraph 1 of this Article, be considered as present and voting.

3. All decisions of the Council under this Agreement shall be binding upon members.

Article 14

Cooperation with other organizations

1. The Council shall make whatever arrangements are appropriate for consultation or cooperation with the United Nations and its organs, in particular UNCTAD, and with the food and Agriculture Organization and such other specialized agencies of the United Nations and intergovernmental organizations as may be appropriate.

2. The Council, bearing in mind the particular role of UNCTAD in international commodity trade, shall as appropriate keep UNCTAD informed of its activities and programmes of work.

3. The Council may also make whatever arrangements are appropriate for maintaining effective contact with international organizations of sugar producers, traders and manufacturers.

Article 15

Admission of observers

1. The Council may invite any non-member State to attend any of its meetings as an observer.

2. The Council may also invite any of the organizations referred to in Article 14 (1), to attend any of its meetings as an observer.

Article 16

Quorum for the Council

The quorum for any meeting of the Council shall be the presence of more than half of all exporting members and more than half of all importing members, the members thus present holding at least two-thirds of the total votes of all members in their respective categories under Article 11. If there is no quorum on the day appointed for the opening of any Council session, or if in the course of any Council session there is no quorum at three successive meetings, the Council

shall be convened seven days later; at that time, and throughout the remainder of that session, the quorum shall be the presence of more than half of all exporting members and more than half of all importing members, the members

thus present representing more than half of the total votes of all members in their respective categories under Article 11. Representation in accordance with Article 12 (2), shall be considered as presence.

CHAPTER V

EXECUTIVE COMMITTEE

Article 17

Composition of the Executive Committee

1. The Executive Committee shall consist of 10 exporting members and 10 importing members, who shall be elected for each year in accordance with Article 18 and may be re-elected.
2. Each member of the Executive Committee shall appoint one representative and may appoint in addition one or more alternates and advisers.
3. The Executive Committee shall elect its chairman for each year. He shall not have the right to vote and may be re-elected.
4. The Executive Committee shall meet at the headquarters of the Organization, unless it decides otherwise. If any member invites the Executive Committee to meet elsewhere than at the headquarters of the Organization, and the Executive Committee agrees to do so, that member shall pay the additional costs involved.

Article 18

Election of the Executive Committee

1. The exporting and importing members of the Executive Committee shall be elected in the Council by the exporting and importing members of the Organization respectively. The election within each category shall be held in accordance with paragraphs 2 to 7 inclusive of this Article.
2. Each Member shall cast all the votes to which it is entitled under Article 11 for a single candidate. A member may cast for another candidate any votes which it exercises pursuant to Article 12 (2).
3. The 10 candidates receiving the largest number of votes shall be elected; however, to be elected on the first ballot, a candidate must secure at least 60 votes.
4. If fewer than 10 candidates are elected on the first ballot, further ballots shall be held in which only members which did not vote for any of the candidates elected shall have the right to vote. In each further ballot, the minimum number

of votes required for election shall be successively diminished by five until the 10 candidates are elected.

5. Any member which did not vote for any of the members elected may subsequently assign its votes to one of them, subject to paragraphs 6 and 7 of this Article.

6. A member shall be deemed to have received the number of votes originally cast for it when it was elected and, in addition, the number of votes assigned to it, provided that the total number of votes shall not exceed 300 for any member elected.

7. If the votes deemed received by an elected member would otherwise exceed 300, members which voted for or assigned their votes to such elected member shall arrange among themselves for one or more of them to withdraw their votes from that member and assign or reassign them to another elected member so that the votes received by each elected member shall not exceed the limit of 300.

8. If a member of the Executive Committee is suspended from the exercise of its voting rights under any of the relevant provisions of this Agreement, each member which has voted for it or assigned its votes to it in accordance with this Article may, during such time as that suspension is in force, assign its votes to any other member of the committee in its category, subject to paragraph 6 of this Article.

9. If a member of the committee ceases to be a member of the Organization, the members which vote for or assigned votes to it and members which have not voted for or assigned votes to another member of the committee shall, during the next session of the Council, elect a member to fill the vacancy on the committee. Any member which voted for or assigned its votes to the member which has ceased to be a member of the Organization, and which does not vote for the member elected to fill the vacancy on the committee, may assign its votes to another member of the committee, subject to paragraph 6 of this Article.

10. In special circumstances, and after consultation with the member of the Executive Committee for which it voted or to which it assigned its votes in accordance with the provisions of this Article, a member may withdraw its votes from that member for the remainder of the year. That member may then assign these votes to another member of the Executive Committee in its category but may not withdraw these votes from that other member for the remainder of that year. The member of the Executive

Committee from which the votes have been withdrawn shall retain its seat on the Executive Committee for the remainder of that year. Any action taken pursuant to the provisions of this paragraph shall become effective after the Chairman of the Executive Committee has been informed in writing thereof.

Article 19

Delegation of powers by the Council to the Executive Committee

1. The Council may, by special vote, delegate to the Executive Committee the exercise of any or all of its powers, other than the following:

- (a) location of the headquarters of the Organization under Article 3 (2);
- (b) appointment of the Executive Director and any senior official under Article 22;
- (c) adoption of the administrative budget and assessment of contributions under Article 24;
- (d) any request to the Secretary-General of UNCTAD to convene a negotiating conference under Article 32 (2);
- (e) decision on disputes under Article 33;
- (f) suspension of voting and other rights of a member under Article 34 (3);
- (g) exclusion of a member from the Organization under Article 42;
- (h) recommendation of an amendment under Article 44;

(i) extension or termination of this Agreement under Article 45.

2. The Council may at any time revoke the delegation of any power to the Executive Committee.

Article 20

Voting procedure and decisions of the Executive Committee

1. Each member of the Executive Committee shall be entitled to cast the number of votes received by it under Article 18, and cannot divide these votes.

2. Any decision taken by the Executive Committee shall require the same majority as that decision would require if taken by the Council.

3. Any member shall have the right of appeal to the Council, under such conditions as the Council may prescribe in its rules of procedure, against any decision of the Executive Committee.

Article 21

Quorum for the Executive Committee

The quorum for any meeting of the Executive Committee shall be the presence of more than half of all exporting members of the Committee and more than half of all importing members of the Committee, the members thus present representing at least two-thirds of the total votes of all members of the Committee in their respective categories.

CHAPTER VI

EXECUTIVE DIRECTOR AND STAFF

Article 22

Executive Director and staff

1. The Council, after having consulted the Executive Committee, shall appoint the Executive Director by special vote. The terms of appointment of the Executive Director shall be fixed by the Council.

2. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible for the performance of the duties devolving upon him in the administration of this Agreement.

3. The Council, after consulting the Executive Director, shall by special vote appoint any senior official on such terms as it shall determine.

4. The Executive Director shall appoint other members of the staff in accordance with regulations and decisions of the Council.

5. The Council, in accordance with Article 8, shall adopt rules and regulations embodying the fundamental conditions of service and the basic rights, duties and obligations of all members of the secretariat.

6. Neither the Executive Director nor any member of the staff shall have any financial interest in the sugar industry or sugar trade.

7. Neither the Executive Director nor any member of the staff shall seek or receive instructions regarding their duties under this Agreement from any member or from any authority external to the Organization. They shall refrain from any action which might reflect on their position as international officials responsible only to the Organization. Each member shall respect the exclusively international character of the responsibilities of the Executive Director and staff and shall not seek to influence them in the discharge of their responsibilities.

CHAPTER VII

FINANCE

*Article 23***Expenses**

1. The expenses of delegations to the Council, the Executive Committee or any of the committees of the Council or of the Executive Committee shall be met by the members concerned.
2. The expenses necessary for the administration of this Agreement shall be met by annual contributions from members, assessed in accordance with Article 24. If, however, a member requests special services, the Council may require that member to pay for them.
3. Appropriate accounts shall be kept for the administration of this Agreement.

*Article 24***Adoption of the administrative budget and contribution of members**

1. For the purposes of this article, members shall hold 2 000 votes, distributed as provided in Article 11 (1).
2. However, as an exceptional measure for the first three years of this Agreement, exporting members shall hold 1 150 votes and importing members 850 votes, based on the distribution specified in Annexes C and D, respectively. This special distribution of votes between the two categories of members shall also apply for any period of extension under Article 44 (2), unless the Council decides otherwise by special vote.
3. At the time of entry into force of this Agreement, whenever there is a change of membership and at the time of adoption of the administrative budget, the secretariat shall calculate the votes of individual members as follows:

(a) Exporting members:

- (i) each exporting member shall hold the number of votes specified in Annex C, which shall be adjusted as provided in subparagraph (c) below;
- (ii) no exporting member shall hold more than 260 votes or fewer than six votes;
- (iii) the votes of exporting members with six votes in Annex C shall not be subject to any adjustment under this Article;
- (iv) votes involved in any change of membership in the category of exporting members shall also be apportioned as provided in subparagraph (c) below;

(b) Importing members:

- (i) for the first year of this Agreement, each importing member shall hold the number of votes specified in Annex D, which shall be adjusted as provided in subparagraph (c) below;
- (ii) in subsequent years, the total votes held by importing members shall be distributed among them on the basis of the average of their net imports of sugar for the preceding four years for which figures are available, disregarding the year of their lowest net imports and weighted as follows:
 - free market: 67 %;
 - world market: 33 %;
- (iii) the number of votes held by any importing member may not be increased by more than 5 % from one year to the next as a result of distributions under subparagraph (ii) above;
- (iv) no importing member shall hold more than 240 votes or fewer than six votes;

- (c) Votes in Annexes C and D which are not taken up at the time of the entry into force of this Agreement shall be apportioned among individual members in the relevant category or categories in the proportion that the number of their votes in the relevant Annex bears to the total number of votes of countries in that Annex which are Members;

- (d) There shall be no fractional votes.

4. The provisions of Article 25 (2), and Article 34 (3) (a), relating to the suspension of voting rights for non-fulfilment of obligations, shall not apply to this Article.

5. During the second half of each year, the Council shall adopt the administrative budget of the Organization for the following year and shall determine the per vote contribution of members required to meet that budget.

6. The contribution of each member to the administrative budget shall be calculated by multiplying the per vote contribution by the number of votes held by it under this Article, as follows:

- (a) for those which are members at the time of the final adoption of the administrative budget, the number of votes which they then hold; and
- (b) for those which become members after the adoption of the administrative budget, the number of votes which they receive at the time of taking up membership, adjusted in proportion to the remainder of the period covered by the budget or budgets; assessments made upon other members shall not be altered.

7. If this Agreement enters into force more than eight months before the beginning of its first full year, the Council shall at its first session adopt an administrative budget covering the period up to the commencement of the first full year. Otherwise, the first administrative budget shall cover both the initial period and the first full year.

8. The Council may, by special vote, take such measures as it might deem appropriate in order to mitigate the effects on members' contributions resulting from a possibly limited membership at the time of the adoption of the administrative budget for the first year of this Agreement or from any major decrease of membership thereafter.

Article 25

Payment of contributions

1. Members shall pay their contributions to the administrative budget for each year in accordance with their respective constitutional procedures. Contributions to the administrative budget for each year shall be payable in freely convertible currencies and shall become due on the first day of that year; members' contributions in respect of the year in which they join the Organization shall be due on the date on which they become members.

2. If, at the end of four months following the date on which its contribution is due in accordance with paragraph 1 of this Article, a member has not paid its full contribution to the administrative budget, the Executive Director shall request the member to make payment as quickly as possible. If, at the expiration of two months after the request of the Executive Director, the member has still not paid its contribution, its voting rights in the Council and in the Executive Committee shall be suspended until such time as it has made full payment of the contribution.

3. A member whose voting rights have been suspended under paragraph 2 of this Article shall not be deprived of any of its other rights or relieved of any of its obligations under this Agreement, unless the Council so decides by special vote. It shall remain liable to pay its contribution and to meet any other of its financial obligations under this Agreement.

