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REPORT
No. 53

COFFEE

FEBRUARY 1 (legislative day, JANUARY 29), 1965.—Ordered to be printed

Mr. LONG of Louisiana, from the Committee on Finance, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany S. 701]

The Committee on Finance, to whom was referred the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

PURPOSE

The purpose of S. 701 is to authorize the procedures required in order that the President might carry out the obligations of the United States under the International Coffee Agreement of 1962. That agreement has been signed by the United States, and the Senate has given its advice and consent to ratification.

The bill would authorize the President to require all coffee entering U.S. markets and all exports of coffee to be accompanied by a certificate of origin or a certificate of reexport; to limit imports of coffee from countries which have not joined in the agreement; to require the keeping of certain records, statistics, and other information; and to take such other action as he may consider necessary to implement the obligations of the United States under the treaty.

The bill also authorizes appropriations necessary to carry out the obligations of the United States under the treaty. Certain obsolete provisions of law would also be repealed.

The U.S. coffee industry has gone on record as favoring both the International Coffee Agreement and this implementing legislation.

REASONS FOR BILL

This bill would bring a measure of stability to coffee prices throughout the world. In accomplishing this, not only will we be strengthening the Alliance for Progress which is an important part of the administration's program, but also we will benefit our own coffee consumers by stopping extreme price changes.

Coffee is the single most important agricultural commodity in the trade of most of the developing countries, particularly in Latin America. Coffee exports account for more than 50 percent of all exports in 6 Latin American countries and an average of 25 percent in all the 14 Latin American exporting nations. Seven new African countries receive from 30 to 50 percent of their foreign exchange earnings from coffee. About 20 million persons in the world depend on coffee for their livelihood; more than 60 percent of them are in Latin America. The overwhelming majority are small farmers cultivating less than 5 acres of land. In a very real sense, therefore, coffee is the lifeblood of the developing nations of the world.

It is clear that sharp fluctuations in coffee prices are a very unsettling factor to the producing countries. While there is no perfect way to deal with this problem, an international agreement can at least moderate the wide swings in prices that seriously dislocate the economies of the producing nations. It can enable them to stabilize their domestic economies and broaden their purchases from the United States.

The consumers also gain from the agreement. It provides a forum through which we can persuade producing countries to draw on their stocks to make additional coffee available to the market whenever shortages threaten. In this way, price fluctuations can be moderated for the benefit of coffee drinkers. Without the coffee agreement we have no procedures to guard against unusual market conditions.

GENERAL STATEMENT

The Senate, on May 21, 1963, gave its advice and consent to the ratification of the International Coffee Agreement, 1962. On December 27, 1963, the United States deposited its instrument of ratification. By so doing the United States became a party to this treaty although the statutory authority enabling the United States to carry out all its obligations under the agreement was lacking. S. 701 would provide this authority.

Membership in the agreement will not obligate U.S. purchasers to buy coffee from any particular country, to buy any specific amount of coffee, or to pay any specific price for coffee. Coffee traders will be free to continue their established practices and patterns of trade, competing as before with buyers in other consuming countries.

The interests of the United States are protected by the fact that it will hold a minimum of 400 votes out of the total of 1,000 consumer votes in the International Coffee Council, the governing body of the agreement, and will also be a member of the executive board. Since practically all important decisions, such as adoption of the budget, establishment of the quotas, or the production control program, require a two-thirds vote of the consumers and producers voting separately, the United States holds sufficient votes to prevent actions

which might be considered adverse to our policy interests, to our business community, or to the American consumer.

The International Coffee Agreement does not contemplate any changes in the traditional relationships between the traders, the roasters, and the retailers. Coffee is a high volume, staple food product. Coffee price and quality are subject to keen competition in retail outlets in the United States. This means that the benefits of success of promoting low-cost efficient production, or in stabilizing the price cannot be withheld from the consumer.

The authority provided by this bill which enables us to fully perform our part in making the Coffee Agreement work can be simply stated.

First, it would authorize the President to prohibit imports from members of the International Coffee Organization of coffee that is not accompanied by a certificate of origin. These certificates identify the source of the coffee and enable the coffee organization to maintain a statistical check on exports and to detect quota violations by producing members. Prohibiting imports of coffee that are not accompanied by certificates helps exporting countries police their quota systems.

Second, it would require U.S. exports and reexports of coffee to be accompanied by certificates of origin or reexport.

Third, it would authorize the President to impose quotas on nations not members of the coffee organization in certain circumstances. In short, it would put teeth into the agreement.

The President is required by this implementing bill to submit to the Congress an annual report on the operations of the agreement, including full information with regard to the level of prices.

This annual report, the first of which is to be filed not later than January 15, 1966, is also to contain a summary of the action the United States and the International Coffee Organization have taken to protect the interests of U.S. consumers.

It should be indicated that although the United States is not yet a fully effective participant in the coffee organization, as a matter of fact the Coffee Agreement already has helped to bring some stability to coffee prices.

Under Secretary of State George W. Ball described for the committee how this occurred at our hearings on the bill. His statement follows:

Prices in 1962 and the first 9 months of 1963 were at their lowest point in 14 years because production was running 30 percent ahead of consumption. Then in the summer of 1963, a severe frost and the worst drought of the century cut Brazil to one quarter of its normal output. Prices rose. Responsible action under the Coffee Agreement helped to check this rise and to reverse it. Nothing could be done to produce coffee from trees that had been killed by frost and drought but it was possible to insure that the coffee that was grown was made available. Under the agreement, just this was done—export quotas were increased and prices receded.

By contrast, in 1954—when the Governments of the producing and consuming nations had not undertaken

through an international agreement to moderate coffee-price fluctuations—these prices jumped from 58 cents to over 90 cents per pound after frost crippled the Brazilian crop. This year we had all the ingredients for a repetition of that spectacular price rise—with one critical difference. We had an international agreement. This meant that the problem became one for governmental responsibility. Because there was a forum in which this matter could be discussed, producers—who could depend on our cooperation when prices were declining—acted responsibly when prices were rising, and voted overwhelmingly to increase quotas.

FIXING OF QUOTAS

Under the agreement quotas must be fixed annually by the International Coffee Council on the basis of estimates of coffee consumption for the forthcoming year. If a quota is not agreed to by the Council, there would be no limitation on imports or exports of coffee. Attached to the International Coffee Agreement as annex A is a listing of the producing members of the agreement together with their basic quotas. This basic quota does not affect the amount of coffee to be made available under the annual quota. It merely indicates each nation's share of whatever quota may be arrived at by negotiations in the Council. Thus, it indicates how the annual quotas will be distributed among producing countries. By the terms of the agreement this basic distribution pattern in annex A remains in effect through 1965 when a new pattern of distribution maybe agreed to.

In setting annual quotas the consuming nations of the world are able to prevent quotas from being established at too low a level. Only if they agree to a quota level can an annual quota be fixed, and only if an annual quota is set will there be any limitation on imports or exports.

The annual quota may be revised during the quota year to meet changes in market conditions, and this time the producing nations are able to prevent a change which would increase quotas to their disadvantage.

It is the veto power of the consuming nations in the setting of annual quotas which gives us the balance of power we need to insure that, when necessary, quarterly adjustments in annual quotas can be made to keep coffee prices within reason. The producing nations recognize that if they are unreasonable in adjusting the annual quota within the quota year, they can expect the consuming nations to retaliate when it comes time to fix an annual quota for the following year.

That this balance of power can be exercised, and indeed, has been exercised to protect our consumers from unwarranted price increases is attested to by the following chart outlining the quota increases made by the Coffee Council in combating the crisis which occurred late in 1963 and in the first half of 1964.

QUOTA ACTIONS BY THE INTERNATIONAL COFFEE COUNCIL

August 1963: Annual quota for 1963-64 coffee year established at 45,732,622 bags.

November 1963: Proposal to increase annual quota by 2.25 percent defeated by 25 votes.

February 1964: Annual quota increased by 5 percent to 48,120,044 bags.

May 1964: Adjustments in quotas of 2 countries increases total annual quota by 355,000 bags.

June 1964: Redistribution of shortfalls—reflecting inability of some countries to deliver their quota—raises total annual quotas to 48,773,273 bags. Total increase since initial quota set in August 1963 is 3,040,651 bags.

As a result of these quota actions, the initial annual quota for 1964 of 45.7 million bags was increased by more than 3 million bags. This was sufficient to restore buyer confidence that under the agreement we could act to get coffee stocks out of warehouses and onto the market to counteract feared shortages. By this we were able to reverse the rise in spot prices, as shown in table 2 in appendix A of this report.

EFFECTIVE DATE

Under the bill, the implementing authority is provided through September 30, 1968, unless the agreement is earlier terminated or unless the Congress earlier determines that there has been an unwarranted increase in the price of coffee. Upon the occurrence of either of these conditions the implementing authority would cease. The purpose of this effective date, which was worked out by the committee and which the Department of State acquiesces in, is to insure that our coffee consumers are protected from unwarranted coffee prices. It expresses our confidence that through the mechanism of the International Coffee Organization we can isolate our consumers from the extreme fluctuations which caused them to have to pay record prices for coffee a few years ago when there was no agreement. (For historical trend in coffee prices, see tables 1 and 2, app. A.)

MINORITY VIEWS ON S. 701

The views here expressed are written out of consideration for the coffee consumers of our Nation. We are convinced that the International coffee agreement, which would be implemented by this bill, serves us no purpose but to increase the price our consumers must pay for the coffee they buy.

Indeed, the agreement already is having that effect. The charts which are included in this report clearly reveal that the price of coffee has gone up nearly 15 cents a pound in the 13-month period which has elapsed since December 1963, when we became a party to the agreement. At that time the price of coffee was barely 70 cents a pound in the retail stores of our country.

But after we joined the coffee cartel, coffee prices immediately began an upward spiral bringing coffee prices today up to nearly 85 cents per pound. This is higher than coffee prices have been since 1945, and inevitable enactment of this bill will be followed by new pressures to force prices up still higher.

Now, what does this mean to coffee consumers? The record of hearings before the committee is clear on this point and even the most ardent proponents of the coffee cartel do not deny it. For every 1-cent rise in the price of coffee the American consumer must pay an additional \$32½ million a year for the coffee he drinks. And in the 13 months that we have been party to the agreement there has been a 15-cent rise in the price of coffee. At this rate the coffee agreement is already taking from our consumers more than \$487 million a year.

