

INTERNATIONAL SUGAR AGREEMENT, 1958

Note: The Philippines deposited its instrument of ratification with the Government of Great Britain, July 29, 1959. The Agreement entered into force, January 1, 1959, and with respect to the Philippines, July 29, 1959.

Reference: This Agreement Is also published hi III DFA TS No. 3, p. 105.

CHAPTER I GENERAL OBJECTIVES ARTICLE 1

The objectives of this Agreement are to assure supplies of sugar to importing countries and markets for sugar to exporting countries at equitable and stable prices and, by these and other means, to facilitate steady increases in the consumption of sugar and corresponding increases in the supply of sugar, to contribute to the improvement of the living conditions of consumers throughout the -world and to assist in the maintenance of the purchasing power in world markets of producing countries or areas and especially of those whose economies are largely dependent upon the production or export of sugar by providing adequate returns to producers and making it possible to maintain fair standards of labour conditions and wages; and, in general, to further international cooperation in connexion with world sugar problems.

CHAPTER II DEFINITIONS ARTICLE 2

For the purposes of this Agreement

- (1) "Ton" means a metric ton of 1,000 kilogrammes.
 - (2) "Quota year" means calendar year, that is, the period from 1 January to 31 December, both inclusive.
 - (3) "Sugar" means sugar in any of its recognized commercial forms derived from sugar cane or sugar beet, including edible and fancy molasses, syrups and any other form of liquid sugar used for human consumption, except final molasses and low-grade types of non-centrifugal sugar produced by primitive methods. Sugar destined for uses other than human consumption as food is excluded, to the extent and under such conditions as the Council may determine.
- Amounts of sugar specified in this Agreement are in terms of raw value, net weight, excluding the container. Except as provided in Article 16, the raw value of any amount of sugar means its equivalent in terms of raw sugar testing 96 sugar degrees by the polariscope.
- (4) "Net imports" means total imports of sugar after deducting total exports of sugar.
 - (5) "Net exports" means total exports of sugar (excluding sugar supplied as ships' stores for ships victualling at domestic ports) after deducting total imports of sugar.
 - (6) "Free market" means the total of net imports of the world market except those excluded under any provisions of this Agreement.
 - (7) "Importing country" means one of the countries listed in Article 33.
 - (8) "Exporting country" means one of the countries listed in Article 34.
 - (9) "Basic export tonnages" means the quantities of sugar specified in Article 14(1).

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

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

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

(i) all sugar in the country concerned either in factories, refineries, warehouses or in the course of internal transportation for destination within the country ? but excluding bonded foreign sugar ("which term shall be regarded as also covering sugar "en admission temporaire") and excluding sugar in factories, refineries and warehouses or in the course of internal transportation for destinations within the country, which is solely for distribution for internal consumption and on which such excise or other consumption duties as exist in the country concerned have been paid; or

(ii) all sugar in the country concerned either in factories, refineries, warehouses, or in the course of internal transportation for destinations within the country, but excluding bonded foreign sugar (which term shall be regarded as also covering sugar "en admission temporaire") and excluding sugar in factories, refineries and warehouses or in the course of internal transportation for destinations within the country which is solely for distribution for internal consumption: according to the notification made to the Council by each Participating Government under Article 13.

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

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

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

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

CHAPTER III
GENERAL UNDERTAKINGS BY PARTICIPATING GOVERNMENTS
1. SUBSIDIES
ARTICLE 3

(1) The Participating Governments recognize that subsidies on sugar may so operate as to impair the maintenance of equitable and stable prices in the free market and so endanger the proper functioning of this Agreement.

(2) If any Participating Government grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of sugar from, or to reduce imports of sugar into its territory, it shall, during each quota year, notify the Council in writing of the and nature of the subsidisation, of the estimated effect of the subsidisation on the quantity exported from or imported into its territory and of the circumstances making the subsidisation necessary. The notification referred to in this paragraph shall be given at the request of the Council, which request shall be-made at least once each quota year in such form and at such time as may be provided in the rules of procedure of the Council.