Article 26

Audit and publication of accounts

As soon as possible after the close of each year, the financial statements of the Organization for that year, certified by an independent auditor, shall be presented to the Council for approval and publication.

CHAPTER VIII

GENERAL UNDERTAKINGS OF MEMBERS

Article 27

Undertakings by members

Members undertake to adopt such measures as are necessary to enable them to fulfil their obligations under this Agreement and to cooperate fully with one another in securing the attainment of the objectives of this Agreement.

maintained in their respective sugar industries and, as far as possible, shall endeavour to improve the standard of living of agricultural and industrial workers in the various branches of sugar production and of growers of sugar cane and sugar beet.

Article 28

Labour standards

Members shall ensure that fair labour standards are

Article 29

Financial liability of members

Each member's financial liability to the Organization and to other members is limited to the extent of its obligations concerning contributions to the administrative budgets adopted by the Council under this Agreement.

CHAPTER IX

INFORMATION AND STUDIES

Article 30

Information and studies

1. The Organization shall act as a centre for the collection

and publication of statistical information and studies on world production, prices, exports and imports, consumption and stocks of sugar (including both raw and refined sugar as appropriate) and other sweeteners, as well as taxes on sugar and other sweeteners.

2. Members undertake to supply within the time which may be prescribed in the rules of procedure all available statistics and information as may be identified in those rules as necessary to enable the Organization to discharge its functions under this Agreement. Should this become necessary, the Organization shall use such relevant information as may be available to it from other sources. No information shall be published by the Organization which might serve to identify the operations of persons or companies producing, processing or marketing sugar.

Article 31

Market evaluation, consumption and statistics

1. The Council shall establish a Committee on Sugar Market Evaluation, Consumption and Statistics, composed of both exporting and importing members, under the chairmanship of the Executive Director.

2. The Committee shall keep under continuous review matters relating to the world economy of sugar and other sweeteners and shall apprise members of the outcome of its deliberations, for which purpose it shall hold meetings, normally every 90 days. In its review, the Committee shall take account of all relevant information gathered by the Organization pursuant to Article 30.

3. The Committee shall study, *inter alia*, the following:

- (a) market behaviour and factors which affect it, with special reference to participation of developing countries in world trade;
 - (b) the effects of the use of any form of substitutes for sugar, including both natural and artificial sweeteners, on world trade in, and consumption of, sugar;
 - (c) the relative tax treatment of sugar and other sweeteners or raw materials for the production of the latter;
 - (d) the effects on the consumption of sugar in different countries of
 - (i) taxation and restrictive measures,
 - (ii) economic conditions and, in particular, balance of payments difficulties, and
 - (iii) climatic and other conditions;
 - (e) means of promoting consumption, particularly in countries where *per capita* consumption is low;
 - (f) ways and means of cooperating with agencies concerned with the expansion of consumption of sugar and related foodstuffs;
 - (g) research into new uses of sugar, its by-products and the plants from which it is derived;
- and shall submit reports to the Council.

CHAPTER X

PREPARATIONS FOR A NEW AGREEMENT

Article 32

Preparations for a new agreement

1. The Council may study the bases and framework of a new international sugar agreement with economic provisions and report to the members and make such recommendations as it deems appropriate.

2. The Council may, as soon as it considers appropriate, request the Secretary-General of UNCTAD to convene a negotiating conference.

CHAPTER XI

DISPUTES AND COMPLAINTS

Article 33

Disputes

1. Any dispute concerning the interpretation or application of this Agreement which is not settled among the members involved shall, at the request of any member 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 members holding not less than one-third of the total votes under Article 11 may require the Council, after discussion, to seek the opinion of an advisory panel constituted under paragraph 3 of this Article on the issue in dispute before giving its decision.

3. (a) Unless the Council decides otherwise by special vote, the panel shall consist of five persons as follows:

- (i) 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 members;
- (ii) two such persons nominated by the importing members; and
- (iii) a chairman selected unanimously by the four persons nominated under (i) and (ii) above or, if they fail to agree, by the chairman of the Council.

(b) Nationals of members and of non-members shall be eligible to serve on the advisory panel.

(c) Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any government.

(d) The expenses of the advisory panel shall be paid by the Organization.

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 by special vote.

Article 34

Action by the Council on complaints and on non-fulfilment of obligations by members

1. Any complaint that a member has failed to fulfil its obligations under this Agreement shall, at the request of the member making the complaint, be referred to the Council, which, subject to prior consultation with the members concerned, shall take a decision on the matter.

2. Any decision by the Council that a member is in breach of its obligations under this Agreement shall specify the nature of the breach.

3. Whenever the Council, whether as the result of a complaint or otherwise, finds that a member has committed a breach of this Agreement, it may, without prejudice to such other measures as are specifically provided for in other Articles of this Agreement, by special vote:

(a) suspend that member's voting rights in the Council and in the Executive Committee;
and, if it deems it necessary,

(b) suspend further rights of such member, including that of being eligible for, or of holding office in the Council or in any of its committees, until it has fulfilled its obligations; or, if such breach significantly impairs the operation of this Agreement,

(c) take action under Article 42.

CHAPTER XII

FINAL PROVISIONS

Article 35

Depositary

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

Article 36

Signature

This Agreement shall be open for signature at United Nations Headquarters from 1 November until 31 December 1987 by any government invited to the United Nations Sugar Conference, 1987.

Article 37

Ratification, acceptance and approval

1. This Agreement shall be subject to ratification,

acceptance or approval by the signatory governments in accordance with their respective constitutional procedures.

2. Instruments of ratification, acceptance or approval shall be deposited with the depositary not later than 31 December 1987. The Council may, however, grant extensions of time to signatory governments which are unable to deposit their instruments by that date.

Article 38

Notification of provisional application

1. A signatory government which intends to ratify, accept or approve this Agreement, or a government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may, at any time, notify the depositary that it will apply this Agreement provisionally either when it enters into force in accordance with Article 39 or, if it is already in force, at a specified date.

2. A government which has notified under paragraph 1 of this Article that it will apply this Agreement either when it enters into force or, if it is already in force, at a specified date shall, from that time, be a provisional member until it deposits its instrument of ratification, acceptance, approval or accession and thus becomes a member.

Article 39

Entry into force

1. This Agreement shall enter into force definitively on 1 January 1988, or on any date thereafter, if by that date instruments of ratification, acceptance, approval or accession have been deposited on behalf of governments holding 50 % of the votes of the exporting countries and 50 % of the votes of the importing countries in accordance with the distribution established in Annexes A and B to this Agreement, respectively.

2. If, on 1 January 1988, this Agreement has not entered into force in accordance with paragraph 1 of this Article, it shall enter into force provisionally if by that date instruments of ratification, acceptance or approval or notifications of provisional application have been deposited on behalf of governments satisfying the percentage requirements of paragraph 1 of this Article.

3. If, on 1 January 1988, the required percentages for entry into force of this Agreement in accordance with paragraph 1 or paragraph 2 of this Article are not met, the Secretary-General of the United Nations shall invite the governments on whose behalf instruments of ratification, acceptance or approval or notifications of provisional application have been deposited to decide whether this Agreement shall enter into force definitively or provisionally among themselves, in whole or in part, on such date as they may determine. If this Agreement has entered into force provisionally in accordance with this paragraph, it shall subsequently enter into force definitively upon fulfilment of the conditions set out in paragraph 1 of this Article without the necessity of a further decision.

4. For a government on whose behalf an instrument of ratification, acceptance, approval or accession or a notification of provisional application is deposited after the entry into force of this Agreement in accordance with paragraphs 1, 2 or 3 of this Article, the instrument or notification shall take effect on the date of deposit and, with regard to notification of provisional application, in accordance with the provisions of Article 38 (1).

Article 40

Accession

This Agreement shall be open to accession by the governments of all States upon conditions established by the Council. Upon accession, the State concerned shall be deemed to be listed in the relevant Annexes to this Agreement, together with its votes as laid down in the conditions of accession. Accession shall be effected by the deposit of an instrument of accession with the

depository. Instruments of accession shall state that the government accepts all the conditions established by the Council.

Article 41

Withdrawal

1. Any Member may withdraw from this Agreement at any time after the entry into force of this Agreement by giving written notice of withdrawal to the depository. The member shall simultaneously inform the Council of the action it has taken.

2. Withdrawal under this Article shall be effective 30 days after the receipt of the notice by the depository.

Article 42

Exclusion

If the Council finds that any member is in breach of its obligations under this Agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote, exclude such member from the organization. The Council shall immediately notify the depository of any such decision. 90 days after the date of the Council's decision that member shall cease to be a member of the Organization.

Article 43

Settlement of accounts

1. The Council shall determine any settlement of accounts which it finds equitable with a member which has withdrawn from this Agreement or which has been excluded from the Organization, or has otherwise ceased to be a Party to this Agreement. The Organization shall retain any amounts already paid by such member. Such member shall be bound to pay any amounts due from it to the Organization.

2. Upon termination of this Agreement, any member referred to in paragraph 1 of this Article shall not be entitled to any share of the proceeds of the liquidation or the other assets of the Organization; nor shall it be burdened with any part of the deficit, if any, of the Organization.

Article 44

Amendment

1. The Council may, by special vote, recommend to the members an amendment of this Agreement. The Council may fix a time after which each member shall notify the depository of its acceptance of the amendment. The amendment shall become effective 100 days after the depository has received notifications of acceptance from members holding at least 850 of the total votes of exporting members under Article 11 and representing at least three-quarters of all exporting members and from members

holding at least 800 of the total votes of importing members under Article 11 and representing at least three-quarters of all importing members, or on such later date as the Council may have determined by special vote. The Council may fix a time within which each member shall notify the depositary of its acceptance of the amendment and, if the amendment has not become effective by such time, it shall be considered withdrawn. The Council shall provide the depositary with the information necessary to determine whether the notifications of acceptance received are sufficient to make the amendment effective.

2. Any member on behalf of which notification of acceptance of an amendment has not been made by the date on which such amendment becomes effective shall, as of that date, cease to be a Party to this Agreement, unless such member has satisfied the Council that acceptance could not be secured in time owing to difficulties in completing its constitutional procedures and the Council decides to extend for such member the period fixed for acceptance. Such member shall not be bound by the amendment before it has notified its acceptance thereof.

Article 45

Duration, extension and termination

1. This Agreement shall remain in force until 31 December 1990, unless extended under paragraph 2 of this Article or terminated earlier under paragraph 3 of this Article.

2. The Council may, by special vote extend this Agreement further on a year-to-year basis, for a maximum period of two years. Any member which does not accept any such extension of this Agreement shall so inform the Council

before the beginning of the period of extension and shall cease to be a Party to this Agreement from the beginning of that period.

3. The Council may at any time decide, by special vote, to terminate this Agreement with effect from such date and subject to such conditions as it may determine.

4. Upon termination of this Agreement, the Organization shall continue in being for such time as may be required to carry out its liquidation and shall have such powers and exercise such functions as may be necessary for that purpose.

5. The Council shall notify the depositary of any action taken under paragraph 2 or paragraph 3 of this Article.

Article 46

Transitional measures

1. Where in accordance with the International Sugar Agreement, 1984, the consequences of anything done, to be done or omitted to be done would, for the purposes of the operation of that Agreement, have taken effect in a subsequent year, those consequences shall have the same effect under this Agreement as if the provisions of the 1984 Agreement had continued in effect for those purposes.

2. The administrative budget of the Organization for 1988 shall be provisionally approved by the Council under the International Sugar Agreement, 1984, at its last regular session in 1987, subject to final approval by the Council under this Agreement at its first session in 1988.

In witness whereof the undersigned, being duly authorized thereto, have affixed their signatures under this Agreement on the dates indicated.

Done at London, this eleventh day of September, one thousand nine hundred and eighty-seven. The texts of this Agreement in the Arabic, Chinese, English, French, Russian and Spanish languages shall be equally authentic. The authentic Arabic and Chinese texts of this Agreement shall be established by the depositary and submitted for adoption to all signatories and governments which have acceded to this Agreement.