In effect, the coffee agreement operates to levy an excise tax on American coffee consumers for the purpose of paying subsidies to already wealthy coffeegrowers, processors, and speculators; and it does this indirectly, without the formality of a taxing act. Based upon experience since the agreement became effective, the increase in coffee prices represents an excise tax equivalent to about 20 percent. And it is no secret that this bears most heavily on our low-income earners.

(It will be recalled that in the days of the New Deal an act to tax processors of agricultural products to subsidize producers was declared unconstitutional by our Supreme Court. We are unable to discern any real difference between what was done then and what is being done under the International Coffee Agreement.)

The increase in coffee prices following our membership in the coffee agreement is not mere happenstance. Quite the contrary—price increase is one of the stated objectives of the agreement. Thus, article 1 of the agreement states that one of its objectives is "to assist in increasing the purchasing power of coffee-exporting countries," and article 27 requires that the agreement be operated in such a manner that the real income of producing nations be "progressively increased." Unfortunately, nowhere in the agreement do we find any suggestion that coffee prices should ever level off.

There are additional reasons for our not favoring this legislation. The coffee agreement is not an isolated instance of an agricultural product which is in need of price stability. We fear the precedent that is being set today inevitably will be relied upon by the State Department, and others, to justify future agreements which serve to redistribute the wealth of the world by requiring American consumers to pay more for foreign products than they may be worth. We are concerned that the American consumer may thus soon find himself supporting the world price for an endless procession of these products from tropical countries.

The demands of the developing nations of the world, most of which are located in the tropical climates, were voiced in no uncertain terms at last year's United Nations Conference on Trade and Development. Among other concessions, they demanded strong international agreements to support prices and to guarantee markets for their agricultural commodities.

Repeatedly, we have been told that by bringing producing nations and consuming nations together in a single forum we will be able to influence the quantity of coffee to be made available for consumption, and that this is a benefit for consumers. We question how effective our influence might be. Although the United States consumes one-half of the coffee used in the entire world, when it comes to changing quotas to affect some reduction in price, we have only one-fifth of the votes. More importantly, we must persuade two-thirds of the producing nations to absorb the financial loss involved if prices should be reduced.

Our first effort to increase quotas under the coffee agreement was a dismal failure. Our next effort, which occurred after Congress threatened not to approve the implementing legislation (rather than as a result of persuasion), did result in increased coffee quotas, but the increase was not sufficient to halt the upward thrust of retail coffee prices.

We call attention to the fact that a 500,000-bag increase in the quota for 1965, which was scheduled to occur on January 8, failed to go into effect, and now we are under substantial pressure by exporting countries to reduce the 1965 quota by about 2 million bags. The Council has not yet acted to reduce the quotas, possibly because of the pending vote in the Senate on this very bill.

As we have already emphasized in these views, we must expect coffee prices to move upward to still higher levels if the threat of congressional disapproval of this implementing legislation is removed.

Even now, representatives of important coffee-producing nations of the world are banding together to devise means of keeping coffee off the markets to force prices on up. If these nations are successful then the coffee agreement is nothing more than an instrument to set prices at levels agreeable to the producing nations. If the prices resulting from quota action of the Council are unsatisfactory to the producers, then they merely refrain from exporting the coffee agreed to in the Council. This, of course, immediately affects prices and places American consumers still more at the mercy of foreign coffee producers.

Finally, much is said to us of the role the economic law of supply and demand will continue to play in assuring reasonable prices under the agreement. Actually, the coffee agreement repeals the law of supply and demand. That law cannot operate where supply is arti-

ficially limited. Only where supply is free to respond to demand change (and vice versa) does the law function properly.

Where supply of coffee is restricted by quotas but demand remains constant, or increases, those who are to have the coffee must bid higher prices than others are willing or able to pay for it. It is this philosophy of restriction of supply upon which the international coffee cartel is founded.

We can succinctly summarize our opposition to S. 701.

We object to the effect the coffee cartel has had on coffee prices.

We fear the precedent of having American consumers support world prices for foreign agricultural commodities.

We bemoan our poor bargaining posture under the procedures of the coffee agreement.

We deplore the repeal of the law of supply and demand.

For these reasons, we are convinced that the best interests of our people would be served if S. 701 were not agreed to.

FRANK CARLSON.
JOHN J. WILLIAMS.
HARRY F. BYRD.
WALLACE F. BENNETT.
CARL T. CURTIS.

APPENDIXES

APPENDIX A

TABLE 1.—U.S. Coffee prices—annual average price, 1950–64

[U.S. cents per pound]

Year	Spot ¹	Retail ²	Year	Spot ¹	Retail ²
1950.....	\$ 50.45	\$ 79.3	1958.....	48.41	90.7
1951.....	54.24	86.7	1959.....	36.97	78.0
1952.....	54.04	86.7	1960.....	36.60	75.3
1953.....	57.93	89.2	1961.....	36.01	73.6
1954.....	78.71	110.8	1962.....	33.96	70.8
1955.....	57.09	93.0	1963.....	34.11	69.4
1956.....	58.10	103.4	1964.....	46.66	81.8
1957.....	56.92	101.7	Average, 15 years.....	49.35	86.01

¹ New York spot price, Santos (source: Pan American Coffee Bureau).

² Retail price, 1-pound can (source: Bureau of Labor Statistics).

³ Bag and can combined.

⁴ Average price would be higher if in years 1950–56, price of 1-pound can only were given, rather than can and bag combined.

TABLE 2.—U.S. Coffee prices—Spot and retail prices

[U.S. cents per pound]

	1962		1963		1964	
	Spot ¹	Retail ²	Spot ¹	Retail ²	Spot ¹	Retail ²
January.....	34.20	71.2	33.86	69.2	44.83	71.7
February.....	34.06	71.0	33.23	69.1	46.30	74.8
March.....	34.08	71.0	33.23	68.7	49.85	78.9
April.....	34.08	71.1	33.00	68.7	48.60	81.1
May.....	34.43	70.9	33.33	69.0	47.36	82.8
June.....	34.73	71.2	34.33	69.5	46.90	83.9
July.....	34.55	71.3	33.58	69.6	46.65	84.4
August.....	34.08	71.4	32.73	69.8	45.83	84.9
September.....	33.40	71.1	32.95	69.6	45.00	84.9
October.....	33.18	69.5	34.98	69.7	46.58	84.6
November.....	33.33	69.2	36.55	69.8	46.88	84.9
December.....	33.40	70.8	37.45	70.1	45.18	84.8

¹ New York spot price, Santos (source: Pan American Coffee Bureau).

² Retail price, 1-pound can (source: Bureau of Labor Statistics).

TABLE 3.—U.S. green coffee inventories

	Thousands of bags		Thousands of bags
March 1962.....	3,029	September 1963.....	4,008
June 1962.....	3,050	December 1963.....	4,726
September 1962.....	3,376	March 1964.....	4,366
December 1962.....	3,964	June 1964.....	4,216
March 1963.....	3,518	September 1964.....	4,006
June 1963.....	3,435	December ¹	

¹ Available in February.

TABLE 4.—*United States: Aggregate volume and value of green coffee imports, 1954-63*¹

	Volume	Value		Volume	Value
	<i>Millions of bags</i>	<i>Millions of dollars</i>		<i>Millions of bags</i>	<i>Millions of dollars</i>
1954.....	17.1	1,485.7	1959.....	23.3	1,097.2
1955.....	19.7	1,356.5	1960.....	22.1	1,002.7
1956.....	21.3	1,439.0	1961.....	22.5	964.0
1957.....	20.9	1,375.5	1962.....	24.6	989.6
1958.....	20.2	1,170.7	1963.....	23.9	956.9

¹ Source: Pan American Coffee Bureau.

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June 1964: Redistribution of shortfalls—reflecting inability of some countries to deliver their quota—raises total annual quotas to 48,773,273 bags. Total increase since initial quota set in August 1963 is 3,040,651 bags.

August 1964: At the August meeting of the Council, annual quotas for the year October 1, 1964-September 30, 1965 were set initially at 47.5 million bags with provision for increases of 500,000 bags on January 8, 1965 and prior to April 30, 1965, depending on the needs and condition of the market.

January 1965: By mail vote the Council decided that the 500,000 bag increase suggested for January 8, 1965 not be made. Present quotas are therefore 47.5 million bags.

(Source: Department of State).

INTERNATIONAL COFFEE AGREEMENT

Membership and distribution of votes

34 exporting members ¹	Votes	21 importing members ¹	Votes
Brazil	356	Argentina ¹	-----
Burundi	8	Australia	11
Colombia	122	Austria	12
Congo (Leopoldville)	19	Belgium	33
Costa Rica	24	Canada	42
Cuba	9	Denmark	29
Dominican Republic	13	Federal Republic of Germany	120
Ecuador	16	Finland	25
El Salvador	33	France	118
Ethiopia	28	Japan	13
Ghana	6	Luxembourg	6
Guatemala	31	Netherlands	40
India	12	New Zealand	7
Indonesia	28	Norway	20
Mexico	34	Spain	20
Nicaragua	13	Sweden	47
Nigeria ¹	-----	Switzerland ²	-----
OAMCAF ²	89	Tunisia ¹	-----
Panama	6	United Kingdom	39
Peru	16	United States	400
Portugal	48	U.S.S.R.	18
Rwanda	8	Total	1,000
Sierra Leone	6		
Tanzania	13		
Trinidad and Tobago	6		
Uganda	42		
Venezuela	14		
Total	1,000		

¹ Nigeria, an exporting member, and Argentina and Tunisia, as importing members, have lost their votes for nonpayment of dues.

² OAMCAF members are Cameroon; Central African Republic; Congo (Brazzaville); Dahomey; Gabon; Ivory Coast, Madagascar, and Togo.

² Switzerland has just joined the agreement.

