

REGULATION OF PRODUCTION AND MARKETING OF SUGAR

Agreement, and protocol concerning transitional measures, signed at London May 6, 1937
*Senate advice and consent to ratification, with a reservation, December 20, 1937*¹
*Ratified by the President of the United States, with a reservation, March 22, 1938*¹
Ratification of the United States deposited at London April 4, 1938
*Protocol entered into force May 6, 1937; agreement September 1, 1937, as between signatories to protocol of July 22, 1942*²
Proclaimed by the President of the United States April 20, 1945
*Prolonged by protocol of July 22, 1942;*² *prolonged (with exception of chapters III, IV, and V) by protocols of August 31, 1944,*³ *August 31, 1945,*⁴ *August 30, 1946,*⁵ *August 29, 1947,*⁶ *August 31, 1948,*⁷ *August 31, 1949,*⁸ *August 31, 1950,*⁹ *August 31, 1951,*¹⁰ *and August 30, 1952*¹¹
*Terminated by agreement of October 1, 1953,*¹² *as between contracting parties to the later agreement*

59 Stat. 922; Treaty Series 990

INTERNATIONAL AGREEMENT REGARDING THE REGULATION OF PRODUCTION AND MARKETING OF SUGAR

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¹ The U.S. reservation reads as follows:

"The separate statement, viz., 'I [Norman H. Davis] am instructed by my Government to state that, in the event that its existing legislation imposing quotas upon the importation and marketing of sugar lapses within the life of this Agreement, it will be its policy to maintain its tariff on full duty sugar at no higher rate than that now existing,' made on the part of the United States at the time of the signing of this agreement (May 6, 1937, at London) shall not be regarded as constituting a part of this agreement."

² TS 990, *post*, p. 722.

³ TS 990, *post*, p. 899.

⁴ TIAS 1523, *post*, p. 1248.

⁵ TIAS 1614, *post*, vol. 4.

⁶ TIAS 1755, *post*, vol. 4.

⁷ TIAS 1997, *post*, vol. 4.

⁸ 1 UST 625; TIAS 2114.

⁹ 3 UST 3921; TIAS 2525.

¹⁰ 3 UST 3926; TIAS 2526.

¹¹ 4 UST 2056; TIAS 2862.

¹² 6 UST 203; TIAS 3177.

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The Governments of—

The Union of South Africa,
 The Commonwealth of Australia,
 Brazil,
 Belgium,
 The United Kingdom of Great Britain and Northern Ireland,
 China,
 The Republic of Cuba,
 Czechoslovakia,
 The Dominican Republic,
 France,
 Germany,
 Haiti,
 Hungary,
 India,
 The Netherlands,
 Peru,
 Poland,
 Portugal,
 The Union of Soviet Socialist Republics,
 The United States of America,
 Yugoslavia,

In pursuance of the recommendation of the World Monetary and Economic Conference of 1933 that negotiations should continue with a view to establishing and maintaining an orderly relationship between the supply and demand for sugar in the world market;

Considering that the present situation of the sugar market renders it both possible and necessary for the Governments concerned to collaborate to this end;

Bearing in mind the principle laid down by the above-mentioned Conference that any international agreement for the regulation of production and marketing should be equitable both to producers and consumers;

Have agreed as follows:

Chapter I. *Definitions*

ARTICLE 1

For the purposes of the present Agreement—

- (1) "Ton" means a metric ton of 1,000 kilograms.
 "Long ton" means a ton of 2,240 lbs. avoirdupois.
 "Short ton" means a ton of 2,000 lbs. avoirdupois.
- (2) "Quota year" means the period from the 1st September to the 31st August.

(3) "Sugar" shall be deemed to include sugar in any of its commercial forms, except the product sold as final molasses, and also except the so-called "Goela Mangkok" sugar produced by primitive methods by natives of Java for their own account to which sugar the Government of the Netherlands East Indies does not extend its legislative measures.

The sugar equivalent of exports of the product known as "fancy molasses" from Barbados shall, however, be charged to the export quota of the British Colonial Empire.

The respective export quotas of sugar referred to in this Agreement shall, in the case of cane sugar producing countries, mean and refer to the nature and the types of sugar heretofore exported by such countries; and, in the case of beet sugar producing countries, shall mean raw sugar *tel quel*, white sugars of the latter countries to be converted to a raw basis at the rate of nine parts white to ten parts raw. Such quantities shall, in all cases, mean net weight excluding the container.

- (4) "Net imports" means total imports after deducting total exports.
 (5) "Net exports" means total exports after deducting total imports.
 (6) "Exports to the free market" shall include all net exports from the countries to which export quotas for the free market are or may be allotted under Article 19, with the exception of—

(a) exports from the Republic of Cuba to the United States of America under any import quota allotted by the United States of America to Cuba; provided that such sugar is not re-exported from the United States of America to any country except Cuba, and further provided that any sugar exported from Cuba to the United States of America under a quota allotted under paragraph (a) of Article 9 shall be included in the exports of Cuba to the free market;

(b) exports from any country to the United States of America under paragraph (c) of Article 9 of this Agreement;

(c) exports from the U.S.S.R. to Mongolia, Sin Kiang and Tannu Tuva;

(d) exports from French Colonies to France, Algeria and other French Colonies and from France to Algeria, and French Colonies;

(e) exports from the Commonwealth of the Philippines to the United States of America;

(f) sugar sent from Belgium to Luxemburg, which in virtue of the Belgo-Luxemburg Economic Union does not rank as an export.