ANNEX A

List of exporting countries and allocation of votes for the purposes of Articles 11 and 39

Argentina	23	India	57
Australia	84	Jamaica	5
Austria	6	Madagascar	5
Barbados	5	Malawi	5
Belize	5	Mauritius	10
Bolivia	5	Mexico	17
Brazil	123	Nicaragua	5
Cameroon	5	Pakistan	7
Colombia	16	Panama	5
Congo	5	Papua New Guinea	5
Costa Rica	5	Paraguay	5
Ivory Coast	5	Peru	5
Cuba	126	Philippines	42
Dominican Republic	35	St Christopher and Nevis	5
Ecuador	5	South Africa	32
El Salvador	5	Swaziland	10
European Economic Community	209	Thailand	50
Fiji	10	Trinidad and Tobago	5
Guatemala	10	Uganda	5
Guyana	5	Uruguay	5
Haiti	5	Zimbabwe	7
Honduras	5		
Hungary	6		
		Total	1 000

ANNEX B

List of importing countries and allocation of votes for the purposes of Articles 11 and 39

Canada	99
Egypt	64
Finland	8
German Democratic Republic	7
Iraq	52
Japan	179
New Zealand	16
Norway	18
Republic of Korea	54
Sweden	7
Union of Soviet Socialist Republics	276
United States of America	220
Total	1 000

ANNEX C

Special distribution of votes of exporting countries under Article 24 (2)

Argentina	26	India	64
Australia	96	Jamaica	6
Austria	7	Madagascar	6
Barbados	6	Malawi	6
Belize	6	Mauritius	12
Bolivia	6	Mexico	20
Brazil	140	Nicaragua	6
Cameroon	6	Pakistan	8
Colombia	18	Panama	6
Congo	6	Papua New Guinea	6
Costa Rica	6	Paraguay	6
Ivory Coast	6	Peru	6
Cuba	144	Philippines	48
Dominican Republic	40	St Christopher and Nevis	6
Ecuador	6	South Africa	37
El Salvador	6	Swaziland	11
European Economic Community	238	Thailand	58
Fiji	12	Trinidad and Tobago	6
Guatemala	12	Uganda	6
Guyana	6	Uruguay	6
Haiti	6	Zimbabwe	8
Honduras	6		
Hungary	7		
		Total	1 150

ANNEX D

Special distribution of votes of importing countries under Article 24 (2)

Canada	84
Egypt	54
Finland	7
German Democratic Republic	6
Iraq	44
Japan	152
New Zealand	14
Norway	15
Republic of Korea	46
Sweden	6
Union of Soviet Socialist Republics	235
United States of America	187
Total	850

COUNCIL DECISION
of 18 December 1987
concerning the signing of the International Natural Rubber Agreement, 1987
(88/107/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS DECIDED AS FOLLOWS:

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 116 thereof,

Having regard to the proposal from the Commission,

Whereas the aim of the International Natural Rubber Agreement, 1987, is, *inter alia*, to contribute to the stabilization of the price of natural rubber without distorting long-term market trends and to achieve a balanced growth between the supply of, and demand for, that product;

Whereas the application of the said Agreement, which falls within the bounds of the integrated programme for commodities, involves both Community action and joint action by the Member States,

Article 1

The Community and its Member States shall sign the International Natural Rubber Agreement, 1987, deposited with the Secretary-General of the United Nations.

The text of the Agreement is attached to this Decision.

Article 2

The President of the Council is hereby authorized to designate the persons empowered to sign the Agreement on behalf of the Community.

Done at Brussels, 18 December 1987.

For the Council
The President
N. WILHJELM

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INTERNATIONAL NATURAL RUBBER AGREEMENT, 1987

PREAMBLE

THE CONTRACTING PARTIES,

RECALLING the declaration and the programme of action on the establishment of a new international economic order ⁽¹⁾,

RECOGNIZING in particular the importance of the United Nations Conference on Trade and Development resolution 93 (IV), adopted at its fourth session, resolution 124 (V), adopted at its fifth session, and resolution 155 (VI), adopted at its sixth session, on the integrated programme for commodities,

RECOGNIZING the importance of natural rubber to the economies of members, particularly to the exports of exporting members and to supply requirements of importing members,

RECOGNIZING FURTHER that the stabilization of natural rubber prices is in the interests of producers, consumers and natural rubber markets, and that an international natural rubber agreement can significantly assist the growth and development of the natural rubber industry to the benefit of both producers and consumers,

HAVE AGREED AS FOLLOWS:

CHAPTER I

OBJECTIVES

Article 1

Objectives

The objectives of the International Natural Rubber Agreement, 1987 (hereinafter referred to as 'this Agreement'), with a view to achieving the relevant objectives as adopted by the United Nations Conference on Trade and Development in its resolutions 93 (IV), 124 (V) and 155 (VI) on the integrated programme for commodities, are *inter alia* as follows:

- (a) to achieve a balanced growth between the supply of and demand for natural rubber, thereby helping to alleviate the serious difficulties arising from surpluses or shortages of natural rubber;
- (b) to achieve stable conditions in natural rubber trade through avoiding excessive natural rubber price fluctuations, which adversely affect the long-term interests of both producers and consumers, and stabilizing these prices without distorting long-term market trends, in the interests of producers and consumers;
- (c) to help stabilize the export earnings from natural rubber of exporting members, and to increase their earnings based on expanding natural rubber export volumes at fair and remunerative prices, thereby helping to provide the

necessary incentives for a dynamic and rising rate of production and the resources for accelerated economic growth and social development;

- (d) to seek to ensure adequate supplies of natural rubber to meet the requirements of importing members at fair and reasonable prices and to improve the reliability and continuity of these supplies;
- (e) to take feasible steps in the event of a surplus or shortage of natural rubber to mitigate the economic difficulties that members might encounter;
- (f) to seek to expand international trade in and to improve market access for natural rubber and processed products thereof;
- (g) to improve the competitiveness of natural rubber by encouraging research and development on the problems of natural rubber;
- (h) to encourage the efficient development of the natural rubber economy by seeking to facilitate and promote improvements in the processing, marketing and distribution of raw natural rubber; and
- (i) to further international cooperation in and consultations on natural rubber matters affecting supply and demand, and to facilitate promotion and coordination of natural rubber research, assistance and other programmes.

⁽¹⁾ General Assembly resolutions 3201 (S—VI) and 3202 (S—VI) of 1 May 1974.

CHAPTER II

DEFINITIONS

Article 2

Definitions

For the purposes of this Agreement:

1. '*natural rubber*' means the unvulcanized elastomer, whether in solid or liquid forms, from *Hevea brasiliensis* and any other plant which the Council may decide for the purposes of this Agreement;
2. '*Contracting Party*' means a government, or an intergovernmental organization referred to in Article 5, which has consented to be bound by this Agreement provisionally or definitively;
3. '*member*' means a contracting party as defined in definition (2) above;
4. '*exporting member*' means a member which exports natural rubber and has declared itself to be an exporting member, subject to the agreement of the Council;
5. '*importing member*' means a member which imports natural rubber and has declared itself to be an importing member, subject to the agreement of the Council;
6. '*Organization*' means the International Natural Rubber Organization referred to in Article 3;
7. '*Council*' means the International Natural Rubber Council referred to in Article 6;
8. '*special vote*' means a vote requiring at least two-thirds of the votes cast by exporting members present and voting and at least two-thirds of the votes cast by importing members present and voting, counted separately, on condition that these votes are cast by at least half the members in each category present and voting;
9. '*exports of natural rubber*' means any natural rubber which leaves the customs territory of any member, and
10. '*distributed simple majority vote*' means a vote requiring more than half of the total votes of exporting members present and voting and more than half of the total votes of importing members present and voting, counted separately;
11. '*freely usable currencies*' means the Deutsche mark, the French franc, the Japanese yen, the pound sterling, and the United States dollar;
12. '*financial year*' means the period from 1 January to 31 December inclusive;
13. '*entry into force*' means the date on which this Agreement enters into force provisionally or definitively in accordance with Article 60;
14. '*tonne*' means a metric ton, i.e. 1 000 kilograms;
15. '*Malaysian/Singapore cent*' means the average of the Malaysian sen and the Singapore cent at the prevailing rates of exchange;
16. '*time-weighted net contribution of a member*' means its net cash contributions weighted by the number of days during which the constituent parts of the net cash contribution have stayed at the disposition of the buffer stock. In calculating the number of days, the day when the contribution was received by the Organization will not be taken into account, nor the day when the reimbursement was effected, nor the day when this Agreement terminates.

CHAPTER III

ORGANIZATION AND ADMINISTRATION

Article 3

Establishment, headquarters and structure of the
International Natural Rubber Organization

1. The International Natural Rubber Organization, established by the International Natural Rubber Agreement, 1979, shall continue in being for the purpose of

administering the provisions and supervising the operation of this Agreement.

2. The Organization shall function through the International Natural Rubber Council, its Executive Director and its staff, and such other bodies as are provided for in this Agreement.

3. Subject to the requirement in paragraph 4 of this Article, the headquarters of the Organization shall be in Kuala Lumpur, unless the Council, by special vote, decides otherwise.

4. The headquarters of the Organization shall at all times be located in the territory of a member.

Article 4

Membership in the Organization

1. There shall be two categories of membership, namely,

- (a) Exporting; and
- (b) Importing.

2. The Council shall establish criteria regarding a change by a member in its category of membership as defined in paragraph 1 of this Article, fully taking into account the provisions of Articles 24 and 27. A member which meets such criteria may change its category of membership subject to the agreement of the Council by special vote.

3. Each contracting party shall constitute a single member of the Organization.

Article 5

Membership by intergovernmental organizations

1. Any reference in this Agreement to a 'government' or 'governments' shall be construed as including a reference to the European Economic Community and to any intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

2. In the case of votes on matters within their competence, such intergovernmental organizations shall exercise their voting rights with a number of votes equal to the total number of votes attributed, in accordance with Article 14, to their member States. In such cases, the member States of such intergovernmental organizations shall not exercise their individual voting rights.

CHAPTER IV

THE INTERNATIONAL NATURAL RUBBER COUNCIL

Article 6

Composition of the International Natural Rubber Council

1. The highest authority of the Organization shall be the International Natural Rubber Council, which shall consist of all the members of the Organization.

2. Each member shall be represented in the Council by one delegate, and may designate alternates and advisers to attend sessions of the Council.

3. An alternate delegate shall be empowered to act and vote on behalf of the delegate during the latter's absence or in special circumstances.

Article 7

Powers and functions of the Council

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement, but it shall not have the power, and shall not be taken to have been authorized by the members, to incur any obligation outside the scope of this Agreement. In particular, it shall not have

the capacity to borrow money, without, however, limiting the application of Article 41, nor shall it enter into any trading contract for natural rubber, except as provided for specifically in paragraph 5 of Article 30. In exercising its capacity to contract, the Council shall ensure that the terms of paragraph 4 of Article 48 are brought by written notice to the attention of the other parties entering into such contracts, but any failure to do so shall not in itself invalidate such contracts, nor shall it be deemed to be a waiver of such limitation of liability of the members.

2. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement and are consistent therewith. These shall include its own rules of procedure and those of the committees referred to in Article 18, rules for the administration and operation of the buffer stock, and the financial and staff regulations of the Organization.

3. For the purposes of paragraph 2 of this Article, the Council shall, at its first session after the entry into force of this Agreement, review the rules and regulations established under the International Natural Rubber Agreement, 1979, and adopt them with such modifications as it deems appropriate. Pending such adoption, the rules and regulations established under the International Natural Rubber Agreement, 1979, shall apply.

4. The Council shall keep such records as are required for the performance of its functions under this Agreement.

5. The Council shall publish an annual report on the activities of the Organization and such other information as it considers appropriate.