APPENDIX B

INTERNATIONAL COFFEE AGREEMENT, 1962

PREAMBLE

The Governments Parties to this Agreement,

Recognizing the exceptional importance of coffee to the economies of many countries which are largely dependent upon this commodity for their export earnings and thus for the continuation of their development programmes in the social and economic fields;

Considering that close international co-operation on coffee marketing will stimulate the economic diversification and development of coffee-producing countries and thus contribute to a strengthening of the political and economic bonds between producers and consumers;

Finding reason to expect a tendency toward persistent disequilibrium between production and consumption, accumulation of burdensome stocks, and pronounced fluctuations in prices, which can be harmful both to producers and to consumers; and

Believing that, in the absence of international measures, this situation cannot be corrected by normal market forces,

Have agreed as follows:

CHAPTER I—OBJECTIVES

ARTICLE 1

Objectives

The objectives of the Agreement are:

(1) to achieve a reasonable balance between supply and demand on a basis which will assure adequate supplies of coffee to consumers and markets for coffee to producers at equitable prices, and which will bring about long-term equilibrium between production and consumption;

(2) to alleviate the serious hardship caused by burdensome surpluses and excessive fluctuations in the prices of coffee to the detriment of the interests of both producers and consumers;

(3) to contribute to the development of productive resources and to the promotion and maintenance of employment and income in the Member countries, thereby helping to bring about fair wages, higher living standards, and better working conditions;

(4) to assist in increasing the purchasing power of coffee-exporting countries by keeping prices at equitable levels and by increasing consumption;

(5) to encourage the consumption of coffee by every possible means; and

(6) in general, in recognition of the relationship of the trade in coffee to the economic stability of markets for industrial

products, to further international co-operation in connexion with world coffee problems.

CHAPTER II—DEFINITIONS

ARTICLE 2

Definitions

For the purposes of the Agreement:

(1) "Coffee" means the beans and berries of the coffee tree, whether parchment, green or roasted, and includes ground, decaffeinated, liquid and soluble coffee. These terms shall have the following meaning:

(a) "green coffee" means all coffee in the naked bean form before roasting;

(b) "coffee berries" means the complete fruit of the coffee tree; to find the equivalent of coffee berries to green coffee, multiply the net weight of the dried coffee berries by 0.50;

(c) "parchment coffee" means the green coffee bean contained in the parchment skin; to find the equivalent of parchment coffee to green coffee, multiply the net weight of the parchment coffee by 0.80;

(d) "roasted coffee" means green coffee roasted to any degree and includes ground coffee; to find the equivalent of roasted coffee to green coffee, multiply the net weight of roasted coffee by 1.19;

(e) "decaffeinated coffee" means green, roasted or soluble coffee from which caffeine has been extracted; to find the equivalent of decaffeinated coffee to green coffee, multiply the net weight of the decaffeinated coffee in green, roasted or soluble form by 1.00, 1.19 or 3.00, respectively;

(f) "liquid coffee" means the water-soluble solids derived from roasted coffee and put into liquid form; to find the equivalent of liquid to green coffee, multiply the net weight of the dried coffee solids contained in the liquid coffee by 3.00;

(g) "soluble coffee" means the dried water-soluble solids derived from roasted coffee; to find the equivalent of soluble coffee to green coffee, multiply the net weight of the soluble coffee by 3.00.

(2) "Bag" means 60 kilogrammes or 132.276 pounds of green coffee; "ton" means a metric ton of 1,000 kilogrammes or 2,204.6 pounds; and "pound" means 453.597 grammes.

(3) "Coffee year" means the period of one year, from 1 October through 30 September; and "first coffee year" means the coffee year beginning 1 October 1962.

(4) "Export of coffee" means, except as otherwise provided in Article 38, any shipment of coffee which leaves the territory of the country where the coffee was grown.

(5) "Organization", "Council" and "Board" mean, respectively, the International Coffee Organization, the Inter-

national Coffee Council, and the Executive Board established under Article 7 of the Agreement.

(6) "Member" means a Contracting Party; a dependent territory or territories in respect of which separate Membership has been declared under Article 4; or two or more Contracting Parties or dependent territories, or both, which participate in the Organization as a Member group under Article 5 or 6.

(7) "Exporting Member" or "exporting country" means a Member or country, respectively, which is a net exporter of coffee; that is, whose exports exceed its imports.

(8) "Importing Member" or "importing country" means a Member or country, respectively, which is a net importer of coffee; that is, whose imports exceed its exports.

(9) "Producing Member" or "producing country" means a Member or country, respectively, which grows coffee in commercially significant quantities.

(10) "Distributed simple majority vote" means a majority of the votes cast by exporting Members present and voting, and a majority of the votes cast by importing Members present and voting, counted separately.

(11) "Distributed two-thirds majority vote" means a two-thirds majority of the votes cast by exporting Members present and voting and a two-thirds majority of the votes cast by importing Members present and voting, counted separately.

(12) "Entry into force" means, except where the context otherwise requires, the date on which the Agreement first enters into force, whether provisionally or definitively.

CHAPTER III—MEMBERSHIP

ARTICLE 3

Membership in the Organization

Each Contracting Party, together with those of its dependent territories to which the Agreement is extended under paragraph (1) of Article 67, shall constitute a single Member of the Organization, except as otherwise provided under Article 4, 5 or 6.

ARTICLE 4

Separate Membership in Respect of Dependent Territories

Any Contracting Party which is a net importer of coffee may, at any time, by appropriate notification in accordance with paragraph (2) of Article 67, declare that it is participating in the Organization separately with respect to any of its dependent territories which are net exporters of coffee and which it designates. In such case, the metropolitan territory and its non-designated dependent territories will have a single Membership, and its designated dependent territories, either individually or collectively as the notification indicates, will have separate Membership.

ARTICLE 5

Group Membership upon Joining the Organization

(1) Two or more Contracting Parties which are net exporters of coffee may, by appropriate notification to the Secretary-General of the United Nations at the time of deposit of their respective instruments of ratification or accession, and to the Council at its first session, declare that they are joining the Organization as a Member group. A dependent territory to which the Agreement has been extended under paragraph (1) of Article 67 may constitute part of such a Member group if the Government of the State responsible for its international relations has given appropriate notification thereof under paragraph (2) of Article 67. Such Contracting Parties and dependent territories must satisfy the following conditions:

- (a) they shall declare their willingness to accept responsibility for group obligations in an individual as well as a group capacity;
- (b) they shall subsequently provide sufficient evidence to the Council that the group has the organization necessary to implement a common coffee policy, and that they have the means of complying, together with the other parties to the group, with their obligations under the Agreement; and
- (c) they shall subsequently provide evidence to the Council either:
 - (i) that they have been recognized as a group in a previous international coffee agreement; or
 - (ii) that they have:
 - (a) a common or co-ordinated commercial and economic policy in relation to coffee, and
 - (b) a co-ordinated monetary and financial policy, as well as the organs necessary for implementing such a policy, so that the Council is satisfied that the Member group can comply with the spirit of group membership and the group obligations involved.

(2) The Member group shall constitute a single Member of the Organization, except that each party to the group shall be treated as if it were a single Member as regards all matters arising under the following provisions:

- (a) Chapters XI and XII;
- (b) Articles 10, 11 and 19 of Chapter IV; and
- (c) Article 70 of Chapter XIX.

(3) The Contracting Parties and dependent territories joining as a Member group shall specify the Government or organization which will represent them in the Council as regards all matters arising under the Agreement other than those specified in paragraph (2) of this Article.

(4) The Member group's voting rights shall be as follows:

- (a) the Member group shall have the same number of basic votes as a single Member country joining the Organization in an individual capacity. These basic

votes shall be attributed to and exercised by the Government or organization representing the group;

(b) in the event of a vote on any matters arising under provisions specified in paragraph (2) of this Article, the parties to the member group may exercise separately the votes attributed to them by the provisions of paragraph (3) of Article 12 as if each were an individual Member of the Organization, except for the basic votes, which shall remain attributable only to the Government or organization representing the group.

(5) Any Contracting Party or dependent territory which is a party to a Member group may, by notification to the Council, withdraw from that group and become a separate Member. Such withdrawal shall take effect upon receipt of the notification by the Council. In case of such withdrawal from a group, or in case a party to a group ceases, by withdrawal from the Organization or otherwise, to be such a party, the remaining parties to the group may apply to the Council to maintain the group, and the group shall continue to exist unless the Council disapproves the application. If the Member group is dissolved, each former party to the group will become a separate Member. A Member which has ceased to be a party to a group may not, as long as the Agreement remains in force, again become a party to a group.

ARTICLE 6

Subsequent Group Membership

Two or more exporting Members may, at any time after the Agreement has entered into force with respect to them, apply to the Council to form a Member group. The Council shall approve the application if it finds that the Members made a declaration, and have provided evidence, satisfying the requirements of paragraph (1) of Article 5. Upon such approval, the Member group shall be subject to the provisions of paragraphs (2), (3), (4), and (5) of that Article.

CHAPTER IV—ORGANIZATION AND ADMINISTRATION

ARTICLE 7

Establishment, Seat and Structure of the International Coffee Organization

(1) The International Coffee Organization is hereby established to administer the provisions of the Agreement and to supervise its operation.

(2) The seat of the Organization shall be in London.

(3) The Organization shall function through the International Coffee Council, its Executive Board, its Executive Director, and its staff.

ARTICLE 8*Composition of the International Coffee Council*

(1) The highest authority of the Organization shall be the International Coffee Council, which shall consist of all the Members of the Organization.

(2) Each Member shall be represented on the Council by a representative and one or more alternates. A Member may also designate one or more advisers to accompany its representative or alternates.

ARTICLE 9*Powers and Functions of the Council*

(1) All powers specifically conferred by the Agreement shall be vested in the Council, which shall have the powers and perform the functions necessary to carry out the provisions of the Agreement.

(2) The Council shall, by a distributed two-thirds majority vote, establish such rules and regulations, including its own rules of procedure and the financial and staff regulations of the Organization, as are necessary to carry out the provisions of the Agreement and are consistent therewith. The Council may, in its rules of procedure, provide a procedure whereby it may, without meeting, decide specific questions.

(3) The Council shall also keep such records as are required to perform its functions under the Agreement and such other records as it considers desirable, and shall publish an annual report.

ARTICLE 10*Election of the Chairman and Vice-Chairmen of the Council*

(1) The Council shall elect, for each coffee year, a Chairman and a first, a second, and a third Vice-Chairman.

(2) As a general rule, the Chairman and the first Vice-Chairman shall both be elected either from among the representatives of exporting Members, or from among the representatives of importing Members, and the second and the third Vice-Chairmen shall be elected from representatives of the other category of Members; these offices shall alternate each coffee year between the two categories of Members.

(3) Neither the Chairman nor any Vice-Chairman acting as Chairman shall have the right to vote. His alternate will in such case exercise the Member's voting rights.