(7) "The Council" means the International Sugar Council to be set up under the present Agreement.

Chapter II. *General Undertakings*

ARTICLE 2

The Contracting Governments agree that it is their policy so to direct the arrangements made under the present Agreement as always to assure consumers of an adequate supply of sugar on the world market at a reasonable price not to exceed the cost of production, including a reasonable profit, of efficient producers.

ARTICLE 3

The Contracting Governments shall take all the legislative or administrative measures necessary for the execution of the present Agreement. The texts of such measures shall be communicated to the Secretariat of the Council.

ARTICLE 4

While recognising that all Government measures relating to agrarian policy and to state assistance to the sugar industry are governed by the internal conditions of each country and in many cases require the approval of Parliament, the Contracting Governments agree that it is desirable that—

(a) If and when prices on the free market rise, all necessary steps should be taken to prevent the rise in world prices from leading on the one hand to an increase of internal prices for consumers such as would be likely to check consumption, and on the other hand to a rise of wholesale prices (beyond the level required to secure a fair return for growers and producers) to such a point as to stimulate excess production not justified by the requirements of the market, thus defeating the object of the present Agreement;

(b) In sugar exporting countries whose internal prices are not directly affected by a rise in the world price of sugar, all necessary steps should be taken to prevent the increase in the returns received from sugar production for export from causing the same difficulty by stimulating excessive and unjustified production.

ARTICLE 5

The Contracting Governments agree that, as far as possible, favourable consideration should be given to all proposals having for their object:—

(a) the reduction of disproportionate fiscal burdens on sugar;

(b) the encouragement and support of all efforts to promote increased consumption of sugar in countries in which consumption is low by means

of suitable publicity campaigns or by other effective means both on the national and, where considered appropriate, on the international plane;

(c) appropriate action to check the abuses resulting from the substitution for sugar of substances having no comparable food value;

(d) the search for new and alternative uses for sugar, within the framework of national activities.

ARTICLE 6

The Council shall—

(a) make a full study, acting if it considers it desirable in conjunction with appropriate international organisations such as the International Institute of Agriculture, of the various forms of state assistance in order in particular to formulate proposals for carrying out the principle laid down in Article 4, taking into account the varying conditions under which sugar production is carried on, and, in particular, the conditions of agricultural production;

(b) enquire into the effect on the free market of direct or indirect premiums granted to sugar-producing industries in general;

(c) examine the possibility of promoting between white sugar exporting countries reciprocal agreements to respect their national markets;

(d) collect available information in regard to the matters dealt with in Article 5;

(e) submit the results of enquiries made in regard to the matters dealt with in this Article for the consideration of Contracting Governments.

ARTICLE 7

The Contracting Governments undertake to supply all available statistics and information requested by the Council or the Executive Committee and to comply with any other reasonable request made by those bodies within the scope and provisions of the present Agreement.

Chapter III. *Obligations of Countries Not Exporting to the Free Market*

ARTICLE 8

In order to contribute, so far as they are each concerned, to the maintenance and if possible the expansion of the free market for sugar the Governments hereinafter specified accept for the period of the present Agreement the specific obligations set forth in the succeeding Articles of this Chapter.

ARTICLE 9

(a) The Government of the United States undertakes, with respect to the United States, its territories and possessions, except the Commonwealth of the Philippines, to permit during each calendar year a net importation from foreign countries not enjoying preferential duty rates (*i.e.*, the quantity by which imports from such countries exceed total exports to the world

market, it being understood that supplies from the Commonwealth of the Philippines and re-exports of Cuban sugar from the United States are not to be included in reckoning net importation) of a quantity of sugar which shall be a proportion of the quantity needed to meet the requirements of consumers in continental United States at least equal to the proportion allotted to such foreign countries during the calendar year 1937 in accordance with General Sugar Quota Regulations, Series 4, No. 1, issued by the United States Department of Agriculture on the 12th December, 1936. If the quota of the Commonwealth of the Philippines should be reduced below an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar, the Government of the United States further undertakes to permit a net importation (as defined above) from foreign countries of a net quantity of sugar equal to the amount of such reduction.

(*b*) Furthermore, in the allocation of import quotas to foreign countries as provided above, the Government of the United States undertakes that the percentage so allotted to countries parties to the present Agreement shall not in the aggregate be less than the percentage allotted to those countries at the time of the signature of the Agreement.

(*c*) The Government of the United States reserves the right to increase the net imports of sugar (as defined above) from foreign countries not enjoying preferential duty rates over and above the minimum import quotas to be allocated to them under the provisions of paragraphs (*a*) and (*b*) above, such excess not to be chargeable to the export quotas of such foreign countries and not to be included in reckoning the net importation for the purposes of paragraph (*a*).

ARTICLE 10

(*a*) The Government of the Commonwealth of the Philippines undertakes, so long as the United States maintains a quota for Philippine sugar of not less than an amount equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar per calendar year, not to export sugar to countries other than the United States, its territories and possessions, until additional export quotas are allotted under Article 20 of the present Agreement. In the event of such additional quotas being allotted, the Commonwealth of the Philippines will be entitled to export to the free market during the period for which such additional quotas are in force an amount equal to 4 per cent. of the aggregate of such additional quotas.