Article 8

Delegation of powers

1. The Council may, by special vote, delegate to any committee established under Article 18 the exercise of any or all of its powers which, in accordance with the provisions of this Agreement, do not require a special vote of the Council. Notwithstanding this delegation, the Council may at any time discuss and decide any issue that may have been delegated to any of its committees.

2. The Council may, by special vote, revoke any power delegated to a committee.

Article 9

Cooperation with other organizations

1. The Council may make whatever arrangements are appropriate for consultation or cooperation with the United Nations, its organs and specialized agencies, and other intergovernmental organizations as appropriate.

2. The Council may also make arrangements for maintaining contact with appropriate international non-governmental organizations.

Article 10

Admission of observers

The Council may invite any non-member government, or any of the organizations referred to in Article 9, to attend as an observer any of the meetings of the Council or of any committee established under Article 18.

Article 11

Chairman and vice-chairman

1. The Council shall elect for each year a chairman and a vice-chairman.

2. The chairman and the vice-chairman shall be elected, one from among the representatives of exporting members and the other from among the representatives of importing members. These offices shall alternate each year between the two categories of members, provided, however, that this

shall not prohibit the re-election of either or both, under exceptional circumstances, by special vote of the Council.

3. In the temporary absence of the chairman, he shall be replaced by the vice-chairman. In the temporary absence of both the chairman and the vice-chairman or the permanent absence of one or both of them, the Council may elect new officers from among the representatives of the exporting members and/or from among the representatives of the importing members, as appropriate, on a temporary or permanent basis as may be required.

4. Neither the chairman nor any other officer presiding at a meeting of the Council shall vote at that meeting. The voting rights of the member he represents may, however, be exercised in accordance with the provisions of paragraph 3 of Article 6, or paragraphs 2 and 3 of Article 15.

Article 12

Executive Director, Buffer Stock Manager and other staff

1. The Council shall, by special vote, appoint an Executive Director and a Buffer Stock Manager.

2. The terms and conditions of appointment of the Executive Director and the Buffer Stock Manager shall be determined by the Council.

3. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this Agreement in accordance with the provisions of this Agreement and decisions of the Council.

4. The Buffer Stock Manager shall be responsible to the Executive Director and the Council for the functions conferred upon him by this Agreement, as well as for such additional functions as the Council may determine. The Buffer Stock Manager shall be responsible for the day-to-day operation of the buffer stock, and shall keep the Executive Director informed of the general operations of the buffer stock so that the Executive Director may ensure its effectiveness in meeting the objectives of this Agreement.

5. The Executive Director shall appoint the staff in accordance with regulations established by the Council. The staff shall be responsible to the Executive Director.

6. Neither the Executive Director nor any member of the staff, including the Buffer Stock Manager, shall have any financial interest in the rubber industry or trade, or associated commercial activities.

7. In the performance of their duties, the Executive Director, the Buffer Stock Manager and other staff shall not seek or receive instructions from any member or from any other authority external to the Council or to any committee established under Article 18. They shall refrain from any action which might reflect on their positions as international officials responsible only to the Council. Each member shall

respect the exclusively international character of the responsibilities of the Executive Director, the Buffer Stock Manager and other staff and shall not seek to influence them in the discharge of their responsibilities.

Article 13

Sessions

1. As a general rule, the Council shall hold one regular session in each half of the year. For the purpose of the review of the price range, the Council shall hold a session, within two weeks, after each 15-month or 30-month period mentioned in Article 31.

2. In addition to sessions in circumstances specifically provided for in this Agreement, the Council shall also meet in special session whenever it so decides or at the request of:

- (a) the Chairman of the Council;
- (b) the Executive Director;
- (c) a majority of the exporting members;
- (d) a majority of the importing members;
- (e) an exporting member or exporting members holding at least 200 votes;
- or
- (f) an importing member or importing members holding at least 200 votes.

3. Sessions shall be held at the headquarters of the Organization, unless the Council, by special vote decides otherwise. If on the invitation of any member the Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional costs incurred by the Council.

4. Notice of any sessions and the agenda for such sessions shall be communicated to members by the Executive Director, in consultation with the chairman of the Council, at least 30 days in advance, except in cases of emergency when notice shall be communicated at least 10 days in advance.

Article 14

Distribution of votes

1. The exporting members shall together hold 1 000 votes and the importing members shall together hold 1 000 votes.

2. Each exporting member shall receive one initial vote out of the 1 000 votes except that in the case of an exporting member with net exports of less than 10 000 tonnes annually the initial vote shall not apply. The remainder of such votes shall be distributed among the exporting members as nearly as possible in proportion to the volume of their respective net

exports of natural rubber for the period of five calendar years commencing six calendar years prior to the distribution of votes.

3. The votes of importing members shall be distributed among them as nearly as possible in proportion to the average of their respective net imports of natural rubber during the period of three calendar years commencing four calendar years prior to the distribution of votes, except that each importing member shall receive one vote even if its proportional net import share is otherwise not sufficiently large to so justify.

4. For the purposes of paragraphs 2 and 3 of this Article, paragraphs 2 and 3 of Article 27 relating to contributions of importing members, and Article 38, the Council shall, at its first session, establish a table of net exports of exporting members and a table of net imports of importing members which shall be revised annually in accordance with this Article.

5. There shall be no fractional votes.

6. The Council shall, at the first session after the entry into force of this Agreement, distribute the votes for that year, to remain in effect until the first regular session of the following year, except as provided for in paragraph 7 of this Article. Subsequently for each year, the Council shall distribute the votes at the beginning of the first regular session of that year. Such distribution shall remain in effect until the first regular session of the following year, except as provided for in paragraph 7 of this Article.

7. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this Agreement, the Council shall redistribute the votes within the affected category or categories of members in accordance with the provisions of this Article.

8. In the event of the exclusion of a member pursuant to Article 64, or the withdrawal of a member pursuant to Article 63 or 62, resulting in the reduction of the total trade share of those members remaining in either category below 80 %, the Council shall meet and decide on the terms, conditions and future of this Agreement, including in particular the need to maintain effective buffer stock operations without causing undue financial burden to the remaining members.

Article 15

Voting procedure

1. Each member shall be entitled to cast the number of votes it holds in the Council and shall not be entitled to divide its votes.

2. By written notification to the Chairman of the Council, any exporting member may authorize any other exporting member, and any importing member may authorize any other importing member, to represent its interests and to exercise its voting rights at any session or meeting of the Council.

3. A member authorized by another member to cast the latter member's votes shall cast such votes as authorized.

4. When abstaining, a member shall be deemed not to have cast its votes.

Article 16

Quorum

1. The quorum for any meeting of the Council shall be the presence of a majority of exporting members and a majority of importing members, provided that such members hold at least two-thirds of the total votes in their respective categories.

2. If there is no quorum in accordance with paragraph 1 of this Article on the day fixed for the meeting and on the following day, the quorum on the third day and thereafter shall be the presence of a majority of exporting members and a majority of importing members, provided that such members hold a majority of the total votes in their respective categories.

3. Representation in accordance with paragraph 2 of Article 15 shall be considered as presence.

Article 17

Decisions

1. All decisions of the Council shall be taken and all recommendations shall be made by distributed simple majority vote, unless otherwise provided for in this Agreement.

2. Where a member avails itself of the provisions of Article 15 and its votes are cast at a meeting of the Council,

such member shall, for the purposes of paragraph 1 of this Article, be considered as present and voting.

Article 18

Establishment of committees

1. The following committees established by the International Natural Rubber Agreement, 1979, shall continue in being:

- (a) Committee on Administration;
- (b) Committee on Buffer Stock Operations;
- (c) Committee on Statistics; and
- (d) Committee on Other Measures.

Additional committees may also be established by special vote of the Council.

2. Each committee shall be responsible to the Council. The Council shall, by special vote, determine the membership and terms of reference of each committee.

Article 19

Panel of experts

1. The Council may establish a panel of experts from the rubber industry and trade of exporting and importing members.

2. Any such panel would be available to provide advice and assistance to the Council and its committees, particularly on buffer stock operations and on the other measures referred to in Article 43.

3. The membership, functions and administrative arrangements of any such panel would be determined by the Council.

CHAPTER V

PRIVILEGES AND IMMUNITIES

Article 20

Privileges and immunities

1. The Organization shall have legal personality. In particular, but without prejudice to the provisions of paragraph 4 of Article 48, the Organization shall have the capacity to contract, to acquire and dispose of movable and immovable property, and to institute legal proceedings.

2. The Organization shall, as soon as possible, seek to conclude with the government of the country in which the headquarters of the Organization is situated (hereinafter

referred to as the 'host government') an agreement (hereinafter referred to as 'Headquarters Agreement') relating to such status, privileges and immunities of the Organization, of its Executive Director, Buffer Stock Manager as well as other staff and experts, and of members' delegations, as are reasonably necessary for the purpose of discharging their functions.

3. Pending the conclusion of the Headquarters Agreement, the Organization shall request the host government to grant, to the extent consistent with its laws, exemption from taxation on remuneration paid by the Organization to its employees, and on the assets, income and other property of the Organization.

4. The Organization may also conclude, with one or more governments, agreements to be approved by the Council relating to such privileges and immunities as may be necessary for the proper functioning of this Agreement.

5. If the headquarters of the Organization is moved to another country, the government of that country shall, as soon as possible, conclude with the Organization a Headquarters Agreement to be approved by the Council.

6. The Headquarters Agreement shall be independent of this Agreement. It shall, however, terminate:

- (a) by agreement between the host government and the Organization;
- (b) in the event that the headquarters of the Organization is moved from the country of the host government; or
- (c) in the event that the Organization ceases to exist.

CHAPTER VI

ACCOUNTS AND AUDIT

Article 21

Financial accounts

1. For the operation and administration of this Agreement, there shall be established two accounts:

- (a) the buffer stock account; and
- (b) the administrative account.

2. All the following receipts and expenditures in the creation, operation and maintenance of the buffer stock shall be brought into the buffer stock account: contributions from members under Article 27, revenue from sales of or expenditure in respect of acquisition of buffer stocks; interest on deposits of the buffer stock account; and costs relating to purchase and sales commissions, storage, transportation and handling, maintenance and rotation, and insurance. The Council may, however, by special vote, bring any other type of receipts or expenditures attributable to buffer stock transactions or operations into the buffer stock account.

3. All other receipts and expenditures relating to the operation of this Agreement shall be brought into the administrative account. Such expenditures shall normally be met by contributions from members assessed in accordance with Article 24.

4. The Organization shall not be liable for the expenses of delegations or observers to the Council or to any committee established under Article 18.

Article 22

Form of payment

Payments to the administrative and buffer stock accounts shall be made in freely usable currencies or currencies which are convertible in the major foreign exchange markets into freely usable currencies, and shall be exempt from foreign exchange restrictions.

Article 23

Audit

1. Each financial year, the Council shall appoint auditors for the purpose of auditing its books of account.

2. An independently audited statement of the administrative account shall be made available to members as soon as possible, but not later than four months, after the close of each financial year. An independently audited statement of the buffer stock account shall be made available to members not earlier than 60 days, but not later than four months, after the close of each financial year. The audited statements of the administrative and buffer stock accounts shall be considered for approval by the Council at its next regular session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.

CHAPTER VII

THE ADMINISTRATIVE ACCOUNT

Article 24

Approval of the administrative budget and assessment of contributions

1. At its first session after the entry into force of this Agreement, the Council shall approve the administrative

budget for the period between the date of the entry into force and the end of the first financial year. Thereafter, during the second half of each financial year, the Council shall approve the administrative budget for the following financial year. The Council shall assess the contribution of each member to that budget in accordance with paragraph 2 of this Article.

2. The contribution of each member to the administrative budget for each financial year shall be in the proportion which the number of its votes at the time the administrative budget for that financial year is approved bears to the total votes of all the members. In assessing contributions, the votes of each member shall be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom.