ARTICLE 11*Sessions of the Council*

As a general rule, the Council shall hold regular sessions twice a year. It may hold special sessions if it so decides. Special sessions shall also be held when either the Executive

Board, or any five Members, or a Member or Members having at least 200 votes so request. Notice of sessions shall be given at least thirty days in advance, except in cases of emergency. Sessions shall be held at the seat of the Organization, unless the Council decides otherwise.

ARTICLE 12

Votes

(1) The exporting Members shall together hold 1,000 votes and the importing Members shall together hold 1,000 votes, distributed within each category of Members—that is, exporting and importing Members, respectively—as provided in the following paragraphs of this Article.

(2) Each Member shall have five basic votes, provided that the total number of basic votes within each category of Members does not exceed 150. Should there be more than thirty exporting Members or more than thirty importing Members, the number of basic votes for each Member within the category of Members shall be adjusted so as to keep the number of basic votes for each category of Members within the maximum of 150.

(3) The remaining votes of exporting Members shall be divided among those Members in proportion to their respective basic export quotas, except that in the event of a vote on any matter arising under the provisions specified in paragraph (2) of Article 5, the remaining votes of a member group shall be divided among the parties to that group in proportion to their respective participation in the basic export quota of the Member group.

(4) The remaining votes of importing Members shall be divided among those Members in proportion to the average volume of their respective coffee imports in the preceding three-year period.

(5) The distribution of votes shall be determined by the Council at the beginning of each coffee year, and shall remain in effect during that year, except as provided in paragraph (6) of this Article.

(6) The Council shall provide for the redistribution of votes in accordance with this Article whenever there is a change in the Membership of the Organization, or if the voting rights of a Member are suspended or regained under the provisions of Article 25, 45 or 61.

(7) No Member shall hold more than 400 votes.

(8) There shall be no fractional votes.

ARTICLE 13

Voting Procedure of the Council

(1) Each representative shall be entitled to cast the number of votes held by the Member represented by him, and cannot divide its votes. He may, however, cast differently from such votes any votes which he exercises pursuant to paragraph (2) of this Article.

(2) 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 right to vote at any meeting or meetings of the Council. The limitation provided for in paragraph (7) of Article 12 shall not apply in this case.

ARTICLE 14

Decisions of the Council

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

(2) The following procedure shall apply with respect to any action by the Council which under the Agreement requires a distributed two-thirds majority vote:

(a) if a distributed two-thirds majority vote is not obtained because of the negative vote of three or less exporting or three or less importing Members, the proposal shall, if the Council so decides by a majority of the Members present and by a distributed simple majority vote, be put to a vote again within 48 hours;

(b) If a distributed two-thirds majority vote is again not obtained because of the negative vote of two or less importing or two or less exporting Members, the proposal shall, if the Council so decides by the majority of the Members present and by a distributed simple majority vote, be put to a vote again within 24 hours;

(c) if a distributed two-thirds majority vote is not obtained in the third vote because of the negative vote of one exporting Member or one importing Member, the proposal shall be considered adopted;

(d) if the Council fails to put a proposal to a further vote, it shall be considered rejected.

(3) The Members undertake to accept as binding all decisions of the Council under the provisions of the Agreement.

ARTICLE 15

Composition of the Board

(1) The Executive Board shall consist of seven exporting Members and seven importing Members, elected for each coffee year in accordance with Article 16. Members may re-elected.

(2) Each member of the Board shall appoint one representative and one or more alternates.

(3) The Chairman of the Board shall be appointed by the Council for each coffee year and may be re-appointed. He shall not have the right to vote. If a representative is appointed Chairman, his alternate will have the right to vote in his place.

(4) The Board shall normally meet at the seat of the Organization but may meet elsewhere.

ARTICLE 16*Election of the Board*

(1) The exporting and the importing Members of the Board shall be elected in the Council by the exporting and the importing Members of the Organization respectively. The election within each category shall be held in accordance with the following paragraphs of this Article.

(2) Each Member shall cast all the votes to which it is entitled under Article 12 for a single candidate. A Member may cast for another candidate any votes which it exercises pursuant to paragraph (2) of Article 13.

(3) The seven candidates receiving the largest number of votes shall be elected; however, no candidates shall be elected on the first ballot unless it receives at least 75 votes.

(4) If under the provisions of paragraph (3) of this Article less than seven candidates are elected on the first ballot, further ballots shall be held in which only Members who 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 seven candidates are elected.

(5) Any Member who did not vote for any of the Members elected shall 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 499 for any Member elected.

(7) If the votes deemed received by an elected Member would otherwise exceed 499, 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 499.

ARTICLE 17*Competence of the Board*

(1) The Board shall be responsible to and work under the general direction of the Council.

(2) The Council may, by a distributed simple majority vote, delegate to the Board the exercise of any or all of its powers, other than the following:

(a) annual distribution of votes under paragraph (5) of Article 12;

(b) approval of the administrative budget and assessment of contributions under Article 24;

(c) determination of quotas under the Agreement;

(d) imposition of enforcement measures other than those whose application is automatic;

- (e) suspension of the voting rights of a Member under Article 45 or 61;
 - (f) determination of individual country and world production goals under Article 48;
 - (g) establishment of a policy relative to stocks under Article 51;
 - (h) waiver of the obligations of a Member under Article 60;
 - (i) decision of disputes under Article 61;
 - (j) establishment of conditions for accession under Article 65;
 - (k) a decision to require the withdrawal of a Member under Article 69;
 - (l) extension or termination of the Agreement under Article 71; and
 - (m) recommendation of amendments to Members under Article 73.
- (3) The Council may at any time, by a distributed simple majority vote, revoke any delegation of powers to the Board.

ARTICLE 18

Voting Procedure of the Board

- (1) Each member of the Board shall be entitled to cast the number of votes received by it under the provisions of paragraphs (6) and (7) of Article 16. Voting by proxy shall not be allowed. A member may not split its votes.
- (2) Any action taken by the Board shall require the same majority as such action would require if taken by the Council.

ARTICLE 19

Quorum for the Council and the Board

- (1) The quorum for any meeting of the Council shall be the presence of a majority of the Members representing a distributed two-thirds majority of the total votes. 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 a majority of the Members representing a distributed simple majority of the votes. Representation in accordance with paragraph (2) of Article 13 shall be considered as presence.

- (2) The quorum for any meeting of the Board shall be the presence of a majority of the members representing a distributed two-thirds majority of the total votes.

ARTICLE 20*The Executive Director and the Staff*

(1) The Council shall appoint the Executive Director on the recommendation of the Board. The terms of appointment of the Executive Director shall be established by the Council and shall be comparable to those applying to corresponding officials of similar inter-governmental organizations.

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

(3) The Executive Director shall appoint the staff in accordance with regulations established by the Council.

(4) Neither the Executive Director nor any member of the staff shall have any financial interest in the coffee industry, coffee trade, or coffee transportation.

(5) In the performance of their duties, the Executive Director and the staff shall not seek or receive instructions from any Member or from any other 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 undertakes to respect the exclusively international character of the responsibilities of the Executive Director and the staff and not to seek to influence them in the discharge of their responsibilities.

ARTICLE 21*Co-operation With Other Organizations*

The Council may make whatever arrangements are desirable for consultation and co-operation with the United Nations and its specialized agencies and with other appropriate inter-governmental organizations. The Council may invite these organizations and any organizations concerned with coffee to send observers to its meetings.

CHAPTER V—PRIVILEGES AND IMMUNITIES**ARTICLE 22***Privileges and Immunities*

(1) The Organization shall have in the territory of each Member, to the extent consistent with its laws, such legal capacity as may be necessary for the exercise of its functions under the Agreement.

(2) The Government of the United Kingdom of Great Britain and Northern Ireland shall grant exemption from taxation on the salaries paid by the Organization to its employees, except that such exemption need not apply to nationals of that country. It shall also grant exemption from taxation on the assets, income and other property of the Organization.

CHAPTER VI—FINANCE

ARTICLE 23

Finance

(1) The expenses of delegations to the Council, representatives on the Board, and representatives on any of the committees of the Council or the Board shall be met by their respective Governments.

(2) The other expenses necessary for the administration of the Agreement shall be met by annual contributions from the Members assessed in accordance with Article 24.

(3) The financial year of the Organization shall be the same as the coffee year.

ARTICLE 24

Determination of the Budget and Assessment of Contributions

(1) During the second half of each financial year, the Council shall approve the administrative budget of the Organization for the following financial year, and shall assess the contribution of each Member to that budget.

(2) The contribution of each Member to the budget for each financial year shall be in the proportion which the number of its votes at the time the budget for that financial year is approved bears to the total votes of all the Members. However, if there is any change in the distribution of votes among Members in accordance with the provisions of paragraph (5) of Article 12 at the beginning of the financial year for which contributions are assessed, such contributions shall be correspondingly adjusted for that year. In determining 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 of any Member joining the Organization after the entry into force of the Agreement shall be assessed by the Council on the basis of the number of votes to be held by it and the period remaining in the current financial year, but the assessments made upon other Members for the current financial year shall not be altered.

(4) If the Agreement comes into force more than eight months before the beginning of the first full financial year of the Organization, the Council shall at its first session approve an administrative budget covering only the period up to the commencement of the first full financial year. Otherwise the first administrative budget shall cover both the initial period and the first full financial year.

ARTICLE 25

Payment of Contributions

(1) Contributions to the administrative budget for each financial year shall be payable in freely convertible currency, and shall become due on the first day of that financial year.

(2) If any Member fails to pay its full contribution to the administrative budget within six months of the date on which the contribution is due, both its voting rights in the Council and its right to have its votes cast in the Board shall be suspended until such contribution has been paid. However, unless the Council so decides by a distributed two-thirds majority vote, such Member shall not be deprived of any of its other rights nor relieved of any of its obligations under the Agreement.

(3) Any Member whose voting rights have been suspended, either under paragraph (2) of this Article or under Article 45 or 61, shall nevertheless remain responsible for the payment of its contribution.

ARTICLE 26

Audit and Publication of Accounts

As soon as possible after the close of each financial year, an independently audited statement of the Organization's receipts and expenditures during that financial year shall be presented to the Council for approval and publication.