(*b*) In the event of a reduction in the quota for Philippine sugar for importation into the United States below a quantity equal to 800,000 long tons of unrefined sugar plus 50,000 long tons of refined sugar per calendar year, the Commonwealth of the Philippines shall be allotted a basic export quota for the free market equal to the quantity by which such quota in the United States is reduced plus the 4 per cent. above mentioned.

(c) The Government of the Commonwealth of the Philippines will not claim any quota for export to the free market because of any change which may take place during the period of the present Agreement in the tariff conditions under which Philippine sugar is admitted into the United States, and in return the Contracting Governments agree not to claim, in virtue of any most-favoured-nation rights granted to them by the Government of the United States, the benefit of any advantages with respect to sugar which may be accorded to, or agreed upon with, the Philippines by the Government of the United States during the period of the present Agreement.

ARTICLE 11

The Government of the United Kingdom undertakes, subject to the provisions of Article 14 below—

(a) To maintain in operation during the period of the present Agreement those provisions of the Sugar Industry (Reorganization) Act, 1936, designed to limit the annual production of sugar in Great Britain to a standard quantity of 560,000 long tons of white sugar (*i.e.*, approximately 618,000 metric tons raw value).

(b) That during the period of the present Agreement the total exports from the British Colonial Empire shall be limited to a basic figure of 965,254 metric tons per quota year.

ARTICLE 12

The Government of the Commonwealth of Australia undertakes, subject to the provisions of Article 14 below, to limit exports from Australia to a basic figure of 406,423 metric tons per quota year during the period of the present Agreement.

ARTICLE 13

The Government of the Union of South Africa undertakes, subject to the provisions of Article 14 below, to limit exports from the Union to a basic figure of 209,000 metric tons per quota year during the period of the present Agreement.

ARTICLE 14

(a) The Government of the United Kingdom, the Government of the Commonwealth of Australia and the Government of the Union of South Africa reserve the right respectively to increase the standard quantity for production in Great Britain and the basic quotas for exports of the Colonial Empire, Australia and South Africa, specified above, proportionately to any increase in requirements over and above the consumption requirements for the year ending the 31st August, 1937, of the United Kingdom plus the aggregate of the net import requirements for that year of each of the other parts of the British Empire.

Provided that there shall be reserved for exporters to the free market a percentage of the increase so calculated not less than the percentage of the aforesaid requirements supplied by the exporters to the free market in the year ending on the 31st August, 1937.

(*b*) The Governments of the United Kingdom, the Commonwealth of Australia and the Union of South Africa, in consultation with the Council, shall determine before the commencement of each quota year the estimated amount of the increase in requirements as aforesaid for that year, and the said Governments will thereupon notify the Council what amount of such estimated increase will be added to the standard quantity referred to in Article 11 (*a*) above or the export quotas referred to in Articles 11 (*b*), 12 and 13 as the case may be, and what amount will be available for exporters to the free market.

(*c*) The Governments of the Commonwealth of Australia and of the Union of South Africa agree not to claim any increase of their basic quotas, as fixed in Articles 12 and 13 respectively, in the year commencing the 1st September, 1937, without prejudice to their rights to their full share in the increase in future years of the aforesaid requirements as compared with the year ending the 31st August, 1937, and their shares of the increase of requirements in the year commencing the 1st September, 1937, shall be made available for exporters to the free market.

(*d*) If in any year the actual increase of requirements calculated as aforesaid exceeds or falls short of the estimate made as provided in paragraph (*b*) of this Article, a correction shall if necessary be made by deduction from or addition to the quotas for the next succeeding year.

ARTICLE 15

The provisions of Articles 22, 23 and 25 shall apply to the export quotas fixed by Articles 11, 12 and 13 above, and these quotas shall also be subject to the rules of paragraph (*a*) of Article 24 regarding notification of inability to utilise quotas, in the same way as if the said quotas were quotas for export to the free market. In the event of such notification of inability to utilise quotas the parts not to be utilised may be redistributed among the other territories referred to in Articles 11, 12 and 13.

ARTICLE 16

(*a*) The Government of India undertakes to prohibit exports of sugar by sea elsewhere than to Burma during the period of the present Agreement.

(*b*) In the event of re-export of Indian sugar by sea from Burma rendering the Government of India's contribution to the present Agreement ineffective, the Government of India will take up the matter with the Government of Burma with a view to reaching arrangements which will render the Government of India's contribution effective.

ARTICLE 17

The Government of China will use its best endeavours, so far as circumstances permit, to the end that the sugar import requirements of the Chinese market shall not decrease during the period of the present Agreement.

ARTICLE 18

The Government of the Netherlands, in respect of its territory in Europe, undertakes to refrain from net exports of sugar; it reserves the right to cover the requirements of its home market by its home production and imports from other parts of the Kingdom.

The Government of the Netherlands, in respect of Netherlands Guiana, undertakes to refrain from net exports of sugar to countries outside the Kingdom of the Netherlands.