3. The initial contribution to the administrative budget of any Government which becomes a member after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and of the period from the date on which it becomes a member to the end of the current financial year. The assessment made upon other members for that financial year shall not, however, be altered.

Article 25

Payment of contributions to the administrative budget

1. Contributions to the first administrative budget shall become due on a date to be decided by the Council at its first session. Contributions to subsequent administrative budgets shall become due by 28 February in each financial year. The

initial contribution of a Government which becomes a member after the entry into force of this Agreement, assessed in accordance with paragraph 3 of Article 24, shall, for the financial year concerned, become due 60 days after the date on which it becomes a member.

2. If a member has not paid its full contribution to the administrative budget within two months after such contribution becomes due in accordance with paragraph 1 of this Article, the Executive Director shall request that member to make payment as quickly as possible. If a member has not paid its contribution within two months after such request by the Executive Director, its voting rights in the Organization shall be suspended unless the Council decides otherwise. If a member has still not paid its contribution within four months after such request by the Executive Director, all rights of that member under this Agreement shall be suspended by the Council, unless the Council, by special vote, decides otherwise.

3. For contributions received late, the Council shall levy a penalty charge at the prime interest rate in the host country from the date the contributions become due.

4. A member whose rights have been suspended under paragraph 2 of this Article shall in particular remain liable to pay its contribution and to meet any other of its financial obligations under this Agreement.

CHAPTER VIII

THE BUFFER STOCK

Article 26

Size of the buffer stock

In order to achieve the objectives of this Agreement, an international buffer stock shall be established. The total capacity of the buffer stock shall be 550 000 tonnes, including the total stocks still held under the International Natural Rubber Agreement, 1979. It shall be the sole instrument of market intervention for price stabilization in this Agreement. The buffer stock shall comprise:

- (a) the normal buffer stock of 400 000 tonnes; and
- (b) the contingency buffer stock of 150 000 tonnes.

Article 27

Financing of the buffer stock

1. Members commit themselves to finance the total cost of the international buffer stock of 550 000 tonnes established under Article 26, it being understood that shares in the buffer stock account of the International Natural Rubber Agreement, 1979, of those members of the

International Natural Rubber Agreement, 1979, which became members of this Agreement shall, with the consent of each member, be carried over to the buffer stock account under this Agreement in accordance with the procedures determined under the provisions of paragraph 3 of Article 41 of the International Natural Rubber Agreement, 1979.

2. The financing of both the normal buffer stock and the contingency buffer stock shall be shared equally between the exporting and importing categories of members. Contributions of members to the buffer stock account shall be apportioned according to their shares of the votes in the Council except as provided for in paragraphs 3 and 4 of this Article.

3. Any importing member whose share of total net imports as set out in the table to be established by the Council under paragraph 4 of Article 14 represents 0,1 % or less of total net imports shall contribute to the buffer stock account as follows:

- (a) if its share of total net imports is less than or equal to 0,1 % but more than 0,05 %, such member shall contribute an amount assessed on the basis of its actual share of total net imports;

- (b) if its share of total net imports is 0,05 % or less, such member shall contribute an amount assessed on the basis of a share of 0,05 % of total net imports.

4. During any period in which this Agreement is in force provisionally either under paragraph 2 or subparagraph (b) of paragraph 4 of Article 60, the financial commitment of each exporting or importing member to the buffer stock account shall not in total exceed that member's contribution, calculated on the basis of the number of votes corresponding to the percentage shares set out in the tables to be established by the Council under paragraph 4 of Article 14, of the totals of 275 000 tonnes falling to the exporting and importing categories of members respectively. The financial obligations of members when this Agreement is in force provisionally shall be shared equally by exporting and importing categories of members. At any time when the aggregate commitment of one category exceeds that of the other, the larger of the two aggregates shall be brought equal to the smaller of the two aggregates, each member's votes in that aggregate being reduced in proportion to the shares of votes derived from the tables to be established by the Council under paragraph 4 of Article 14. Notwithstanding the provisions of this paragraph and of paragraph 1 of Article 28, a member's contribution may not exceed 125 % of the amount of its total contribution calculated on the basis of its share in world trade as indicated in Annex A or B to this Agreement.

5. The total costs of the normal and contingency buffer stock of 550 000 tonnes shall be financed by contributions by members in cash to the buffer stock account. Such contributions may, when relevant, be paid by the appropriate agencies of members concerned.

6. The total costs of the 550 000-tonne international buffer stock shall be paid from the buffer stock account. Such costs shall include all expenses involved in acquiring and operating the 550 000-tonne international buffer stock. In the event that the estimated cost, as given in Annex C to this Agreement, cannot fully cover the total cost of acquisition and operations of the buffer stock, the Council shall meet and make the necessary arrangements to call up the required contributions to cover such costs according to percentage shares of votes.

Article 28

Payment of contributions to the buffer stock account

1. There shall be an initial contribution in cash to the buffer stock account equivalent to 70 million Malaysian ringgits. This amount, which represents a working capital reserve for buffer stock operations, shall be apportioned among all members according to their percentage shares of votes, taking into consideration paragraph 3 of Article 27, and shall be due within 60 days after the first Council session after the entry into force of this Agreement. The initial contribution of a member due in accordance with this

paragraph shall, with the consent of that member, be made wholly or in part by transfer of that member's share in the cash held in the buffer stock account under the International Natural Rubber Agreement, 1979.

2. The Executive Director may at any time, and independently of the arrangements in paragraph 1 of this Article, call for contributions provided that the Buffer Stock Manager has certified that the buffer stock account may require such funds in the next four months.

3. When a contribution is called, it shall be due from members within 60 days of the date of notification. If requested by any member or members accounting for 200 votes in the Council, the Council shall meet in special session and may modify or disapprove the call-up based on an assessment of the need for funds to support buffer stock operations in the next four months. If the Council cannot reach a decision, contributions shall be due from members in accordance with the Executive Director's notification.

4. Contributions called up for the normal and the contingency buffer stock shall be valued at the lower trigger action price in effect at the time such contributions are called.

5. The call-up of contributions to the contingency buffer stock shall be handled as follows:

- (a) at the 300 000-tonne review provided for in Article 31, the Council shall make all financial and other arrangements which may be necessary for the prompt implementation of the contingency buffer stock including call-up of funds if necessary;
- (b) at the 400 000-tonne review provided for in Article 31, the Council shall ensure that:
 - (i) all members have made all necessary arrangements for financing their respective shares of the contingency buffer stock; and
 - (ii) the contingency buffer stock has been invoked and is fully primed for action in accordance with the terms of Article 30.

Article 29

Price range

1. There shall be established, for the operations of the buffer stock:

- (a) a reference price;
- (b) a lower intervention price;
- (c) an upper intervention price;
- (d) a lower trigger action price;
- (e) an upper trigger action price;
- (f) a lower indicative price; and
- (g) an upper indicative price.

2. On the entry into force of this Agreement, the reference price shall be initially fixed at 201,66 Malaysia/Singapore cents per kilogram. In the event that the reference price applicable on 20 March 1987 is revised before the expiry of the International Natural Rubber Agreement, 1979, the reference price shall be adjusted upon the entry into force of this Agreement to the level applicable at the time of the expiry of the International Natural Rubber Agreement, 1979.

3. There shall be an upper intervention price and a lower intervention price calculated respectively at plus and minus 15 % of the reference price, unless the Council, by special vote, decides otherwise.

4. There shall be an upper trigger action price and a lower trigger action price calculated respectively at plus and minus 20 % of the reference price, unless the Council, by special vote, decides otherwise.

5. The prices calculated in accordance with paragraphs 3 and 4 of this Article shall be rounded in the nearest cent.

6. On the entry into force of this Agreement, the lower and upper indicative prices shall be initially fixed at 150 and 270 Malaysian/Singapore cents per kilogram, respectively. In the event that the indicative prices applicable on 20 March 1987 are revised before the expiry of the International Natural Rubber Agreement, 1979, the indicative prices shall be adjusted upon the entry into force of this Agreement to the levels applicable at the time of the expiry of the International Natural Rubber Agreement, 1979.

Article 30

Operation of the buffer stock

1. If, in relation to the price range provided for in Article 29, or as subsequently revised in accordance with the provisions of Articles 31 and 39, the market indicator price provided for in Article 32 is:

- (a) at or above the upper trigger action price, the Buffer Stock Manager shall defend the upper trigger action price by offering natural rubber for sale until the market indicator price falls below the upper trigger action price;
- (b) above the upper intervention price, the Buffer Stock Manager may sell natural rubber in defence of the upper trigger action price;
- (c) at the upper or lower intervention price, or between them, the Buffer Stock Manager shall neither buy nor sell natural rubber, except in order to carry out his responsibilities for rotation under Article 35;
- (d) below the lower intervention price, the Buffer Stock Manager may buy natural rubber in defence of the lower trigger action price;

(e) at or below the lower trigger action price, the Buffer Stock Manager shall defend the lower trigger action price by offering to buy natural rubber until the market indicator price exceeds the lower trigger action price.

2. When sales or purchases for the buffer stock reach the 400 000-tonne level, the Council shall, by special vote, decide whether to bring the contingency buffer stock into operation at:

- (a) the lower or upper trigger action price; or
- (b) any price between the lower trigger action price and the lower indicative price, or the upper trigger action price and the upper indicative price.

3. Unless the Council, by special vote, decides otherwise under paragraph 2 of this Article, the Buffer Stock Manager shall use the contingency buffer stock to defend the lower indicative price by bringing the contingency buffer stock into operation when the market indicator price is at a level 2 Malaysian/Singapore cents per kilogram above the lower indicative price, and to defend the upper indicative price by bringing the contingency buffer stock into operation when the market indicator price is at a level 2 Malaysian/Singapore cents per kilogram below the upper indicative price.

4. The total facilities of the buffer stock, including the normal buffer stock and the contingency buffer stock, shall be fully utilized to ensure that the market indicator price does not fall below the lower indicative price or rise above the upper indicative price.

5. Sales and purchases by the Buffer Stock Manager shall be effected through established commercial markets at prevailing prices, and all his transactions shall be in physical rubber for delivery not later than three calendar months forward.

6. To facilitate the operation of the buffer stock, the Council shall establish branch offices and such facilities of the Buffer Stock Manager's office, where necessary, in established rubber markets and approved warehouse locations.

7. The Buffer Stock Manager shall prepare a monthly report on buffer stock transactions and the buffer stock account's financial position. 30 days after the end of each month, the report for that month shall be made available to members.

8. The information on buffer stock transactions shall include quantities, prices, types, grades and markets of all buffer stock operations, including rotations effected. The information on the buffer stock account's financial position shall also include interest rates on and terms and conditions of deposits, the currencies operated in and other relevant information on the items referred to in paragraph 2 of Article 21.

*Article 31***Review and revision of the price range***A. Reference price*

1. Review and revision of the reference price shall be based on market trends and/or net changes in the buffer stock, subject to the provisions of this section of this Article. The reference price shall be reviewed by the Council 18 months after the last review pursuant to paragraph 1 of Article 32 of the International Natural Rubber Agreement, 1979, or, in the event that this Agreement enters into force after 1 May 1988, at the first session of the Council under this Agreement, and every 15 months thereafter.

- (a) If the average of the daily market indicator prices over the six-month period prior to a review is at the upper intervention price, at the lower intervention price, or between these two prices, no revision of the reference price shall take place.
- (b) If the average of the daily market indicator prices over the six-month period prior to a review is below the lower intervention price, the reference price shall be automatically revised downwards by 5 % of its level at the time of the review, unless the Council, by special vote, decides on a higher percentage adjustment downwards of the reference price.
- (c) If the average of the daily market indicator prices over the six-month period prior to a review is above the upper intervention price, the reference price shall be automatically revised upwards by 5 % of its level at the time of the review, unless the Council, by special vote, decides on a higher percentage adjustment upwards of the reference price.