CHAPTER VII—REGULATION OF EXPORTS

ARTICLE 27

General Undertakings by Members

(1) The Members undertake to conduct their trade policy so that the objectives set forth in Article 1 and, in particular, paragraph (4) of that Article, may be achieved. They agree on the desirability of operating the Agreement in a manner such that the real income derived from the export of coffee could be progressively increased so as to make it consonant with their needs for foreign exchange to support their programmes for social and economic progress.

(2) To attain these purposes through the fixing of quotas as provided for in this Chapter and in other ways carrying out the provisions of the Agreement, the Members agree on the necessity of assuring that the general level of coffee prices does not decline below the general level of such prices in 1962.

(3) The Members further agree on the desirability of assuring to consumers prices which are equitable and which will not hamper a desirable increase in consumption.

ARTICLE 28

Basic Export Quotas

(1) For the first three coffee years, beginning on 1 October 1962, the exporting countries listed in Annex A shall have the basic export quotas specified in that Annex.

(2) During the last six months of the coffee year ending 30 September 1965, the Council shall review the basic export

quotas specified in Annex A in order to adjust them to general market conditions. The Council may then revise such quotas by a distributed two-thirds majority vote; if not revised, the basic export quotas specified in Annex A shall remain in effect.

ARTICLE 29

Quota of a Member Group

Where two or more countries listed in Annex A form a Member group in accordance with Article 5, the basic export quotas specified for those countries in Annex A shall be added together and the combined total treated as a single quota for the purposes of this Chapter.

ARTICLE 30

Fixing of Annual Export Quotas

(1) At least 30 days before the beginning of each coffee year the Council shall adopt by a two-thirds majority vote an estimate of total world imports for the following coffee year and an estimate of probable exports from nonmember countries.

(2) In the light of these estimates the Council shall forthwith fix annual export quotas which shall be the same percentage for all exporting Members of the basic export quotas specified in Annex A. For the first coffee year this percentage is fixed at 99, subject to the provisions of Article 32.

ARTICLE 31

Fixing of Quarterly Export Quotas

(1) Immediately following the fixing of the annual export quotas the Council shall fix quarterly export quotas for each exporting Member for the purpose of keeping supply in reasonable balance with estimated demand throughout the coffee year.

(2) These quotas shall be, as nearly as possible, 25 per cent of the annual export quota of each Member during the coffee year. No Member shall be allowed to export more than 30 per cent in the first quarter, 60 per cent in the first two quarters, and 80 per cent in the first three quarters of the coffee year. If exports from any Member in one quarter are less than its quota for that quarter, the outstanding balance shall be added to its quota for the following quarter of that coffee year.

ARTICLE 32

Adjustment of Annual Export Quotas

If market conditions so require, the Council may review the quota situation and may vary the percentage of basic export quotas fixed under paragraph (2) of Article 30. In so

doing, the Council shall have regard to any likely shortfalls by Members.

ARTICLE 33

Notification of Shortfalls

(1) Exporting Members undertake to notify the Council at the end of the eighth month of the coffee year, and at such later dates as the Council may request, whether they have sufficient coffee available to export the full amount of their quota for that year.

(2) The Council shall take into account these notifications in determining whether or not to adjust the level of export quotas in accordance with Article 32.

ARTICLE 34

Adjustment of Quarterly Export Quotas

(1) The Council shall in the circumstances set out in this Article vary the quarterly export quotas fixed for each Member under paragraph (1) of Article 31.

(2) If the Council varies the annual export quotas as provided in Article 32, then the change in that annual quota shall be reflected in the quotas for the current and remaining quarters, or the remaining quarters, of the coffee year.

(3) Apart from the adjustment provided for in the preceding paragraph, the Council may, if it finds the market situation so requires, make adjustments among the current and remaining quarterly export quotas for the same coffee year, without, however, altering the annual export quotas.

(4) If on account of exceptional circumstances an exporting Member considers that the limitations provided in paragraph (2) of Article 31 would be likely to cause serious harm to its economy, the Council may, at the request of that Member, take appropriate action under Article 60. The Member concerned must furnish evidence of harm and provide adequate guarantees concerning the maintenance of price stability. The Council shall not, however, in any event, authorize a Member to export more than 35 per cent of its annual export quota in the first quarter, 65 per cent in the first two quarters, and 85 per cent in the first three quarters of the coffee year.

(5) All Members recognize that marked price rises or falls occurring within brief periods may unduly distort underlying trends in price, cause grave concern to both producers and consumers, and jeopardize the attainment of the objectives of the Agreement. Accordingly, if such movements in general price levels occur within brief periods, Members may request a meeting of the Council which, by distributed simple majority vote, may revise the total level of the quarterly export quotas in effect.

(6) If the Council finds that a sharp and unusual increase or decrease in the general level of prices is due to artificial manipulation of the coffee market through agreements among

importers or exporters or both, it shall then decide by a simple majority vote on what corrective measures should be applied to readjust the total level of the quarterly export quotas in effect.

ARTICLE 35

Procedure for Adjusting Export Quotas

(1) Annual export quotas shall be fixed and adjusted by alerting the basic export quota of each Member by the same percentage.

(2) General changes in all quarterly export quotas, made pursuant to paragraphs (2), (3), (5) and (6) of Article 34, shall be applied *pro rata* to individual quarterly export quotas in accordance with appropriate rules established by the Council. Such rules shall take account of the different percentages of annual export quotas which the different Members have exported or are entitled to export in each quarter of the coffee year.

(3) All decisions by the Council on the fixing and adjustment of annual and quarterly export quotas under Articles 30, 31, 32 and 34 shall be taken, unless otherwise provided, by a distributed two-thirds majority vote.

ARTICLE 36

Compliance with Export Quotas

(1) Exporting Members subject to quotas shall adopt the measures required to ensure full compliance with all provisions of the Agreement relating to quotas. The Council may request such Members to adopt additional measures for the effective implementation of the quota system provided for in the Agreement.

(2) Exporting Members shall not exceed the annual and quarterly export quotas allocated to them.

(3) If an exporting Member exceeds its quota for any quarter, the Council shall deduct from one or more of its future quotas a total amount equal to that excess.

(4) If an exporting Member for the second time while the Agreement remains in force exceeds its quarterly quota, the Council shall deduct from one or more of its future quotas a total amount equal to twice that excess.

(5) If an exporting Member for a third or subsequent time while the Agreement remains in force exceeds its quarterly quota, the Council shall make the same deduction as provided in paragraph (4) of this Article, and in addition, the Council may take action in accordance with Article 69 to require the withdrawal of such a Member from the Organization.

(6) The deductions in quotas provided in paragraphs (3), (4) and (5) of this Article shall be made by the Council as soon as it receives the necessary information.

ARTICLE 87*Transitional Quota Provisions*

(1) Exports of coffee after 1 October 1962 shall be charged against the annual export quota of the exporting country concerned at such time as the Agreement enters into force in respect of that country.

(2) If the Agreement enters into force after 1 October 1962, the Council shall, during its first session, make such modifications as may be necessary in the procedure for the fixing of annual and quarterly export quotas in respect of the coffee year in which the Agreement enters into force.

ARTICLE 88*Shipments of Coffee from Dependent Territories*

(1) Subject to paragraph (2) of this Article, the shipment of coffee from any of the dependent territories of a Member to its metropolitan territory or to another of its dependent territories for domestic consumption therein or in any other of its dependent territories shall not be considered as the export of coffee, and shall not be subject to any export quota limitations, provided that the Member concerned enters into arrangements satisfactory to the Council with respect to the control of re-exports and such other matters as the Council may determine to be related to the operation of the Agreement and which arise out of the special relationship between the metropolitan territory of the Member and its dependent territories.

(2) The trade in coffee between a Member and any of its dependent territories which, in accordance with Article 4 or 5, is a separate Member of the Organization or a party to a Member group, shall however be treated, for the purposes of the Agreement, as the export of coffee.

ARTICLE 89*Exporting Members not Subject to Quotas*

(1) Any exporting Member whose average annual exports of coffee for the preceding three-year period were less than 25,000 bags shall not be subject to the quota provisions of the Agreement, so long as its exports remain less than that quantity.

(2) Any Trust Territory administered under a trusteeship agreement with the United Nations whose annual exports to countries other than the Administering Authority do not exceed 100,000 bags shall not be subject to the quota provisions of the Agreement, so long as its exports do not exceed that quantity.

ARTICLE 40

Exports not Charged to Quotas

(1) In order to facilitate the increase of coffee consumption in certain areas of the world having a low *per capita* consumption and considerable potential for expansion, exports to countries listed in Annex B shall not, subject to the provisions of sub-paragraph (f) of this paragraph, be charged to quotas. The Council, at the beginning of the second full coffee year after the Agreement enters into force, and annually thereafter, shall review the list with a view to determining whether any country or countries should be deleted from it, and may, if it so decides, delete any such country or countries. In connexion with exports to the countries listed in Annex B, the provisions of the following sub-paragraphs shall be applicable:

(a) At its first session, and thereafter whenever it deems necessary, the Council shall prepare an estimate of imports for internal consumption by the countries listed in Annex B, after reviewing the results obtained in the previous year with regard to the increase of coffee consumption in those countries and taking into account the probable effect of promotion campaigns and trade arrangements. Exporting Members shall not in the aggregate export to the countries listed in Annex B more than the quantity set by the Council, and for that purpose the Council shall keep those Members informed of current exports to such countries. Exporting Members shall inform the Council not later than thirty days after the end of each month of all exports made to each of the countries listed in Annex B during that month.

(b) Members shall supply such statistics and other information as the Council may require to assist it in controlling the flow of coffee to countries listed in Annex B and its consumption therein.

(c) Exporting Members shall endeavor to renegotiate existing trade agreements as soon as possible in order to include in them provisions preventing re-exports of coffee from the countries listed in Annex B to other markets. Exporting Members shall also include such provisions in all new trade agreements and in all new sales contracts not covered by trade agreements, whether such contracts are negotiated with private traders or with government organizations.

(d) In order to maintain control at all times of exports to countries listed in Annex B, the Council may decide upon further precautionary steps, such as requiring coffee bags destined to those countries to be specially marked and requiring that the exporting Members receive from such countries banking and contractual guarantees to prevent re-exportation to countries not listed in Annex B. The Council may, whenever it deems necessary, engage the services of an internationally recognized worldwide organization to investigate irregularities

ties in, or to verify exports to, countries listed in Annex B. The Council shall call any possible irregularity to the attention of the Members.