Chapter IV. *Export Quotas for the Free Market*

ARTICLE 19

(a) The Contracting Governments shall have the basic export quotas for the free market which are set out below:

<i>Country</i>	<i>Basic Quota (metric tons)</i>
Belgium (including Belgian Congo).....	20,000
Brazil	60,000
Cuba	940,000
Czechoslovakia	250,000*
Dominican Republic.....	400,000
Germany	120,000
Haiti	32,500
Hungary	40,000
Netherlands (including overseas territories).....	1,050,000
Portugal (including overseas possessions)	30,000
Peru	330,000
Poland	120,000
Union of Soviet Socialist Republics (excluding exports to Mongolia, Tannu Tuva and Sin-Kiang).....	230,000
Total	3,622,500

*Czechoslovakia will receive the following extra allotments:

Year beginning—	
September 1, 1937:	90,000 metric tons.
September 1, 1938:	60,000 " "
September 1, 1939:	25,000 " "

it being understood that Czechoslovakia will take steps to reduce its acreage to correspond to those figures.

(b) It is further provided that 47,500 tons for the free market shall be placed in reserve. This reserve quota, if needed, will be at the disposal of those Governments which, while they have no separate quotas, have before signing the present Agreement, taken measures to balance their production and

consumption, and have not been habitual exporters, in order that they may be able in any particular year to export an unexpected surplus of output.

Yugoslavia shall in any case have a claim on the reserve up to 12,500 tons during each year of the Agreement.

France will be entitled to place upon the free market a possible surplus of production, whether home or colonial, up to the balance of the reserve after deducting any amount utilised by Yugoslavia.

If in any year France does not utilise the balance of the reserve after deducting the amount of 12,500 tons available for Yugoslavia, the exports of Yugoslavia may be increased up to a maximum of 15,000 tons.

(*c*) If there shall be allotted to the Commonwealth of the Philippines, under the provisions of Article 10, a basic export quota, that quota shall be subject in all respects to the same provisions as the export quotas set out in paragraph (*a*) of this Article.

(*d*) In the event of a non-signatory Government acceding to the present Agreement in accordance with Article 49 a basic export quota may be assigned to it in agreement with the said Government by the Council acting by unanimity of the votes cast.

ARTICLE 20

If the Council shall at any time decide by three-fifths of the votes cast that, having regard to the requirements of the market, additional supplies are desirable, it shall allot additional quotas to all the countries concerned for such period (not exceeding one year) as it may decide, the additional quotas for each country being proportional to the basic quota of that country. The Council shall at the same time make a corresponding proportionate increase in the reserve quota. Yugoslavia shall have a claim on such increase in the reserve quota proportionate to its claim on the original amount of the reserve. Furthermore, the Council shall, in accordance with Article 10, allot to the Commonwealth of the Philippines an export quota equal to 4 per cent. of the aggregate of the additional quotas allotted, including the increase in the reserve quota.

ARTICLE 21

(*a*) The Council shall be empowered for the year beginning the 1st September, 1937, and/or the year beginning the 1st September, 1938, to reduce export quotas by a uniform percentage not exceeding 5 per cent. if, after a survey of the probable requirements of the market for the year in question, it decides that such reduction is necessary. For this purpose export quotas shall be deemed to be the basic quotas after deducting any part of such quotas released under Article 24 (*a*) or adding any special allocations made under Article 24 (*b*) for the years in question.

(b) In subsequent years, it shall be open to the Council to recommend at any time whether, and to what extent, a reduction would be desirable, but such reduction shall come into force only if all the members of the Council representing countries entitled to basic quotas or to participation in the reserve, consent to it.

ARTICLE 22

Each Contracting Government to which an export quota has been or may be allotted undertakes to ensure that net exports from its territories to the free market for any given quota year shall not exceed the export quota in force for it in that year under the provisions of the present Agreement.

ARTICLE 23

If in any year of the Agreement a Contracting Government should not export its quota or any part of it, it shall not thereby acquire any right to an increase of its quota in the following year.

Nevertheless, if the Government of Czechoslovakia proves to the satisfaction of the Executive Committee that, owing to a low or high water level or the presence of ice on the Elbe, Czechoslovakia has been unable to export her full quota in any quota year, the Czechoslovak Government may be permitted to export the deficiency during the first three months of the next quota year, in addition to her quota for that year.

ARTICLE 24

(a) Each Contracting Government shall notify the Council, as soon as possible, if it does not propose to make use of its export quota, or any part of it, in any quota year, so that the quantities which will not be used may be redistributed (i) among the other Contracting Governments which notify the Council that they are in a position to use them and (ii) to the reserve quota. Subject to paragraph (b) below, this redistribution shall be made *pro rata* according to the basic quotas.

(b) The Council shall in any given quota year have power to use up to 25 per cent. of the quotas available for redistribution or up to 50,000 metric tons of such quotas, whichever shall be the larger amount, to meet proved cases of special hardship. Nevertheless, if in a particular year the amount available for redistribution should be less than 30,000 tons, the Council shall have power, should a proved case of special hardship arise, to allot to meet the necessities of that case an amount up to 30,000 tons. The excess of this amount over the amount available for redistribution shall constitute an increase of the supplies to the free market and the quotas of other Contracting Governments shall not be affected.

(c) The Governments of the following countries have given notice that during the quota year beginning on the 1st September, 1937, they will not make use of the parts of their export quotas herein indicated:

	<i>Tons</i>
Belgium	5,000
Germany	70,000
Hungary	20,000
Poland	20,000
U.S.S.R.	11,500

The French Government has given notice that during the above-mentioned quota year the reserve quota may be reduced by 22,500 tons.

ARTICLE 25

Neither the basic quotas nor the export quotas for a particular year nor any additional quotas may be ceded by one Contracting Government to another.