2. Following a net change in the buffer stock of 100 000 tonnes since the last assessment under paragraph 2 of Article 32 of the International Natural Rubber Agreement, 1979, or under this paragraph, the Executive Director shall convene a special session of the Council to assess the situation. The Council may, by special vote, decide to take appropriate measures which may include:

- (a) suspension of buffer stock operations;
 - (b) change in the rate of buffer stock purchases or sales;
- and
- (c) revision of the reference price.

3. If net buffer stock purchases or sales amounting to 300 000 tonnes have taken place since: (a) the last revision under paragraph 3 of Article 32 of the International Natural Rubber Agreement, 1979, (b) the last revision under this paragraph, or (c) the last revision under paragraph 2 of this Article, whichever is most recent, the reference price shall be

lowered or raised, respectively, by 3 % of its current level unless the Council, by special vote, decides to lower or raise it, respectively, by a higher percentage amount.

4. Any adjustments of the reference price for any reason shall not be such as to allow the trigger action prices to breach the lower or upper indicative prices.

B. Indicative prices

5. The Council may, by special vote, revise the lower and upper indicative prices at reviews provided for in this section of this Article.

6. The Council shall ensure that any revision of indicative prices is consistent with evolving market trends and conditions. In this connection, the Council shall take into consideration the trend of natural rubber prices, consumption, supply, production costs and stocks, as well as the quantity of natural rubber held in the buffer stock and the financial position of the buffer stock account.

7. The lower and upper indicative prices shall be reviewed:

- (a) 30 months after the last review pursuant to paragraph 7 (a) of Article 32 of the International Natural Rubber Agreement, 1979, or, in the event that this Agreement enters into force after 1 May 1988, at the first session of the Council under this Agreement, and every 30 months thereafter;
- (b) in exceptional circumstances, at the request of a member or members accounting for 200 or more votes in the Council; and
- (c) when the reference price has been revised (i) downwards since the last revision of the lower indicative price or the entry into force of the International Natural Rubber Agreement, 1979, or (ii) upwards since the last revision of the upper indicative price or the entry into force of the International Natural Rubber Agreement, 1979, by at least 3 % under paragraph 3 of this Article and at least 5 % under paragraph 1 of this Article, or by at least this amount under paragraphs 1, 2 and/or 3 of this Article, provided that the average of the daily market indicator price for the 60 days subsequent to the last revision of the reference price is either below the lower intervention price or above the upper intervention price, respectively.

8. Notwithstanding paragraphs 5, 6 and 7 of this Article, there shall be no upward revision in the lower or upper indicative price if the average of the daily market indicator prices over the six-month period prior to a review of the price range under this Article is below the reference price. Similarly, there shall be no downward revision in the lower or upper indicative price if the average of the daily market indicator prices over the six-month period prior to a review of the price range under this Article is above the reference price.

*Article 32***Market indicator price**

1. There shall be established a daily market indicator price which shall be a composite, weighted average — reflecting the market in natural rubber — of daily official current-month prices on the Kuala Lumpur, London, New York and Singapore markets. Initially, the daily market indicator price shall comprise RSS 1, RSS 3 and TSR 20 and their weighting shall be equal. All quotations shall be converted into fob Malaysian/Singapore ports in Malaysian/Singapore currency.

2. The type/grade composition weightings and method of computing the daily market indicator price shall be reviewed and may, by special vote, be revised by the Council to ensure that it reflects the market in natural rubber.

3. The market indicator price shall be deemed above, at or below price levels specified in this Agreement if the average of the daily market indicator prices for the last five market days is above, at or below such price levels.

*Article 33***Composition of buffer stocks**

1. At its first session after the entry into force of this Agreement, the Council shall name the internationally recognized standard types and grades of ribbed smoked sheets and technically specified rubbers for inclusion in the buffer stock, provided that the following criteria are met:

- (a) The lowest types and grades of natural rubber authorized for inclusion in the buffer stock shall be RSS 3 and TSR 20; and
- (b) all types and grades allowed under subparagraph (a) of this paragraph which account for at least 3 % of the previous calendar year's international trade in natural rubber shall be named.

2. The Council may, by special vote, change these criteria and/or the selected types/grades if that is necessary to ensure that the composition of the buffer stock reflects the evolving market situation, attainment of the stabilization objectives of this Agreement and the need to maintain a high commercial standard of quality of buffer stocks.

3. The Buffer Stock Manager should attempt to ensure that the composition of the buffer stock reflects the export/import patterns for natural rubber, while promoting the stabilization objectives of this Agreement.

4. The Council may, by special vote, direct the Buffer Stock Manager to change the composition of the buffer stock if the objective of price stabilization so dictates.

*Article 34***Location of buffer stocks**

1. The location of buffer stocks shall ensure economic and efficient commercial operations. In accordance with this principle, the buffer stocks shall be located in the territory of both exporting and importing members, unless the Council, by special vote, decides otherwise. The distribution of the buffer stocks among the members shall be effected in such a way as to attain the stabilization objectives of this Agreement, while minimizing costs.

2. In order to maintain high commercial quality standards, buffer stocks shall be stored only in warehouses approved on the basis of criteria to be decided by the Council.

3. After the entry into force of this Agreement, the Council shall establish and approve the list of warehouses and the necessary arrangements for their use. The Council may, if necessary, review the list of warehouses approved by the Council of the International Natural Rubber Agreement, 1979, and the criteria established by the said Council and maintain or revise them accordingly.

4. The Council shall also periodically review the location of the buffer stocks and may, by special vote, direct the Buffer Stock Manager to change the location of the buffer stocks to ensure economic and efficient commercial operations.

*Article 35***Rotation of buffer stocks**

The Buffer Stock Manager shall ensure that all buffer stocks are purchased and maintained at a high commercial standard of quality. He shall rotate natural rubber stored in the buffer stock as necessary to ensure such standards, taking into appropriate consideration the cost of such rotation and its impact on the stability of the market. The costs of rotation shall be brought into the buffer stock account.

*Article 36***Restriction or suspension of buffer stock operations**

1. Notwithstanding the provisions of Article 30, the Council, if in session, may, by special vote, restrict or suspend the operations of the buffer stock, if in its opinion

the discharge of the obligations laid upon the Buffer Stock Manager by that Article will not achieve the objectives of this Agreement.

2. If the Council is not in session, the Executive Director may, after consultation with the chairman restrict or suspend the operations of the buffer stock, if in his opinion the discharge of the obligations laid upon the Buffer Stock Manager by Article 30 will not achieve the objectives of this Agreement.

3. Immediately after a decision to restrict or suspend the operations of the buffer stock under paragraph 2 of this Article, the Executive Director shall convene a session of the Council to review such decision. Notwithstanding the provisions of paragraph 4 of Article 13, the Council shall meet within 10 days after the date of restriction or suspension and shall, by special vote, confirm or cancel such restriction or suspension. If the Council cannot come to a decision at that session, buffer stock operations shall be resumed without any restriction imposed under this Article.

4. As long as any restriction or suspension of buffer stock operations decided in accordance with this Article remains in force, the Council shall review this decision at intervals of not longer than three months. If at a session to make such a review the Council does not confirm, by special vote, the continuation of the restriction or suspension, or does not come to a decision, buffer stock operations shall be resumed without restriction.

Article 37

Penalties relating to contributions to the buffer stock account

1. If a member does not fulfil its obligation to contribute to the buffer stock account by the last day such contribution becomes due, it shall be considered to be in arrears. A member in arrears for 60 days or more shall not count as a member for the purpose of voting on matters covered in paragraph 2 of this Article.

2. The voting and other rights in the Council of a member in arrears for 60 days or more under paragraph 1 of this Article shall be suspended, unless the Council, by special vote, decides otherwise.

3. A member in arrears shall bear interest charges at the prime rate in the host country beginning on the last day such payments become due. Coverage of arrears by the remaining importing and exporting members shall be on a voluntary basis.

4. When the default has been remedied to the satisfaction of the Council, the voting and other rights of the member in arrears for 60 days or more shall be restored. If the arrears have been made good by other members, these members shall be fully reimbursed.

Article 38

Adjustment of contributions to the buffer stock account

1. When the votes are redistributed at the first regular session in each financial year or whenever the membership of the Organization changes, the Council shall make the necessary adjustment of each member's contribution to the buffer stock account in accordance with the provisions of this Article. For this purpose, the Executive Director shall determine:

- (a) the net cash contribution of each member, by subtracting refunds of contributions to that member in accordance with paragraph 2 of this Article from the sum of all contributions paid by that member since the entry into force of this Agreement;
- (b) the total net call-ups, by summing the consecutive call-ups and subtracting the total of refunds made in accordance with paragraph 2 of this Article;
- (c) the revised net contribution for each member, by apportioning the total net call-ups among members on the basis of each member's revised voting share in the Council pursuant to Article 14, subject to paragraph 3 of Article 27, provided that the voting share of each member shall, for the purpose of this Article, be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom.

Where a member's net cash contribution exceeds its revised net contribution, a refund of the difference minus any outstanding penalty interest on arrears shall be made to that member from the buffer stock account. Where a member's revised net contribution exceeds its net cash contribution, a payment of the difference plus any outstanding penalty interest on arrears shall be made by that member to the buffer stock account.

2. If the Council, having regard to paragraphs 2 and 3 of Article 28, decides that there are net cash contributions in excess of funds required to support buffer stock operations within the next four months, the Council shall refund such excess net cash contributions less initial contributions unless it decides, by special vote, either to make no such refund or to refund a smaller amount. Members' shares of the amount to be refunded shall be in proportion to their net cash contributions, minus any outstanding penalty interest on arrears. The contribution liability of members in arrears shall be reduced in the same proportion as the refund bears to the total net cash contributions.

3. At the request of a member, the refund to which it is entitled may be retained in the buffer stock account. If a member requests that its refund be retained in the buffer stock account, this amount shall be credited against any additional contribution requested in accordance with Article 28. The credit retained in the buffer stock account at the request of a member shall bear interest at the average rate of interest earned on funds in the buffer stock account, beginning the last day when the amount should normally be reimbursed to that member until the day preceding the actual reimbursement.

4. The Executive Director shall immediately notify members of any required payments of refunds resulting from adjustments made in accordance with paragraphs 1 and 2 of this Article. Such payments by members or refunds to members shall be made within 60 days from the date the Executive Director issues such notification.

5. In the event that the amount of cash in the buffer stock account exceeds the value of total net cash contributions of members, such surplus funds shall be distributed upon termination of this Agreement.

Article 39

The buffer stock and changes in exchange rates

1. In the event that the exchange rate between the Malaysian ringgit/Singapore dollar and the currencies of the major natural rubber exporting and importing members changes to the extent that the operations of the buffer stock are significantly affected, the Executive Director shall, in accordance with Article 36, or members may, in accordance with Article 13, call for a special session of the Council. The Council shall meet within 10 days to confirm or cancel measures already taken by the Executive Director pursuant to Article 36, and may, by special vote, decide to take appropriate measures, including the possibility of revising the price range, pursuant to the principles of the first sentences of paragraphs 1 and 6 of Article 31.

2. The Council shall, by special vote, establish a procedure to determine a significant change in the parities of these currencies for the sole purpose of ensuring the timely convening of the Council.

3. In the event that there is a divergency between the Malaysian ringgit and the Singapore dollar to the extent that buffer stock operations are significantly affected, the Council shall meet to review the situation and may consider the adoption of a single currency.

Article 40

Liquidation procedures for the buffer stock account

1. On termination of this Agreement, the Buffer Stock Manager shall estimate the total expense of liquidating or

transferring to a new international natural rubber agreement the assets of the buffer stock account in accordance with the provisions of this Article, and shall reserve that amount in a separate account. If these balances are inadequate, the Buffer Stock Manager shall sell a sufficient quantity of natural rubber in the buffer stock to provide the additional sum required.