(e) The Council shall annually prepare a comprehensive report on the results obtained in the development of coffee markets in the countries listed in Annex B.

(f) If coffee exported by a Member to a country listed in Annex B is re-exported to any country not listed in Annex B, the Council shall charge the corresponding amount to the quota of that exporting Member. Should there again be a re-exportation from the same country listed in Annex B, the Council shall investigate the case, and unless it finds extenuating circumstances, may at any time delete that country from Annex B.

(2) Exports of coffee beans as raw material for industrial processing for any purposes other than human consumption as a beverage or foodstuff shall not be charged to quotas, provided that the Council is satisfied from information supplied by the exporting Member that the coffee beans are in fact used for such other purposes.

(3) The Council may, upon application by an exporting Member, decide that coffee exports made by that Member for humanitarian or other non-commercial purposes shall not be charged to its quota.

ARTICLE 41

Assurance of Supplies

In addition to ensuring that the total supplies of coffee are in accordance with estimated world imports, the Council shall seek to ensure that supplies of the types of coffee that consumers require are available to them. To achieve this objective, the Council may, by a distributed two-thirds majority vote, decide to use whatever methods it considers practicable.

ARTICLE 42

Regional and Inter-regional Price Arrangements

(1) Regional and inter-regional price arrangements among exporting Members shall be consistent with the general objectives of the Agreement, and shall be registered with the Council. Such arrangements shall take into account the interests of both producers and consumers and the objectives of the Agreement. Any Member of the Organization which considers that any of these arrangements are likely to lead to results not in accordance with the objectives of the Agreement may request that the Council discuss them with the Members concerned at its next session.

(2) In consultation with Members and with any regional organization to which they belong, the Council may recommend a scale of price differentials for various grades and qualities of coffee which Members should strive to achieve through their pricing policies.

(3) Should sharp price fluctuations occur within brief periods in respect to those grades and qualities of coffee for which a scale of price differentials has been adopted as the result of recommendations made under paragraph (2) of this Article, the Council may recommend appropriate measures to correct the situation.

ARTICLE 43

Survey of Market Trends

The Council shall keep under constant survey the trends of the coffee market with a view to recommending price policies, taking into consideration the results achieved through the quota mechanism of the Agreement.

CHAPTER VIII—CERTIFICATES OF ORIGIN AND RE-EXPORT

ARTICLE 44

Certificates of Origin and Re-export

(1) Every export of coffee from any Member in whose territory that coffee has been grown shall be accompanied by a certificate of origin modelled on the form set forth in Annex C, issued by a qualified agency chosen by that Member. Each such Member shall determine the number of copies of the certificate it will require and each copy shall bear a serial number. The original of the certificate shall accompany the documents of export, and a copy shall be furnished to the Organization by that Member. The Council shall, either directly or through an internationally recognized world-wide organization, verify the certificates of origin, so that at any time it will be able to ascertain the quantities of coffee which have been exported by each Member.

(2) Every re-export of coffee from a Member shall be accompanied by a certificate of re-export issued by a qualified agency chosen by that Member, in such form as the Council may determine, certifying that the coffee in question was imported in accordance with the provisions of the Agreement, and, if appropriate, containing a reference to the certificate or certificates of origin under which that coffee was imported. The original of the certificate of re-export shall accompany the documents of re-export, and a copy shall be furnished to the Organization by the re-exporting Member.

(3) Each Member shall notify the Organization of the agency or agencies designated by it to perform the functions specified in paragraphs (1) and (2) of this Article. The Council may at any time, for cause, declare certification by a particular agency unacceptable to it.

(4) Members shall render periodic reports to the Organization concerning imports of coffee, in such form and at such intervals as the Council shall determine.

(5) The provisions of paragraph (1) of this Article shall be put into effect not later than three months after the entry into

force of the Agreement. The provisions of paragraph (2) shall be put into effect at such time as the Council shall decide.

(6) After the respective dates provided for under paragraph (5) of this Article, each Member shall prohibit the entry of any shipment of coffee from any other Member which is not accompanied by a certificate of origin or a certificate of re-export.

CHAPTER IX—REGULATION OF IMPORTS

ARTICLE 45

Regulations of Imports

(1) In order to prevent non-member exporting countries from increasing their exports at the expense of Members, the following provisions shall apply with respect to imports of coffee by Members from non-member countries.

(2) If three months after the Agreement enters into force, or at any time thereafter, the Members of the Organization represent less than 95 per cent of world exports in the calendar year 1961, each Member shall, subject to paragraphs (4) and (5) of this Article, limit its total annual imports from non-member countries as a group to a quantity not in excess of its average annual imports from those countries as a group during the last three years prior to the entry into force of the Agreement for which statistics are available. However, if the Council so decides, the application of such limitations may be deferred.

(3) If at any time the Council, on the basis of information received, finds that exports from non-member countries as group are disturbing the exports of Members, it may, notwithstanding the fact that the Members of the Organization represent 95 percent or more of world exports in the calendar year 1961, decide that the limitations of paragraph (2) shall be applied.

(4) If the Council's estimate of world imports adopted under Article 30 for any coffee year is less than its estimate of world imports for the first full coffee year after the Agreement enters into force, the quantity which each Member may import from non-member countries as a group under the provisions of paragraph (2) shall be reduced by the same proportion.

(5) The Council may annually recommend additional limitations on imports from non-member countries if it finds such limitations necessary in order to further the purposes of the Agreement.

(6) Within one month from the date on which limitations are applied under this Article, each Member shall inform the Council of the quantity of its permissible annual imports from non-member countries as a group.

(7) The obligations of the preceding paragraphs of this Article shall not derogate from any conflicting bilateral or multilateral obligations which importing Members have

entered into with non-member countries before 1 August 1962; provided that any importing Member which has such conflicting obligations shall carry them out in such a way as to minimize the conflict with the obligations of the preceding paragraphs, take steps as soon as possible to bring its obligations into harmony with those paragraphs, and inform the Council of the details of the conflicting obligations and of the steps taken to minimize or eliminate the conflict.

(8) If an importing Member fails to comply with the provisions of this Article, the Council may, by a distributed two-thirds majority vote, suspend both its voting rights in the Council and its right to have its votes cast in the Board.

CHAPTER X—INCREASE OF CONSUMPTION

ARTICLE 46

Promotion

(1) The Council shall sponsor a continuing programme for promoting the consumption of coffee. The size and cost of this programme shall be subject to periodic review and approval by the Council. The importing Members will have no obligation as respects the financing of this programme.

(2) If the Council after study of the question so decides, it shall establish within the framework of the Board a separate committee of the Organization, to be known as the World Coffee Promotion Committee.

(3) If the World Coffee Promotion Committee is established, the following provisions shall apply:

(a) The Committee's rules, in particular those regarding membership, organization, and financial affairs, shall be determined by the Council. Membership in the Committee shall be limited to Members which contribute to the promotional programme established in paragraph (1) of this Article.

(b) In carrying out its work, the Committee shall establish a technical committee within each country in which a promotional campaign will be conducted. Before a promotional campaign is inaugurated in any Member country, the Committee shall advise the representative of that Member in the Council of the Committee's intention to conduct such a campaign and shall obtain that Member's consent.

(c) The ordinary administrative expenses relating to the permanent staff of the Committee, other than the costs of their travel for promotion purposes, shall be charged to the administrative budget of the Organization, and shall not be charged to the promotion funds of the Committee.

ARTICLE 47

Removal of Obstacles to Consumption

(1) The Members recognize the utmost importance of achieving the greatest possible increase of coffee consump-

tion as rapidly as possible, in particular through the progressive removal of any obstacles which may hinder such increase.

(2) The Members affirm their intention to promote full international co-operation between all coffee exporting and importing countries.

(3) The Members recognize that there are presently in effect measures which may to a greater or lesser extent hinder the increase in consumption of coffee, in particular:

(a) import arrangements applicable to coffee, including preferential and other tariffs, quotas, operations of Government import monopolies and official purchasing agencies, and other administrative rules and commercial practices;

(b) export arrangements as regards direct or indirect subsidies and other administrative rules and commercial practices; and

(c) internal trade conditions and domestic legal and administrative provisions which may affect consumption.

(4) The Members recognize that certain Members have shown their concurrence with the objectives stated above by announcing their intention to reduce tariffs on coffee or by taking other action to remove obstacles to increased consumption.

(5) The Members undertake, in the light of studies already carried out and those to be carried out under the auspices of the Council or by other competent international organizations, and of the Declaration adopted at the Ministerial Meeting in Geneva on 30 November 1961:

(a) to investigate ways and means by which the obstacles to increased trade and consumption referred to in paragraph (3) of this Article could be progressively reduced and eventually, whenever possible, eliminated, or by which their effects could be substantially diminished;

(b) to inform the Council of the results of their investigation, so that the Council can review, within the first eighteen months after the Agreement enters into force, the information provided by Members concerning the effect of these obstacles and, if appropriate, the measures planned to reduce the obstacles or diminish their effects;

(c) to take into account the results of this review by the Council in the adoption of domestic measures and in proposals for international action; and

(d) to review at the session provided for in Article 72 the results achieved by the Agreement and to examine the adoption of further measures for the removal of such obstacles as may still stand in the way of expansion of trade and consumption, taking into account the success of the Agreement in increasing income of exporting Members and in developing consumption.

(6) The Members undertake to study in the Council and in other appropriate organizations any requests presented by

Members whose economies may be affected by the measures taken in accordance with this Article.

CHAPTER XI—PRODUCTION CONTROLS

ARTICLE 48

Production Goals

- (1) The producing Members undertake to adjust the production of coffee while the Agreement remains in force to the amount needed for domestic consumption, exports, and stocks as specified in Chapter XII.
- (2) Not later than one year after the Agreement enters into force, the Council shall, in consultation with the producing Members, by a distributed two-thirds majority vote, recommend production goals for each of such Members and for the world as a whole.
- (3) Each producing Member shall be entirely responsible for the policies and procedures it applies to achieve these objectives.