(3) In any case in which a Participating Government considers that serious prejudice to its interests under this Agreement is caused or threatened by such subsidisation, the Participating Government granting the subsidy shall, upon request, discuss with the other Participating Government or Governments concerned, or with the Council, the possibility of limiting the subsidisation. In any case in which the matter is brought before the Council, the Council may examine the case with the Governments concerned and make such recommendations as it deems appropriate.

2. PROGRAMMES OF ECONOMIC ADJUSTMENT
ARTICLE 4

Each Participating Government agrees to adopt such measures as it believes will be adequate to fulfil its obligations under this Agreement with a view to the achievement of the general objectives set forth in Article 1 and as will ensure as much progress as practicable within the duration of this Agreement towards the solution of the commodity problem involved.

3. PROMOTION OF INCREASED CONSUMPTION OF SUGAR
ARTICLE 5

With the object of making sugar more freely available to consumers, each Participating Government agrees to take such action as it deems appropriate to reduce disproportionate burdens on sugar, including those resulting from— (i) private and public controls, including monopoly; (ii) fiscal and tax policies.

4. MAINTENANCE OF FAIR LABOUR STANDARDS
ARTICLE 6

The Participating Governments declare that, in order to avoid the depression of living standards and the introduction of unfair competitive conditions in world trade, they will seek the maintenance of fair labour standards in the sugar industry.

CHAPTER IV
SPECIAL OBLIGATIONS OF THE PARTICIPATING GOVERNMENTS OF COUNTRIES
WHICH IMPORT SUGAR
ARTICLE 7

(1)—(i) To prevent non-participating countries from gaining advantage at the expense of participating countries, the Government of each participating country agrees that it will not permit the import for any purpose from non-participating countries as a group during any quota year of a total quantity of sugar large than was imported from those countries as a group during any one of the three calendar years 1951, 1952, 1953; provided that the said total quantity shall not include imports purchased by a participating country from non-participating countries during any period when by virtue of paragraph (3) of Article 21, quotas and limitations on exports are inoperative, and provided further that the Government of the participating country has notified the Council in advance that such purchases may be made.

(ii) The years referred to in sub-paragraph (i) of this paragraph may be varied by a determination of the Council on the application of any Participating Government "which considers that there are special reasons for such variation.

(2)—(i) If any Participating Government considers that the obligation it has assumed under paragraph (1) of this Article is operating in such a way that its country's re-export trade in refined sugar or trade in sugar-containing products is suffering damage therefrom, or is in imminent danger of being damaged, it may request the Council to take action to safeguard the trade in question, and the Council shall forthwith consider any such request and shall take such action, which may include the modification of the aforesaid obligation, as it deems necessary for that purpose. If the Council fails to deal with a request made to it under this sub-paragraph within 15 days of its receipt the Government making the request shall be deemed to have been released from its obligation under paragraph (1) of this Article to the extent necessary to safeguard the said trade.

(ii) If in a particular transaction in the usual course of trade the delay resulting from the procedure provided for in sub-paragraph (i) of this paragraph might result in damage to a country's re-export trade in refined sugar or trade in sugar-containing products, the Government concerned shall be released from the obligation in paragraph (1) of this Article in respect of that particular transaction.

(3)—(i) If any Participating Government considers that it cannot carry out the obligations in paragraph (1) of this Article, it agrees to furnish the Council with all relevant facts and to inform

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

(ii) If the Government of any participating exporting country considers that the interests of its country are being damaged by the operation of paragraph (1) of this Article, it may furnish the Council with all relevant facts and inform the Council of the measures which it would wish to have taken by the Government of the other participating country concerned, and the Council may, in agreement with the latter Government, modify the obligation laid down in paragraph (1).

(4) The Government of each participating country which imports sugar agrees that as soon as practicable after its ratification of, acceptance of, or accession to this Agreement, it will notify the Council of the maximum quantities which could be imported from non-participating countries under paragraph (1) of this Article.

(5) In order to enable the Council to make the redistributions provided for in Article 19(1) (ii), the Government of each participating country which imports sugar agrees to notify the Council, within a period fixed by the Council which shall not exceed eight months from the beginning of the quota year, of the quantity of sugar which it expects will be imported from non-participating countries in that quota year; provided that the Council may vary the aforesaid period in the case of any such country.