2. Each member's share in the buffer stock account shall be calculated as follows:

- (a) the value of the buffer stock shall be the value of the total quantity of natural rubber of each type/grade therein, calculated at the lowest of the current prices of the respective types/grades on markets referred to in Article 32 during the 30 market days preceding the date of termination of this Agreement;
- (b) the value of the buffer stock account shall be the value of the buffer stock plus the cash assets of the buffer stock account on the date of the termination of this Agreement less any amount reserved under paragraph 1 of this Article;
- (c) each member's net cash contribution shall be the sum of its contributions paid throughout the duration of this Agreement less all refunds made under Article 38, penalty interest on arrears paid in accordance with paragraph 3 of Article 37 shall not constitute a contribution to the buffer stock account;
- (d) if the value of the buffer stock account is either greater or less than total net cash contributions, the surplus shall be allocated among members in proportion to each member's time-weighted net contribution share under this Agreement. Any deficit shall be allocated among members in proportion to each member's average number of votes held during its period of membership. In assessing the share of the deficits to be borne by each member, the votes of each member shall be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom;
- (e) each member's share in the buffer stock account shall comprise its net cash contribution, reduced or increased by its shares in deficits or surpluses in the buffer stock account, and reduced by its liability, if any, for outstanding interest on arrears.

3. If this Agreement is to be immediately replaced with a new international natural rubber agreement, the Council shall, by special vote, adopt procedures to ensure efficient transfer to the new agreement, as required by that agreement, of shares in the buffer stock account of members which intend to participate in the new agreement. Any member which does not wish to participate in the new agreement shall be entitled to the payment of its share:

- (a) from available cash in proportion to its percentage share of the total net cash contributions to the buffer stock account, within three months; and

(b) from the net proceeds from the disposal of the buffer stocks, by way of orderly sales or by way of transfer to the new international natural rubber agreement at current market prices, which must be concluded within 12 months; unless the Council decides, by special vote, to increase payments under subparagraph (a) above.

4. If this Agreement terminates without being replaced by a new international natural rubber agreement which provides for a buffer stock, the Council shall, by special vote, adopt procedures to govern orderly disposal of the buffer stock within the maximum period specified in paragraph 6 of Article 66, subject to the following constraints:

- (a) no further purchases of natural rubber shall be made;
- (b) the organization shall incur no new expenses except those necessary to dispose of the buffer stock.

5. Subject to an election by any member to take natural rubber in accordance with paragraph 6 of this Article, any cash which remains in the buffer stock account shall be forthwith distributed to members in proportion to their shares as determined in paragraph 2 of this Article.

6. In lieu of all or part of a cash payment, each member may elect to take its share in the assets of the buffer stock account in natural rubber, subject to procedures adopted by the Council.

7. The Council shall adopt appropriate procedures for adjustment and payment of members' shares in the buffer stock account. This adjustment shall account for:

- (a) any discrepancy between the price of natural rubber specified in subparagraph (a) of paragraph 2 of this Article and the prices at which part or all of the buffer stock is sold pursuant to procedures for disposal of the buffer stock; and
- (b) the difference between estimated and actual liquidation expenses.

8. The Council shall, within 30 days following final transactions of the buffer stock account, meet to effect final settlement of accounts among members within 30 days thereafter.

CHAPTER IX

RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

Article 41

Relationship with the common fund for commodities

When the common fund for commodities becomes operational, the Council shall take full advantage of the facilities of the common fund according to the principles set out in the Agreement establishing the common fund for commodities. The Council shall for this purpose negotiate with the common fund mutually acceptable terms and modalities for an association agreement to be signed with the common fund.

CHAPTER X

SUPPLY AND MARKET ACCESS AND OTHER MEASURES

Article 42

Supply and market access

1. Exporting members to the fullest extent possible undertake to pursue policies and programmes which maintain continuous availability to consumers of natural rubber supplies.

2. Importing members to the fullest extent possible undertake to pursue policies which will maintain access to their markets for natural rubber.

Article 43

Other measures

1. With a view to achieving the objectives of this Agreement, the Council shall identify and propose appropriate measures and techniques directed towards promoting:

- (a) the development of the natural rubber economy by producing members, through expanded and improved production, productivity and marketing, thereby increasing the export earnings of producing members while at the same time improving the reliability of

supply. For this purpose, the Committee on Other Measures shall undertake economic and technical analyses in order to identify:

- (i) natural rubber research and development programmes and projects of benefit to exporting and importing members, including scientific research in specific areas;
 - (ii) programmes and projects to improve the productivity of the natural rubber industry;
 - (iii) ways and means to upgrade natural rubber supplies and achieve uniformity in quality specification and presentation of natural rubber; and
 - (iv) methods of improving the processing, marketing and distribution of raw natural rubber;
- (b) the development of end-uses of natural rubber. For this purpose, the Committee on Other Measures shall undertake appropriate economic and technical analyses

in order to identify programmes and projects leading to increased and new uses of natural rubber.

2. The Council shall consider the financial implications of such measures and techniques and seek to promote and facilitate the provision of adequate financial resources, as appropriate, from such sources as international financial institutions and the second account of the common fund for Commodities, when established.

3. The Council may make recommendations, as appropriate, to members, international institutions and other organizations to promote the implementation of specific measures under this Article.

4. The Committee on Other Measures shall periodically review the progress of those measures which the Council decides to promote and recommend, and shall report thereon to the Council.

CHAPTER XI

CONSULTATION ON DOMESTIC POLICIES

Article 44

Consultation

The Council shall consult, at the request of any member, on government natural rubber policies directly affecting supply or demand. The Council may submit its recommendations to members for their consideration.

CHAPTER XII

STATISTICS, STUDIES AND INFORMATION

Article 45

Statistics and information

1. The Council shall collect, collate and as necessary publish such statistical information on natural rubber and related areas as is necessary for the satisfactory operation of this Agreement.

2. Members shall promptly and to the fullest extent possible furnish to the Council available data by specific types and grades concerning production, consumption and international trade in natural rubber.

3. The Council may also request members to furnish other available information, including information on related areas which may be required for the satisfactory operation of this Agreement.

4. Members shall furnish all the abovementioned statistics and information within a reasonable time to the fullest extent possible consistent with their national legislation and by the ways most appropriate for them.

5. The Council shall establish close relationships with appropriate international organizations, including the International Rubber Study Group, and with commodity exchanges in order to help ensure the availability of recent and reliable data on production, consumption, stocks, international trade and prices of natural rubber, and other factors that influence demand for and supply of natural rubber.

6. The Council shall endeavour to ensure that no information published shall prejudice the confidentiality of the operations of persons or companies producing, processing or marketing natural rubber or related products.

*Article 46***Annual assessment, estimates and studies**

1. The Council shall prepare an annual assessment on the world natural rubber situation and related areas in the light of the information supplied by members and from all relevant intergovernmental and international organizations.
2. At least once in every half year, the Council shall also estimate production, consumption, exports and imports of natural rubber by specific types and grades, if possible, for the following six months. It shall inform the members of these estimates.
3. The Council shall undertake, or make appropriate arrangements to undertake, studies of trends in natural

rubber production, consumption, trade, marketing and prices, as well as of the short-term and long-term problems of the world natural rubber economy.

*Article 47***Annual review**

1. The Council shall annually review the operation of this Agreement in the light of the objectives set out in Article 1. It shall inform members of the results of the review.
2. The Council may then formulate recommendations to members, and thereafter take measures within its competence to improve the effectiveness of the operation of this Agreement.

CHAPTER XIII**MISCELLANEOUS***Article 48***General obligations and liabilities of members**

1. Members shall for the duration of this Agreement use their best endeavours and cooperate to promote the attainment of the objectives of this Agreement and shall not take any action in contradiction to those objectives.
2. Members shall in particular seek to improve the conditions of the natural rubber economy and to encourage the production and use of natural rubber in order to promote the growth and the modernization of the natural rubber economy for the mutual benefit of producers and consumers.
3. Members shall accept as binding all decisions of the Council under this Agreement and will not implement measures which would have the effect of limiting or running counter to those decisions.
4. The liability of members arising from the operation of this Agreement, whether to the Organization or to third parties, shall be limited to the extent of their obligations regarding contributions to the administrative budget and to financing of the buffer stock under and in accordance with Chapters VII and VIII of this Agreement and any obligations that may be assumed by the Council under Article 41.

in Article 46, identify any obstacles to the expansion of trade in natural rubber in its raw, semi-processed or modified forms.

2. The Council may, in order to further the purposes of this Article, make recommendations to members to seek in appropriate international forums mutually acceptable practical measures designed to remove progressively and, where possible, to eliminate such obstacles. The Council shall periodically examine the results of such recommendations.

*Article 50***Transportation and market structure of natural rubber**

The Council should encourage and facilitate the promotion of reasonable and equitable freight rates and improvements in the transport system, so as to provide regular supplies to markets and to effect savings in the cost of the products marketed.

*Article 51***Differential and remedial measures**

Developing importing members, and least developed countries which are members, whose interests are adversely affected by measures taken under this Agreement may apply to the Council for appropriate differential and remedial measures. The Council shall consider taking such appropriate measures in accordance with paragraphs 3 and 4

*Article 49***Obstacles to trade**

1. The Council shall, in accordance with the annual assessment of the world natural rubber situation referred to

of Section III of resolution 93 (IV) of the United Nations Conference on Trade and Development.

Article 52

Relief from obligations

1. Where it is necessary on account of exceptional circumstances or emergency or *force majeure* not expressly provided for in this Agreement, the Council may, by special vote, relieve a member of an obligation under this Agreement if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.

2. The Council, in granting relief to a member under paragraph 1 of this Article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation, and the reasons for which the relief is granted.

Article 53

Fair labour standards

Members declare that they will endeavour to maintain labour standards designed to improve the standards of living of workers in their respective natural rubber sectors.

CHAPTER XIV

COMPLAINTS AND DISPUTES

Article 54

Complaints

1. Any complaint that a member has failed to fulfil its obligations under this Agreement shall, at the request of the member making the complaint, be referred to the Council, which, subject to prior consultation with the members concerned, shall take a decision on the matter.

2. Any decision by the Council that a member is in breach of its obligations under this Agreement shall specify the nature of the breach.

3. Whenever the Council, whether as the result of a complaint or otherwise, finds that a member has committed a breach of this Agreement, it may, by special vote, and without prejudice to such other measures as are specifically provided for in other articles of this Agreement:

- (a) suspend that member's voting rights in the Council and, if it deems necessary, suspend any other rights of such member, including those of holding office in the Council or in any committee established under Article 18 and of being eligible for membership of such committees, until it has fulfilled its obligations; or
- (b) take action under Article 64, if such breach significantly impairs the operation of this Agreement.

Article 55

Disputes

1. Any dispute concerning the interpretation or application of this Agreement which is not settled among the

members involved shall, at the request of any member 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 members holding at least one-third of the total votes may require the Council, after discussion, to seek the opinion of an advisory panel constituted under paragraph 3 of this Article on the issue in dispute before giving its decision.

3. (a) Unless the Council, by special vote, decides otherwise, the advisory panel shall consist of five persons as follows:

- (i) 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 members;
- (ii) two such persons nominated by the importing members; and
- (iii) a chairman selected unanimously by the four persons nominated under (i) and (ii) of this subparagraph or, if they fail to agree, by the Chairman of the Council.

(b) Nationals of members and of non-members shall be eligible to serve on the advisory panel.

(c) Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any government.

(d) The expenses of the advisory panel shall be paid by the Organization.

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, by special vote, decide the dispute.

CHAPTER XV

FINAL PROVISIONS

*Article 56***Signature**

This Agreement shall be open for signature at United Nations Headquarters from 1 May to 31 December 1987 inclusive by the governments invited to the United Nations Conference on Natural Rubber, 1985.