Chapter V. *Stocks*

ARTICLE 26

(a) While the Contracting Governments fully realise that due regard must be had to the necessity of maintaining adequate reserve supplies to meet unexpected demands, they agree that it is undesirable that excessive stocks of sugar which would weigh on the market should be accumulated in their respective countries.

(b) Those Contracting Governments to which export quotas have been or may be allotted under the present Agreement, undertake so to regulate their production that the stocks in their respective countries shall not exceed, for each country, on a fixed date in each year to be agreed with the Council, an amount equal to 25 per cent. of its annual production.

(c) Nevertheless, the Council may if it considers that such action is justified by special circumstances allot to any country a stock in excess of 25 per cent. of its production.

(d) On account of its special situation in connection with exports to the United States and the requirements of Contract No. 4 on the New York Sugar Exchange, the Republic of Cuba may have at the end of each calendar year as stocks (1) for the United States an amount not to exceed 30 per cent. of its export quota to that country, (2) for the free market, an amount not to exceed 300,000 metric tons, provided that a system of control is maintained by the Government of the Republic of Cuba, by means of identity certificates or otherwise, which ensures that such stocks are used for those purposes.

(e) Having regard to the special conditions of production in the Netherlands East Indies, that territory shall be permitted to have a stock not exceeding 500,000 tons on the 1st April in each year.

(f) Hungary shall be permitted to have a stock of 30 per cent. of its annual production.

ARTICLE 27

Those Contracting Governments to which free market export quotas have been allotted agree in respect of their cane producing territories to regulate

sugar production in those territories, unless prevented from doing so by drought, flood or other adverse conditions, so that stocks shall equal, on a fixed date in each year to be agreed with the Council, an amount not less than 10 per cent. of their respective export quotas for such year, provided nothing in this Article shall be construed as requiring any country to produce in excess of its basic export quota specified in Article 19 during either of the years 1937-38 or 1938-39.

ARTICLE 28

The Council shall in due course determine what shall be regarded as "stocks" of sugar for the purpose of Articles 26 and 27.

Chapter VI. *Establishment of an International Sugar Council*

ARTICLE 29

The present Agreement shall be under the administration of—

(a) A General Council, which shall be known as the International Sugar Council and shall be composed of delegates representing the Contracting Governments.

(b) An Executive Committee of nine members.

ARTICLE 30

The seat of the Council and of the Executive Committee shall be in London.

ARTICLE 31

Each Contracting Government shall appoint a delegation to the Council. Each delegation shall consist of not more than three members and its composition may be changed by giving formal notice to the chairman of the Council. Each delegation may be accompanied by not more than three advisers. Each delegation shall appoint one of its members to cast the vote of the delegation.

ARTICLE 32

The Council shall elect from amongst its members a Chairman and a Vice-Chairman who shall hold office for such period as it may determine.

ARTICLE 33

The Council shall have the following powers and duties:

(a) The general administration of the present Agreement, without prejudice to the powers which the Agreement gives to the Executive Committee;

(b) To elect its Chairman and Vice-Chairman and any other officers that it may consider necessary, determine their powers and duties and fix their terms of office;

(*c*) To estimate, at least twenty days before the beginning of each quota year, the requirements of consumption of the free market for that year;

(*d*) To appoint such permanent or temporary committees as it considers advisable for the proper working and administration of the present Agreement, and to determine their functions and duties;

(*e*) To approve the annual budget of expenses and fix the amounts to be contributed by each Contracting Government in accordance with the principles laid down in Article 35;

(*f*) To obtain such statistics and other data as it considers necessary for the execution of the present Agreement, and to publish such information as it may consider desirable;

(*g*) To endeavour to secure the accession of non-signatory Governments whose participation it considers desirable;

(*h*) In general, to exercise all the powers which may be necessary to carry out the present Agreement.

ARTICLE 34

The Council shall appoint a Secretary and take all other necessary measures to establish a Secretariat which shall be entirely free and independent of any other national or international organisation or institution.

ARTICLE 35

The expenses of delegations to the Council and of the members of the Executive Committee shall be defrayed by their respective Governments. All other expenses necessary for the administration of the present Agreement, including those of the Secretariat, shall be met by annual contributions of the Contracting Governments made in such manner and at such times as the Council shall determine, and shall not, except with the express consent of all the Contracting Governments, exceed £12,500 in any year. The contribution of each Government shall be proportionate to the number of votes to which its delegation is entitled.

ARTICLE 36

(*a*) The Council shall meet at least once a year. It may be convened at any time by its Chairman. The Chairman shall immediately convene a meeting of the Council if either the Executive Committee or five Contracting Governments so request. Notice of all meetings shall be despatched so as to ensure receipt by the Contracting Governments at least twenty days in advance of the date fixed for the meeting.

(*b*) The necessary quorum for a meeting of the Council shall be secured if not less than one third of the Contracting Governments are represented. One or more Contracting Governments may by a written notification to

the Chairman appoint the delegation of another Contracting Government to represent them and to vote on their behalf at any meeting of the Council.

(c) The Council may take decisions without holding a meeting, by correspondence between the Chairman and the delegations of the Contracting Governments provided that no delegation makes objection to this procedure. Any decision so taken shall be communicated to all the delegations as soon as possible, and shall be set forth in the Minutes of the next meeting of the Council.