ARTICLE 49

Implementation of Production-Control Programmes

- (1) Each producing Member shall periodically submit written reports to the Council on the measures it has taken or is taking to achieve the objectives of Article 48, as well as on the concrete results obtained. At its first session the Council shall, by a distributed two-thirds majority vote, establish a time-table and procedures for the presentation and discussion of such reports. Before making any observations or recommendations the Council will consult with the Members concerned.
- (2) If the Council determines by a distributed two-thirds majority vote either that any producing Member has not, within a period of two years from the entry into force of the Agreement, adopted a programme to adjust its production to the goals recommended by the Council in accordance with Article 48, or that any producing Member's programme is not effective, it may by the same majority decide that such Member shall not enjoy any quota increases which may result from the application of the Agreement. The Council may by the same majority establish whatever procedures it considers appropriate for the purpose of verifying that the provisions of Article 48 have been complied with.

- (3) At such time as it considers appropriate, but in any event not later than the review session provided for in Article 72, the Council may, by a distributed two-thirds majority vote, in the light of the reports submitted for its consideration by the producing Members in accordance with paragraph (1) of this Article, revise the production goals recommended in accordance with paragraph (2) of Article 48.

- (4) In applying the provisions of this Article, the Council shall maintain close contact with international, national and private organizations which have an interest in or are re-

sponsible for financing or, in general, assisting the development plans of the primary producing countries.

ARTICLE 50

Co-operation of Importing Members

Recognizing the paramount importance of bringing the production of coffee into reasonable balance with world demand, the importing Members undertake, consistently with their general policies regarding international assistance, to co-operate with the producing Members in their plans for limiting the production of coffee. Their assistance may be provided on a technical, financial or other basis, and under bilateral, multilateral or regional arrangements, to producing Members implementing the provisions of this Chapter.

CHAPTER XII—REGULATION OF STOCKS

ARTICLE 51

Policy Relative to Coffee Stocks

(1) At its first session the Council shall take measures to ascertain world coffee stocks, pursuant to systems which it shall establish, and taking into account the following points: quantity, countries of origin, location, quality, and condition. The Members shall facilitate this survey.

(2) Not later than one year after the Agreement enters into force, the Council shall, on the basis of the data thus obtained and in consultation with the Members concerned, establish a policy relative to such stocks in order to complement the recommendations provided for in Article 48 and thereby to promote the attainment of the objectives of the Agreement.

(3) The producing Members shall endeavour by all means within their power to implement the policy established by the Council.

(4) Each producing Member shall be entirely responsible for the measures it applies to carry out the policy thus established by the Council.

ARTICLE 52

Implementation of Programmes for Regulation of Stocks

Each producing Member shall periodically submit written reports to the Council on the measures it has taken or is taking to achieve the objectives of Article 51, as well as on the concrete results obtained. At its first session, the Council shall establish a time-table and procedures for the presentation and discussion of such reports. Before making any observations or recommendations, the Council shall consult with the Members concerned.

CHAPTER XIII—MISCELLANEOUS OBLIGATIONS OF MEMBERS**ARTICLE 53***Consultation and Co-operation with the Trade*

- (1) The Council shall encourage Members to seek the views of experts in coffee matters.
- (2) Members shall conduct their activities within the framework of the Agreement in a manner consonant with the established channels of trade.

ARTICLE 54*Barter*

In order to avoid jeopardizing the general price structure, Members shall refrain from engaging in direct and individually linked barter transactions involving the sale of coffee in the traditional markets.

ARTICLE 55*Mixtures and Substitutes*

Members shall not maintain any regulations requiring the mixing, processing or using of other products with coffee for commercial resale as coffee. Members shall endeavour to prohibit the sale and advertisement of products under the name of coffee if such products contain less than the equivalent of 90 per cent green coffee as the basic raw material.

CHAPTER XIV—SEASONAL FINANCING**ARTICLE 56***Seasonal Financing*

- (1) The Council shall, upon the request of any Member who is also a party to any bilateral, multilateral, regional or inter-regional agreement in the field of seasonal financing, examine such agreement with a view to verifying its compatibility with the obligations of the Agreement.
- (2) The Council may make recommendations to Members with a view to resolving any conflict of obligations which might arise.
- (3) The Council may, on the basis of information obtained from the Members concerned, and if it deems appropriate and suitable, make general recommendations with a view to assisting Members which are in need of seasonal financing.

CHAPTER XV—INTERNATIONAL COFFEE FUND**ARTICLE 57***International Coffee Fund*

(1) The Council may establish an International Coffee Fund. The Fund shall be used to further the objective of limiting the production of coffee in order to bring it into reasonable balance with demand for coffee, and to assist in the achievement of the other objectives of the Agreement.

(2) Contribution to the Fund shall be voluntary.

(3) The decision by the Council to establish the Fund and the adoption of guiding principles to govern its administration shall be taken by a distributed two-thirds majority vote.

CHAPTER XVI—INFORMATION AND STUDIES**ARTICLE 58***Information*

(1) The Organization shall act as a centre for the collection, exchange and publication of:

(a) statistical information on world production, prices, exports and imports, distribution and consumption of coffee; and

(b) in so far as is considered appropriate, technical information on the cultivation, processing and utilization of coffee.

(2) The Council may require Members to furnish such information as it considers necessary for its operations, including regular statistical reports on coffee production, exports and imports, distribution, consumption, stocks and taxation, but no information shall be published which might serve to identify the operations of persons or companies producing, processing or marketing coffee. The Members shall furnish information requested in as detailed and accurate a manner as is practicable.

(3) If a Member fails to supply, or finds difficulty in supplying, within a reasonable time, statistical and other information required by the Council for the proper functioning of the Organization, the Council may require the Member concerned to explain the reasons for non-compliance. If it is found that technical assistance is needed in the matter, the Council may take any necessary measures.

ARTICLE 59*Studies*

(1) The Council may promote studies in the fields of the economics of coffee production and distribution, the impact of governmental measures in producing and consuming countries on the production and consumption of coffee, the opportunities for expansion of coffee consumption for traditional

and possible new uses, and the effects of the operation of the Agreement on producers and consumers of coffee, including their terms of trade.

(2) The Organization shall continue, to the extent it considers necessary, the studies and research previously undertaken by the Coffee Study Group, and shall periodically carry out studies on trends and projections on coffee production and consumption.

(3) The Organization may study the practicability of prescribing minimum standards for exports from Members who produce coffee. Recommendations in this regard may be discussed by the Council.

CHAPTER XVII—WAIVER

ARTICLE 60

Waiver

(1) The Council may, by a two-thirds distributed majority vote, relieve a Member of an obligation which, on account of exceptional or emergency circumstances, *force majeure*, constitutional obligations, or international obligations under the United Nations Charter for territories administered under the trusteeship system, either:

- (a) constitutes a serious hardship;
- (b) imposes an inequitable burden on such Member;
- or
- (c) gives other Members an unfair or unreasonable advantage.

(2) The Council, in granting a waiver to a Member, shall state explicitly the terms and conditions on which and the period for which the Member is relieved of such obligation.

CHAPTER XVIII—DISPUTES AND COMPLAINTS

ARTICLE 61

Disputes and Complaints

(1) Any dispute concerning the interpretation or application of the Agreement which is not settled by negotiation, 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, or Members holding not less than one-third of the total votes, may require the Council, after discussion, to seek the opinion of the advisory panel referred to in paragraph (3) of this Article on the issues in dispute before giving its decision.

(3)(a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

- (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), or if they fail to agree, by the Chairman of the Council.
- (b) Persons from countries whose Governments are Contracting Parties to this Agreement 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 Council.
- (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.
- (5) Any complaint that any Member has failed to fulfill its obligations under the Agreement shall, at the request of the Member making the complaint, be referred to the Council, which shall make a decision on the matter.
- (6) No Member shall be found to have committed a breach of its obligations under the Agreement except by a distributed simple majority vote. Any finding that a Member is in breach of the Agreement shall specify the nature of the breach.
- (7) If the Council finds that a Member has committed a breach of the Agreement, it may, without prejudice to other enforcement measures provided for in other articles of the Agreement, by a distributed two thirds majority vote, suspend that Member's voting right in the Council and its right to have its votes cast in the Board until it fulfills its obligations, or the Council may take action requiring compulsory withdrawal under Article 69.

CHAPTER XIX—FINAL PROVISIONS

ARTICLE 62

Signature

The Agreement shall be open for signature at United Nations Headquarters until and including 30 November 1962 by any Government invited to the United Nations Coffee Conference, 1962, and by the Government of any State represented before independence as a dependent territory at that Conference.

ARTICLE 63

Ratification

The Agreement shall be subject to ratification or acceptance by the signatory Governments in accordance with their respective constitutional procedures. Instruments of ratification or acceptance shall be deposited with the Secre-

tary-General of the United Nations not later than 31 December 1963. Each Government depositing an instrument of ratification or acceptance shall, at the time of such deposit, indicate whether it is joining the Organization as an exporting Member or an importing Member, as defined in paragraphs (7) and (8) of Article 2.

ARTICLE 64

Entry into Force

(1) The Agreement shall enter into force between those Governments which have deposited instruments of ratification or acceptance when Governments representing at least twenty exporting countries having at least 80 per cent of total exports in the year 1961, as specified in Annex D, and Governments representing at least ten importing countries having at least 80 per cent of world imports in the same year, as specified in the same Annex, have deposited such instruments. The Agreement shall enter into force for any Government which subsequently deposits an instrument of ratification, acceptance or accession on the date of such deposit.

(2) The Agreement may enter into force provisionally. For this purpose, a notification by a signatory Government containing an undertaking to seek ratification or acceptance in accordance with its constitutional procedures as rapidly as possible, which is received by the Secretary-General of the United Nations not later than 30 December 1963, shall be regarded as equal in effect to an instrument of ratification or acceptance. It is understood that a Government which gives such a notification will provisionally apply the Agreement and be provisionally regarded as a party thereto until either it deposits its instrument of ratification or acceptance or until 31 December 1963, whichever is earlier.

(3) The Secretary-General of the United Nations shall convene the first session of the Council, to be held in London within 30 days after the Agreement enters into force.

(4) Whether or not the Agreement has provisionally entered into force in accordance with paragraph (2) of this Article, if by 31 December, 1963 it has not definitively entered into force in accordance with paragraph (1), those Governments which have by that date deposited instruments of ratification or acceptance may consult together to consider what action the situation requires, and may, by mutual consent, decide that it shall enter into force among themselves.

