

## **INTERNATIONAL SUGAR AGREEMENT**

Note: The Agreement was concurred in by the Senate, S.R. No. 8, April 8, 1954. The Philippine instrument of ratification was deposited with the UK Government, April 30 1954. The Agreement entered into force, December 15, 1953 with respect to articles 1 2, 18, and 27-46 inclusive and on January 1, 1954 with respect to articles 3-17 and 19-26 inclusive. The Agreement entered into force with respect to the Philippines on January 1, 1954. It was proclaimed by the President Proc. No. 206, S. 1955.

Reference: This Agreement is also published in 258 UNTS, p. 153. The Presidential proclamation of the Agreement is published in 51 O.G., P. 4938. (Oct. 1955).

The Governments party to this Agreement have agreed as follows:—

### **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; to increase the consumption of sugar throughout the world; and to maintain the purchasing power in world markets of countries or areas 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.

### **CHAPTER II.-DEFINITIONS**

#### **ARTICLE 2**

For the purposes of this Agreement—

- (1) "Ton" means a metric ton of 1,000 kilograms.
- (2) "Quota Year" means calendar year, that is, the period from January 1 to December 31, both inclusive.
- (3) "Sugar" means sugar in any of its recognised 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.

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 degrees by the ploriscopes.

- (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) "Basic export tonnages" means the quantities of sugar specified in Article 14(1).

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

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

(10) "Stocks of Sugar" for the purposes of Article 13, means either:—

(1) 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 and on which such excise or other consumption duties as exist in the country concerned have been paid; or

(2) All sugar in the country concerned either in factories, refineries, warehouses, or in the course of internal transportation for destinations within the country, but excluding bonded foreign sugar (which term shall be regarded as also covering sugar "en admission temporaire") and excluding sugar in factories, refineries and warehouses or in the course of internal transportation for destinations within the country which is solely for distribution for internal consumption;

according to the notification made' to the Council by each Participating Government under Article 13.

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

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

(13) "Importing Country" means one of the countries listed in Article 33, or any country which is a net importer of sugar, as the context requires.

(14) "Exporting Country" means one of the countries listed in Article 34, or any country which is a net exporter of sugar, as the context requires.

### **CHAPTER III.-GENERAL UNDERTAKINGS BY PARTICIPATING GOVERNMENTS**

#### **1. Subsidies**

#### **ARTICLE 3**

(1) The Participating Governments 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 rice 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 extent and nature of the subsidisation, of the estimated effect of the subsidisation on the quantity of sugar exported from or imported into its territory and of the circumstances making the subsidisation necessary.

(3) In any case in which a Participating Government considers that 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) The Government of each participating importing country and the Government of each participating exporting country which imports sugar for re-export agrees that, to prevent non-participating countries from gaining advantage at the expense of participating countries, it will not permit the import from non-participating countries as a group during any quota year of a total quantity larger than was imported from those countries as a group during any one of the three calendar years preceding the year in which the Agreement entered into force, i.e., 1951, 1952, 1953; provided that the said total quantity shall not include imports purchased by a participating country from non-participating countries at any time when such country cannot meet its requirements from participating countries at prices not exceeding the maximum established in Article 20, and has so notified the Council.

(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 (i) 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 sugar, 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 obligation 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, and the Council shall within 15 days examine the matter and may, in respect of such Government, modify the obligation laid down in paragraph (1).

(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.

## **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.

(2). The Government of each participating exporting country with a basic export tonnage in excess of 75,000 tons agrees not to permit the export during the first eight months of any quota year of more than 80 per cent of its initial export quota; provided that the Council may increase this percentage if it deems such increase to be justified by market conditions.

### **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 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 regulation of the manufacture of sugar or, when this is not possible, by regulation of acreage or plantings) so that the production does not exceed such amount of sugar as may be needed to provide for domestic consumption, exports permitted under this Agreement, and maximum stocks specified in Article 13.

### **ARTICLE 11**

The Government of each participating exporting country agrees to advise the Council as soon as possible of such part of its country's initial export quota and