ARTICLE 37

(a) The votes to be exercised by the respective delegations on the Council shall be as follows:

Exporting Countries—		Philippines	1
Union of South Africa	2	Poland	2
Australia	3	Portugal	1
Belgium	1	U.S.S.R.	5
Brazil	2	Yugoslavia	1
Cuba	10	Total	55
Czechoslovakia	3	Importing Countries—	
Dominican Republic	3	China	5
France	3	India	6
Germany	4	United Kingdom	17
Haiti	1	United States	17
Hungary	1	Total	100
Netherlands	9		
Peru	3		

(b) In the event of a non-signatory Government acceding to the present Agreement in accordance with the provisions of Article 49 the Council shall decide what number of votes shall be allotted to that Government.

(c) In the event of any Government in the group either of exporting countries or of importing countries failing to ratify the Agreement or subsequently withdrawing from it, the votes allotted to the delegation of that Government shall be redistributed, *pro rata*, between the other countries in the same group, and if any non-signatory Government should accede to the Agreement, the votes allotted to it shall be deducted *pro rata* from the other countries in the same group, so that the proportion of 55 votes for the exporting countries and 45 votes for the importing countries shall be maintained. For the purposes of this paragraph any acceding Government to which an export quota is not allotted shall be included as an importing country.

ARTICLE 38

Except where otherwise provided, decisions of the Council shall be taken by a simple majority of the votes of the Contracting Governments represented at the meeting.

ARTICLE 39

(a) The Executive Committee shall consist of:

(i) Three representatives of Governments of importing countries;

(ii) Three representatives of Governments of cane sugar producing countries;

(iii) Three representatives of Governments of beet sugar producing countries.

(b) The representatives of the above-mentioned groups of countries shall, subject to the provisions of paragraph (c) of this Article, be as follows:

(i) For the importing countries the Government of the United Kingdom of Great Britain and Northern Ireland, and the Government of the United States of America shall be represented for the whole period of the Agreement, and the Governments of the other countries referred to as importing countries in Article 37 shall select annually one of their number, who shall appoint the third member for this group.

(ii) For the cane sugar producing countries the Government of the Republic of Cuba and the Government of the Netherlands shall be represented for the whole period of the Agreement, and the Governments of the following countries shall be represented for the years indicated:

Year commencing—

September 1, 1937: The Commonwealth of Australia.

September 1, 1938: The Dominican Republic.

September 1, 1939: Peru.

September 1, 1940: The Union of South Africa.

September 1, 1941: Brazil.

(iii) For the beet sugar producing countries the Governments of the following countries shall be represented for the periods indicated:

Year commencing—

September 1, 1937: Czechoslovakia, Germany, the U.S.S.R.

September 1, 1938: Czechoslovakia, Germany, the U.S.S.R.

September 1, 1939: Czechoslovakia, France, Poland.

September 1, 1940: Belgium, Germany, the U.S.S.R.

Six months commencing September 1, 1941: France, Hungary, Poland.

Six months commencing March 1, 1942: France, Poland, Yugoslavia.

(c) The Chairman of the Council shall *ex officio* be a member of the Executive Committee and during his term of office the Government of which he is a representative shall not be entitled to appoint any further representative on the Executive Committee under paragraph (b) of this Article.

ARTICLE 40

The Executive Committee shall exercise any powers which the Council may delegate to it except—

- (1) the power of reducing quotas under Article 21;
- (2) the power of allotting additional quotas under Article 20:

- (3) the power of determining the conditions on which any nonsignatory Government may accede to the Agreement under Article 49;
- (4) the powers to be exercised under Articles 44 and 51.

ARTICLE 41

Whenever the Executive Committee considers that the export quotas fixed for a quota year are not sufficient to cover the requirements of consumption or that a sudden and excessive rise of price is probable, it shall make to the Council by telegraph such recommendations as it thinks necessary for the release of additional quotas under Article 20 and shall request a decision by telegraph. If approval of the recommendations is not given by telegraph within five days by delegations exercising the necessary majority of votes provided for in Article 20, the Chairman shall immediately summon a meeting of the Council

ARTICLE 42

(a) The Executive Committee shall meet whenever its Chairman considers it advisable or whenever the request is made by any two members.

(b) The presence of five members shall be necessary to constitute a quorum. Decisions shall be taken by a majority of the votes cast.

(c) Each member of the Executive Committee shall have one vote with the exception of the representatives of the Governments of the United States of America and of the United Kingdom, who shall have two votes each.

(d) The Chairman of the Committee shall have a deciding vote in case of equality of votes.

(e) Any member of the Committee may by a notification in writing appoint another member to represent him and vote on his behalf.

Chapter VII. *Miscellaneous Provisions*

ARTICLE 43

The present Agreement shall apply to all the territories of each of the Contracting Governments including colonies, oversea territories, protectorates and territories under suzerainty or mandate.

ARTICLE 44

(a) If any Contracting Government alleges that any other Contracting Government has failed to comply with the obligations of the present Agreement a special meeting of the Council shall be called to decide whether any infringement of the Agreement has taken place, and, if so, what measures shall be recommended to the Contracting Governments in view of the infringement. If the Council shall decide that it is desirable that the other Contracting Governments shall prohibit or restrict the import of sugar from the country which has infringed the Agreement, the taking of such measures shall not be

deemed to be contrary to any most-favoured-nation rights which the offending Government may enjoy.

(b) Any decision of the Council under this Article shall be taken by three-fourths of the votes cast.