(6) The Government of each participating importing country agrees that in any quota year the total exports, if any, of sugar from its country, excluding sugar supplied as ships' stores for ships victualling at domestic ports, shall not exceed the total imports of sugar into that country in that quota year.

CHAPTER V
SPECIAL OBLIGATIONS OF GOVERNMENTS OF PARTICIPATING EXPORTING
COUNTRIES
ARTICLE 8

(1) The Government of each participating exporting country agrees that exports from its country to the free market will be so regulated that net exports to that market will not exceed the quantities which such country may export each quota year in accordance with the export quotas established for it under the provisions of this Agreement. Subject to such tolerances as the Council may prescribe, any amount by which total net exports of an exporting country in any quota year exceeds its export quota in effect at the end of that year shall be charged to the export quota in effect of that country for the next following quota year.

(2) The Council may, if it deems necessary because of exceptional circumstances, limit the proportion of their quotas which participating exporting countries having basic tonnages in excess of 75,000 tons may export during any part of a quota year, provided that no such limitations shall prevent the participating exporting countries from exporting, during the first eight months of any quota year, 80 per cent, of their initial export quotas and provided further that the Council may at any time modify or remove any such limitation which it may have imposed.

ARTICLE 9

The Government of each participating exporting country agrees that it will take all practicable action to ensure that the demands of participating countries which import sugar are met at all times. To this end, if the Council should determine that the state of demand is such that, notwithstanding the provisions of this Agreement, participating countries which import sugar are threatened with difficulties in meeting their requirements, it shall recommend to

participating exporting countries measures designed to give effective priority to those requirements. The Government of each participating exporting country agrees that, on equal terms of sale, priority in the supply of available sugar, in accordance with the recommendations of the Council, will be given to participating countries which import sugar.

ARTICLE 10

The Government of each participating exporting country agrees to adjust the production of sugar in its country during the term of this Agreement and in so far as practicable in each quota year of such term, by regulating the manufacture of sugar or, when this is not possible, the acreage or plantings, so that the production shall result in such amount of sugar as may be needed to provide for domestic consumption, exports permitted under this Agreement and stocks specified in Article 13.

ARTICLE 11

(1) The Government of each participating exporting country agrees to notify the Council, as soon as possible, but not later than 15 May whether or not it expects that its country's export quota in effect at the time of notification will be used and, if not, of such part of its country's export quota in effect as it expects will not be used, and on receipt of such advice, the Council shall take action in accordance with Article 19 (l)(i).

(2) In addition to the notification provided for in paragraph (1) above, the Government of each participating export country agrees to notify the Council, as soon as possible after 15 May, but not later than 30 September, whether or not it expects that its country's export quota in effect at the time of that notification will be used and, if not, of such part of its country's export quota in effect as it expects will not be used, and on receipt of such advice, the Council shall take action in accordance with Article 19 (l)(i).

ARTICLE 12

(1) If the actual net exports to the free market of any participating exporting country in a quota year fall short of its export quota in effect at the time of notification by its Government in accordance with paragraph (1) of Article 11, less such part, if any, of that quota as the Government has notified under paragraph (1) of Article 11 that it expected would not be used, and less any net reduction in its export quota in effect made subsequently by the Council under Article 21, the difference shall be deducted from that country's export quota in effect in the following quota year to the extent that such difference exceeds 50 per cent, of the amount notified under paragraph (1) of Article 11.

(2) Without prejudice to the provisions in paragraph (l) of this Article, if the actual net exports to the free market of any participating exporting country in a quota year fall short of its export quota in effect at the time of notification by its Government in accordance with paragraph (2) of Article II, less any reduction in its export quota in effect made subsequently by the Council under Article 21, an allowance of 50 per cent, of the amount notified in accordance with paragraph (2) of Article 11 shall be made against the deduction of that shortfall from that country's export quota in the following quota year.

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

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

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

CHAPTER VI STOCKS