*Article 57***Depositary**

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

*Article 58***Ratification, acceptance and approval**

1. This Agreement shall be subject to ratification, acceptance or approval by the signatory governments in accordance with their respective constitutional or institutional procedures.
2. Instruments of ratification, acceptance or approval shall be deposited with the depositary not later than 1 January 1989. The Council may, however, grant extensions of time to signatory governments which have been unable to deposit their instruments by that date.
3. Each government depositing an instrument of ratification, acceptance or approval shall, at the time of such deposit, declare itself to be an exporting member or an importing member.

*Article 59***Notification of provisional application**

1. A signatory government which intends to ratify, accept or approve this Agreement, or a government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may at any time notify the depositary that it will fully apply this Agreement provisionally, either when it enters into force in accordance with Article 60 or, if it is already in force, at a specified date.
2. Notwithstanding the provisions of paragraph 1 of this Article, a government may provide in its notification of provisional application that it will apply this Agreement only within the limitations of its constitutional and/or legislative procedures. However, such government shall meet all its

financial obligations pertaining to the administrative account. The provisional membership of a government which notifies in this manner shall not exceed 12 months from the provisional entry into force of this Agreement. In case of the need for a call-up of funds for the buffer stock account within the 12-month period, the Council shall decide on the status of a government holding provisional membership under this paragraph.

*Article 60***Entry into force**

1. This Agreement shall enter into force definitively on 23 October 1987 or on any date thereafter, if by that date governments accounting for at least 80 % of net exports as set out in Annex A to this Agreement, and governments accounting for at least 80 % of net imports as set out in Annex B to this Agreement, have deposited their instruments of ratification, acceptance, approval or accession, or have assumed full financial commitment to this Agreement.
2. This Agreement shall enter into force provisionally on 23 October 1987, or on any date before 1 January 1989, if governments accounting for at least 75 % of net exports as set out in Annex A to this Agreement, and governments accounting for at least 75 % of net imports as set out in Annex B to this Agreement, have deposited their instruments of ratification, acceptance or approval, or have notified the depositary under paragraph 1 of Article 59 that they will apply this Agreement provisionally and assume full financial commitment to this Agreement. The Agreement shall remain in force provisionally up to a maximum of 12 months, unless it enters into force definitively under paragraph 1 of this Article or the Council decides otherwise in accordance with paragraph 4 of this Article.
3. If this Agreement does not come into force provisionally under paragraph 2 of this Article by 1 January 1989, the Secretary-General of the United Nations shall invite, at the earliest time he considers practicable after that date, the governments which have deposited instruments of ratification, acceptance or approval or have notified him that they will apply this Agreement provisionally, to meet with a view to recommending whether or not such governments should take the necessary steps to put this Agreement provisionally or definitively into force among themselves in whole or in part. If no conclusion is reached at this meeting, the Secretary-General of the United Nations may convene such further meetings as he considers appropriate.
4. If the requirements for definitive entry into force of this Agreement under paragraph 1 of this Article have not been met within 12 calendar months of the provisional entry into force of this Agreement under paragraph 2 of this Article, the Council shall, not later than one month before the end of the 12-month period mentioned above, review the future of this

Agreement and, subject to paragraph 1 of this Article, by special vote, decide:

- (a) to put this Agreement definitively into force among the current members in whole or in part;
- (b) to keep this Agreement provisionally in force among the current members in whole or in part for an additional year; or
- (c) to renegotiate this Agreement.

If no decision is reached by the Council, this Agreement shall terminate at the expiry of the 12-month period. The council shall inform the depositary of any decision taken under this paragraph.

5. For any government that deposits its instrument of ratification, acceptance, approval or accession after the entry into force of this Agreement, it shall enter into force for that government on the date of such deposit.

6. The Executive Director of the Organization shall convene the first session of the Council as soon as possible after the entry into force of this Agreement.

Article 61

Accession

1. This Agreement shall be open for accession by the government of any State. Accession shall be subject to conditions to be established by the Council, which shall include *inter alia* a time limit for the deposit of instruments of accession, the number of votes to be held and financial obligations. The Council may, however, grant extensions of time to governments which are unable to deposit their instruments of accession within the time limit set in the conditions of accession.

2. Accession shall be effected by the deposit of an instrument of accession with the depositary. Instruments of accession shall state that the government accepts all the conditions established by the Council.

Article 62

Amendments

1. The Council may, by special vote, recommend amendments of this Agreement to the members.

2. The Council shall fix a date by which members shall notify the depositary of their acceptance of the amendment.

3. An amendment shall become effective 90 days after the depositary has received notifications of acceptance from members constituting at least two-thirds of the exporting members and accounting for a least 85 % of the votes of the exporting members, and from members constituting at least two-thirds of the importing members and accounting for at least 85 % of the votes of the importing members.

4. After the depositary informs the Council that the requirements for the amendment to become effective have been met, and notwithstanding the provisions of paragraph 2 of this Article relating to the date fixed by the Council, a member may still notify the depositary of its acceptance of the amendment, provided that such notification is made before the amendment becomes effective.

5. Any member which has not notified its acceptance of an amendment by the date on which such amendment becomes effective shall cease to be a Contracting Party as from that date, unless such member has satisfied the Council that its acceptance could not be obtained in time owing to difficulties in completing its constitutional or institutional procedures, and the Council decides to extend for that member the period for acceptance of the amendment. Such member shall not be bound by the amendment before it has notified its acceptance thereof.

6. If the requirements for the amendment to become effective have not been met by the date fixed by the Council in accordance with paragraph 2 of this Article, the amendment shall be considered withdrawn.

Article 63

Withdrawal

1. A member may withdraw from this Agreement at any time after the entry into force of this Agreement by giving notice of withdrawal to the depositary. That member shall simultaneously inform the Council of the action it has taken.

2. One year after its notice is received by the depositary, that member shall cease to be a contracting party to this Agreement.

Article 64

Exclusion

If the Council decides that any member is in breach of its obligations under this agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote, exclude that member from this Agreement. The Council shall immediately so notify the depositary. One year after the date of the Council's decision, that member shall cease to be a contracting party to this Agreement.

Article 65

Settlement of accounts with withdrawing or excluded members or members unable to accept an amendment

1. In accordance with this Article, the Council shall determine any settlement of accounts with a member which ceases to be a contracting party to this Agreement owing to:

- (a) non-acceptance of an amendment to this Agreement pursuant to Article 62;
- (b) withdrawal from this Agreement pursuant to Article 63; or
- (c) exclusion from this Agreement pursuant to Article 64.

2. The Council shall retain any contribution paid to the administrative account by a member which ceases to be a contracting party to this Agreement.

3. The Council shall refund the share in the buffer stock account in accordance with Article 40 to a member which ceases to be a contracting party owing to non-acceptance of an amendment to this Agreement, withdrawal or exclusion, less its share in any surpluses.

- (a) Such refund to a member which ceases to be a Contracting Party owing to non-acceptance of an amendment to this Agreement shall be made one year after the amendment concerned enters into force.
- (b) Such refund to a member which withdraws shall be made within 60 days after that member ceases to be a Contracting Party to this Agreement, unless as a result of this withdrawal the Council decides to terminate this Agreement under paragraph 5 of Article 66 prior to such a refund, in which case the provisions of Article 40 and paragraph 6 of Article 66 shall apply.
- (c) Such refund to a member which is excluded shall be made within 60 days after a member ceases to be a Contracting Party to this Agreement.

4. In the event that the buffer stock account is unable to settle the payment in cash due under subparagraph (a), (b) or (c) of paragraph 3 of this Article without either undermining the viability of the buffer stock account or leading to a call-up of additional contributions from members to cover such refunds, payments shall be deferred until the requisite amount of natural rubber in the buffer stock can be sold at or above the upper intervention price. In the event that, before the end of the one-year period specified in Article 63, the Council informs a withdrawing member that payment will have to be deferred in accordance with this paragraph, the period of one year between notification of intention to withdraw and the actual withdrawal may, if the withdrawing member so wishes, be extended until such time as the Council informs that member that payment of its share can be effected within 60 days.

5. A member which has received an appropriate refund under this Article shall not be entitled to any share of the

proceeds of liquidation of the Organization. Nor shall such a member be liable for any deficit incurred by the Organization after such refund has been made.

Article 66

Duration, extension and termination

1. This Agreement shall remain in force for a period of five years after its entry into force, unless extended under paragraph 3 or terminated under paragraph 4 or paragraph 5 of this Article.

2. Before the expiry of the five-year period referred to in paragraph 1 of this Article, the Council may, by special vote, decide to renegotiate this Agreement.

3. The Council may, by special vote, extend this Agreement by a period or periods not exceeding two years in all, commencing from the date of expiry of the five-year period specified in paragraph 1 of this Article.

4. If a new international natural rubber agreement is negotiated and enters into force during any period of extension of this Agreement pursuant to paragraph 3 of this Article, this Agreement, as extended, shall terminate upon the entry into force of the new agreement.

5. The Council may at any time, by special vote, decide to terminate this Agreement with effect from such date as it may determine.

6. Notwithstanding the termination of this Agreement, the Council shall continue in being for a period not exceeding three years to carry out the liquidation of the Organization, including the settlement of accounts, and the disposal of assets in accordance with the provisions of Article 40 and subject to relevant decisions to be taken by special vote, and shall have during that period such powers and functions as may be necessary for these purposes.

7. The Council shall notify the depositary of any decision taken under this Article.

Article 67

Reservations

No reservations may be made with respect to any of the provisions of this Agreement.

In witness whereof the undersigned, being duly authorized thereto, have affixed their signatures under this Agreement on the dates indicated.

Done at Geneva, this twentieth day of March, one thousand nine hundred and eighty-seven, the texts of this Agreement in the Arabic, Chinese, English, French, Russian and Spanish languages being equally authentic.

ANNEX A

Shares of individual exporting countries in total net exports of countries, as established for the purposes of Article 60

	% ⁽¹⁾
Bolivia	0,063
Burma	0,381
Cameroon	0,494
Ivory Coast	0,887
Ghana	0,009
Guatemala	0,273
Indonesia	27,363
Liberia	2,304
Malaysia	44,361
Nigeria	0,827
Papua New Guinea	0,107
Philippines	0,241
Sri Lanka	3,842
Thailand	17,253
Viet Nam	1,141
Zaire	0,454
Total	100,000

⁽¹⁾ Shares are percentages of total net exports of natural rubber in the five-year period 1981 to 1985.

ANNEX B

Shares of individual importing countries and groups of countries in total net imports of countries, as established for the purposes of Article 60

	% ⁽¹⁾
Argentina	0,936
Australia	1,146
Austria	0,872
Brazil	1,732
Bulgaria	0,521
Canada	3,344
China	6,996
Costa Rica	0,076
Czechoslovakia	1,604
Egypt	0,274
European Economic Community	25,771
Belgium-Luxembourg	1,209
Denmark	0,123
France	5,257
Germany, Federal Republic of	6,480
Greece	0,299
Ireland	0,168
Italy	4,130
Netherlands	0,442
Portugal	0,343
Spain	3,251
United Kingdom of Great Britain and Northern Ireland	4,069
Finland	0,267
India	1,092
Iraq	0,077
Jamaica	0,023
Japan	17,540
Madagascar	0,000
Malta	0,000
Mexico	1,782
Morocco	0,195
New Zealand	0,222
Norway	0,110
Panama	0,030
Poland	1,735
Romania	1,472
Sweden	0,422
Switzerland	0,095
Union of Soviet Socialist Republics	6,821
United States of America	24,420
Venezuela	0,425
Total	100,000

⁽¹⁾ Shares are percentages of total net imports of natural rubber in the three-year period 1983 to 1985.

ANNEX C**Cost of the buffer stock as estimated by the President of the United Nations Conference on Natural Rubber,
1985**

Based on the actual cost of acquiring and operating the existing buffer stock of roughly 360 000 tonnes from 1982 until March 1987, the cost of acquiring and operating a buffer stock of 550 000 tonnes might be calculated by multiplying this figure by the lower trigger action price of 161 Malaysian/Singapore cents per kilogram and adding a further 30 % thereof.