ARTICLE 45

If during the period of the present Agreement it should be considered or should be shown that the attainment of its objects was being hindered by countries not party thereto, a special meeting of the Council shall be called to decide what measures should be recommended to the Contracting Governments.

ARTICLE 46

Should the Council at any time be satisfied that, as the result of a material increase in the exportation or use of sugar syrups, liquid sugar, edible molasses or any other kind of sugar mixtures, those products are taking the place of sugar to such an extent as to prevent full effect being given to the purposes of the present Agreement, it may resolve that such products or any of them shall be deemed to be sugar, in respect of their sugar content, for the purposes of the Agreement; provided that the Council shall, for the purpose of calculating the amount of sugar to be charged to the export quota of any country, exclude the sugar equivalent of any quantity of such products which has normally been exported from that country prior to the coming into force of the Agreement.

ARTICLE 47

The present Agreement shall be ratified and the instruments of ratification shall be deposited as soon as possible with the Government of the United Kingdom of Great Britain and Northern Ireland, which will notify the fact of each deposit to the Governments which have signed the Agreement.

ARTICLE 48

(a) The present Agreement shall come into force on the 1st September, 1937, if at that date it has been ratified by all the signatory Governments.

(b) If by the above-mentioned date the instruments of ratification of all the signatories have not been deposited, the Governments which have ratified the Agreement may decide to put it into force among themselves.

ARTICLE 49

(a) The present Agreement shall, until the 30th June, 1937, remain open for signature on the part of any Government represented at the Conference at which the Agreement has been drawn up. The right to effect such signature after this day's date shall be dependent on the signatory Government also signing the Protocol attached hereto.

(b) The present Agreement shall at any time after its entry into force be open to accession by the Government of any metropolitan territory other than a Government which has signed the Agreement, provided that the conditions of such accession shall first be agreed upon with the Council by the Government desiring to effect it.

ARTICLE 50

(a) Subject to the provisions of Article 51, the present Agreement shall remain in force for a period of five years from the date of its entry into force and shall not be subject to denunciation.

(b) The Contracting Governments shall decide at least six months before the expiration of the present Agreement whether it shall be continued for a further period and, if so, on what terms. In the event of unanimity not being attained the Governments which desire to maintain the Agreement shall be entitled to do so as between themselves.

ARTICLE 51

The Contracting Governments shall have the right to withdraw from the Agreement in the following circumstances and subject to the following conditions:

(a) Any Contracting Government may, if it becomes involved in hostilities, apply for the suspension of its obligations under the Agreement. If the application is denied such Government may give notice of withdrawal from the Agreement.

(b) If any Contracting Government into whose territories there is a net import of sugar shall allege that, owing to the operation of the present Agreement, there is an acute shortage of supplies or an abnormal rise in world prices, it may request the Council to take measures to remedy such situation, and if the Council declines to do so the Government concerned may give notice of withdrawal from the Agreement.

(c) If, during the period of the present Agreement, by the action of any country (whether the Agreement applies to it or not) such adverse changes occur in the relation between supply and demand on the free market as may substantially diminish the market possibilities of the suppliers of that free market, any Contracting Government affected may state its case to the Council. If the Council does not agree that the complaint of that Government is well-founded, that Government shall have the right to submit the case to the judgment of three arbitrators, subjects of countries not parties to the Agreement, to be nominated by the Council at its first meeting after the entry into force of the Agreement. If either the Council or the arbitrators declare the case to be well-founded the Government concerned may give notice of withdrawal from the Agreement.

(d) The Council shall take a decision within sixty days on any matters submitted to it in accordance with the preceding paragraphs of this Article;

failure to do so within that time shall give the Government which has submitted the matter to the Council the right to give notice of withdrawal from the Agreement.

(e) In the event of any Government giving notice of withdrawal from the Agreement in accordance with the provisions of this Article, any of the other Contracting Governments shall have the right at any time during the ensuing three months also to give notice of withdrawal.

(f) All notices of withdrawal given under this Article shall be sent to the Government of the United Kingdom of Great Britain and Northern Ireland, by whom they will be communicated to all the other Contracting Governments and to the Council; and withdrawal shall take effect three months after the date of receipt of such notice by the Government of the United Kingdom.

(g) Any decision taken by the Council under this Article shall require three-fourths of the votes cast.

In faith whereof the undersigned, duly authorised thereto, have signed the present Agreement.

Done in London this sixth day of May, One thousand nine hundred and thirty-seven. In accordance with the procedure followed by the World Monetary and Economic Conference, in continuation of which the International Sugar Conference was called, the present Agreement has been prepared in the French and English languages. It will also be drawn up in German and Russian. The four texts shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be communicated to all the signatory Governments, the four texts being equally authentic.

Pending the signature of the other texts, the signatures appended to the English text shall take effect as from to-day.

For the Government of the Union of
South Africa:

C. T. TE WATER
F. J. DU TOIT

For the Government of the Common-
wealth of Australia:

R. G. CASEY
S. M. BRUCE

For the Government of Belgium:

LUC. BEAUDUIN

For the Government of Brazil:

DECIO COIMBRA

For the Government of the United King-
dom of Great Britain and Northern
Ireland:

J. RAMSAY MACDONALD

For the Government of China:

QUO TAI-CHI

For the Government of the Republic of
Cuba:

J. GOMEZ M.
AURELIO PORTUONDO
E. H. FARRÉS
ARTURO MAÑAS

For the Government of Czechoslovakia:
JAN MASARYK

For the Government of the Dominican
Republic:

R. P. PICHARDO

For the Government of France:

CH. SPINASSE

For the Government of Germany:

JOACHIM V. RIBBENTROP
DR. ALFONS MORITZ
LUDWIG SCHUSTER

For the Government of Haiti:
LÉON DEFLY

For the Government of Hungary:
CONSTANTIN DE MASIREVICH
DR. G. VINNAY

For the Government of India:
D. B. MEEK

For the Government of the Netherlands:
J. VAN GELDEREN

For the Government of Peru:
FELIPE PARDO
J. CHAMOT
ALFREDO FERREYROS

For the Government of Poland:
The Delegation of the Government of Poland, which is in charge of the foreign affairs of the Free City of Danzig in virtue of existing treaties, reserves the right, on behalf of the Government of Poland, to accede at a later date on behalf of the Free City of Danzig.
EDWARD RACZYNSKI

For the Government of Portugal:
LUIZ FERREIRA DE CASTRO

For the Government of the Union of Soviet Socialist Republics:

It is understood that, in view of the fact that the U.S.S.R. is a State governed on a planned principle, Chapter 5 of the Agreement dealing with stocks and all the other Articles in the various Chapters of this Agreement which in any manner refer to internal production do not apply to the U.S.S.R.

N. BOGOMOLOV

For the Government of the United States of America:

NORMAN H. DAVIS

I am instructed by my Government to state that, in the event that its existing legislation imposing quotas upon the importation and marketing of sugar lapses within the life of this Agreement, it will be its policy to maintain its tariff on full duty sugar at no higher rate than that now existing.²³

(In respect of the Commonwealth of the Philippines):²⁴

URBANO A. ZAFRA

For the Government of Yugoslavia:
V. MILANOVITCH

PROTOCOL CONCERNING TRANSITIONAL MEASURES

1. At the moment of signing the Agreement regarding the Regulation of the Production and Marketing of Sugar of to-day's date, the signatory Governments agree that the Government of the United Kingdom of Great Britain and Northern Ireland shall take between this date and the assumption of its duties by the Provisional Council referred to below any steps necessary as transitional measures, including the convening of the first session of the said Provisional Council, which shall be held in London as soon as possible, the preparation of the agenda for that session, and the making of all necessary arrangements.

2. The said Governments agree to appoint, as soon as possible, representatives who shall constitute a Provisional Council, which shall exercise all the functions of the International Sugar Council to be set up under that Agreement, and which shall be subject in all respects to the provisions of Chapter VI of the said Agreement, provided that no decisions of such a Provisional

²³ For a U.S. reservation contained in the Senate's resolution of advice and consent and maintained in the President's ratification, see footnote 1, p. 388.

²⁴ The commitments of the Philippines were confirmed by an act of the Philippine National Assembly approved by the President of the Commonwealth Mar. 17, 1938, and by the President of the United States Apr. 29, 1938.

Council shall be binding on the signatory Governments prior to the coming into force of the Agreement.

3. Within a period of forty days from the date of its signature of the Agreement, each signatory Government will communicate to the Government of the United Kingdom a statement as to its position in regard to ratification.

4. If any Government is unable for constitutional reasons to obtain the necessary parliamentary authority for ratification before the 1st September, 1937, the signatory Governments agree to accept provisionally as equivalent to ratification for the purposes of bringing the Agreement into force on that date a declaration by that Government that it will provisionally accept the obligations of the Agreement as from that date and will ratify it as soon as possible. Should the ratification of such Government not be deposited before the 1st January, 1938, the Contracting Governments shall have the right to decide whether or not the Agreement is to be maintained in force.

5. Each signatory Government undertakes to ensure that so far as its territories are concerned the situation as regards production, export and import of sugar shall not be modified in a manner contrary to the aims of the Agreement during the period between the date of its signature and the date of entry into force of the Agreement. Any infringement of this undertaking shall be equivalent to a violation of the Agreement.

6. The signatory Governments take note of the following declaration, which was made to the Conference by the delegate of the Government of Canada:

“I desire to make a brief statement regarding the position of the Government of Canada. After an examination of the Convention, necessarily hurried, the Government of Canada regret that they have not found it possible to authorise signature at the present time. They are, of course, sympathetic with the aim of the Conference of averting uneconomic production, but the position of Canada at this Conference as an importer and consumer of sugar is so different from that of almost all the other countries represented that they desire a further period of time to study the effect of the specific proposals of the Convention on that position; and in the light of that study to decide whether it would be possible to accede later. At the same time, the Government of Canada reiterate the assurance already given that they do not propose to stimulate the production of sugar in Canada during the term of this agreement by subsidy, increased protection, special remission of taxes, or by any other similar measures.”

7. The present Protocol shall enter into force for each signatory Government on the date of signature.

In faith whereof the undersigned, duly authorized thereto, have signed the present Protocol.

Done in London this sixth day of May, Nineteen hundred and thirty-seven. In accordance with the procedure followed by the World Monetary and Economic Conference, in continuation of which the International Sugar Conference was called, the present Agreement has been prepared in the French and English languages. It will also be drawn up in German and Russian. The four texts shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland, by whom certified copies will be communicated to all the signatory Governments, the four texts being equally authentic.

Pending the signature of the other texts, the signatures appended to the English text shall take effect as from to-day.

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