ARTICLE 65

Accession

The Government of any State Member of the United Nations or of any of its specialized agencies and any Government invited to the United Nations Coffee Conference, 1962, may accede to this Agreement upon conditions that shall be established by the Council. In establishing such conditions

the Council shall, if such country is not listed in Annex A, establish a basic export quota for it. If such country is listed in Annex A, the respective basic export quota specified therein shall be the basic export quota for that country unless the Council decides otherwise by a distributed two-thirds majority vote. Each Government depositing an instrument of accession shall, at the time of such deposit, indicate whether it is joining the Organization as an exporting Member or an importing Member, as defined in paragraphs (7) and (8) of Article 2.

ARTICLE 66

Reservations

Reservations may not be made with respect to any of the provisions of the Agreement.

ARTICLE 67

Notifications in Respect of Dependent Territories

(1) Any Government may, at the time of signature or deposit of an instrument of acceptance, ratification or accession, or at any time thereafter, by notification to the Secretary-General of the United Nations, declare that the Agreement shall extend to any of the territories for whose international relations it is responsible, and the Agreement shall extend to the territories named therein from the date of such notification.

(2) Any Contracting Party which desires to exercise its rights under Article 4 in respect of any of its dependent territories, or which desires to authorize one of its dependent territories to become part of a Member group formed under Article 5 or 6, may do so by making a notification to that effect to the Secretary-General of the United Nations, either at the time of the deposit of its instrument of ratification, acceptance or accession, or at any later time.

(3) Any Contracting Party which has made a declaration under paragraph (1) of this Article may at any time thereafter, by notification to the Secretary-General of the United Nations, declare that the Agreement shall cease to extend to the territory named in the notification, and the Agreement shall cease to extend to such territory from the date of such notification.

(4) The Government of a territory to which the Agreement has been extended under paragraph (1) of this Article and which has subsequently become independent may, within 90 days after the attainment of independence, declare by notification to the Secretary-General of the United Nations that it has assumed the rights and obligations of a Contracting Party to the Agreement. It shall, as from the date of such notification, become a party to the Agreement.

ARTICLE 68

Voluntary Withdrawal

No Contracting Party may give notice of voluntary withdrawal from the Agreement before 30 September 1963. Thereafter, any Contracting Party may withdraw from the Agreement at any time by giving a written notice of withdrawal to the Secretary-General of the United Nations. Withdrawal shall become effective 90 days after the notice is received.

ARTICLE 69

Compulsory Withdrawal

If the Council determines that any Member has failed to carry out its obligations under the Agreement and that such failure significantly impairs the operations of the Agreement, it may, by a distributed two-thirds majority vote, require the withdrawal of such Member from the Organization. The Council shall immediately notify the Secretary-General of the United Nations of any such decision. Ninety days after the date of the Council's decision, that Member shall cease to be a Member of the Organization, and, if such Member is a Contracting Party, a party to the Agreement.

ARTICLE 70

Settlement of Accounts with Withdrawing Members

(1) The Council shall determine any settlement of accounts with a withdrawing Member. The Organization shall retain any amounts already paid by a withdrawing Member, and such Member shall remain bound to pay any amounts due from it to the Organization at the time the withdrawal becomes effective; provided, however, that in the case of a Contracting Party which is unable to accept an amendment and consequently either withdraws or ceases to participate in the Agreement under the provisions of paragraph (2) of Article 73, the Council may determine any settlement of accounts which it finds equitable.

(2) A Member which has withdrawn or which has ceased to participate in the Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization upon termination of the Agreement under Article 71.

ARTICLE 71

Duration and Termination

(1) The Agreement shall remain in force until the completion of the fifth full coffee year after its entry into force, unless extended under paragraph (2) of this Article, or earlier terminated under paragraph (3).

(2) The Council, during the fifth full coffee year after the Agreement enters into force, may, by vote of a majority of the

Members having not less than a distributed two-thirds majority of the total votes, either decide to renegotiate the Agreement, or to extend it for such period as the Council shall determine.

(3) The Council may at any time, by vote of a majority of the Members having not less than a distributed two-thirds majority of the total votes, decide to terminate the Agreement. Such termination shall take effect on such date as the Council shall decide.

(4) Notwithstanding termination of the Agreement, the Council shall remain in being for as long as necessary to carry out the liquidation of the Organization, settlement of its accounts, and disposal of its assets, and shall have during that period such powers and functions as may be necessary for those purposes.

ARTICLE 72

Review

In order to review the Agreement, the Council shall hold a special session during the last six months of the coffee year ending 30 September 1965.

ARTICLE 73

Amendment

(1) The Council may, by a distributed two-thirds majority vote, recommend an amendment of the Agreement to the Contracting Parties. The amendment shall become effective 100 days after the Secretary-General of the United Nations has received notifications of acceptance from Contracting Parties representing at least 75 per cent of the exporting countries holding at least 85 per cent of the votes of the exporting Members, and from Contracting Parties representing at least 75 per cent of the importing countries holding at least 80 per cent of the votes of the importing Members. The Council may fix a time within which each Contracting Party shall notify the Secretary-General of the United Nations 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 Secretary-General with the information necessary to determine whether the amendment has become effective.

(2) Any Contracting Party, or any dependent territory which is either a Member or a party to a Member group, 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 participate in the Agreement.

ARTICLE 74

Notifications by the Secretary-General

The Secretary-General of the United Nations shall notify all Governments represented by delegates or observers at the United Nations Coffee Conference, 1962, and all other Governments of States Members of the United Nations or of any of its specialized agencies, of each deposit of an instrument of ratification, acceptance or accession, and of the dates on which the Agreement comes provisionally and definitively into force. The Secretary-General of the United Nations shall also notify all Contracting Parties of each notification under Article 5, 67, 68 or 69; of the date to which the Agreement is extended or on which it is terminated under Article 71; and of the date on which an amendment becomes effective under Article 73.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signatures.

The texts of this Agreement in the English, French, Russian, Spanish and Portuguese languages shall all be equally authentic. The originals shall be deposited in the archives of the United Nations, and the Secretary-General of the United Nations shall transmit certified copies thereof to each signatory and acceding Government.

For Argentina:

L M CARABALLO

For Belgium:

WALTER LORIDAN

For Bolivia:

JAIME CABALLERO TAMAYO

For Brazil:

SÉRGIO ARMANDO FRÃZAO

For Burundi:

PASCAL BUBIRIZA

For Cameroon:

J. KUOH MOUKOURI

For Colombia:

CARLOS SANZ DE SANTAMARIA

For Costa Rica:

F. VOLIO J.

For the Dominican Republic:

DE MOYA

For El Salvador:

F R LIMA

For France:

SEYDOUX

For Guatemala:

ROBERTO ALEJO

For Haiti:

CARLET AUGUSTE

For Honduras:

G CÁCERES

For Italy:

GIUSEPPE BRUSASCA

or Japan:

KATSUO OKAZAKI

Ad referendum

or Madagascar:

LOUIS RAKOTOMALALA

For Mexico:

M A CORDERA JR

Ad referendum

For Peru:

LUIS EDGARIO LIOSA

For Spain

JOSE F. DE LEQUERICA

For Tanganyika:

A. Z. NSILO SWAI

For the United Kingdom of Great Britain and Northern Ireland:

PATRICK DEAN

For the United States of America:

W. MICHAEL BLUMENTHAL

For Venezuela:

MAURICIO BÁEZ

Ad referendum

UNITED NATIONS COFFEE CONFERENCE, 1962
ANNEXES TO THE INTERNATIONAL COFFEE AGREEMENT, 1962

ANNEX A

Basic Export Quotas

[60-kilogramme bags]

Brazil-----	18,000,000	Gabon-----	18,000
Colombia-----	6,011,280	Ivory Coast-----	2,324,278
Costa Rica-----	950,000	Malagasy Republic-----	828,828
Cuba-----	200,000	Togo-----	170,000
Dominican Republic-----	425,000	Kenya-----	516,835
Ecuador-----	552,000	Uganda-----	1,887,737
El Salvador-----	1,429,500	Tanganyika-----	435,458
Guatemala-----	1,344,500	Portugal-----	2,188,648
Haiti-----	420,000	Congo (Leopoldville)-----	700,000
Honduras-----	285,000	Ethiopia-----	850,000
Mexico-----	1,509,000	India-----	360,000
Nicaragua-----	419,100	Indonesia-----	1,176,000
Panama-----	26,000	Nigeria-----	18,000
Peru-----	580,000	Rwanda and Burundi-----	340,000
Venezuela-----	475,000	Sierra Leone-----	65,000
Cameroun-----	762,795	Trinidad-----	44,000
Central African Republic-----	150,000	Yemen-----	77,000
Congo (Brazzaville)-----	11,000		
Dahomey-----	37,224		
		Grand total... 45,587,183	

* The Republic of Haiti and the Dominican Republic shall be permitted to export 20 percent more than their respective adjusted basic quotas in the coffee year 1963-64. In no event, however, shall such increases be taken into account for the purpose of calculating the distribution of votes. In the review of the Agreement, provided for in Article 72, the two-year production cycle in those countries shall be given special consideration.

* In the first coffee year, the Republic of the Congo (Leopoldville), after presentation to the Council of acceptable evidence of an exportable production larger than 700,000 bags, shall be authorized by the Council to export up to 900,000 bags. In the second and third coffee years it is permitted to increase its coffee exports by an amount not to exceed 20 percent over those for the previous year. After presentation to the Council of acceptable evidence of an exportable production larger than 340,000 bags, Rwanda and Burundi may be authorized by the Council to export a combined total of up to 450,000 bags in the first coffee year, 500,000 bags in the second coffee year and 565,000 bags in the third coffee year. In no event, however, shall the increases allowed those countries in the first three years be taken into account for the purpose of calculating the distribution of votes.

ANNEX B

Non-quota Countries of Destination, referred to in Article 40, Chapter VII

The geographical areas below are non-quota countries for purposes of this Agreement:

Bahrein	Philippines
Basutoland	Poland
Bechuanaland	Qatar
Ceylon	Republic of Korea
China (Taiwan)	North Korea
China (mainland)	Republic of Viet-Nam
Federation of Rhodesia and Nyasaland	North Viet-Nam
Hungary	Romania
Iran	Saudi Arabia
Iraq	Somalia
Japan	South West Africa
Jordan	Sudan
Kuwait	Swaziland
Muscat and Oman	Thailand
Oman	Republic of South Africa
	Union of Soviet Socialist Republics

ANNEX C

Certificate of Origin

This certificate is made pursuant to the International Coffee Agreement. A copy of this certificate must be submitted with export documents and will be required for export (and import) clearance.

No. ----- Member-----
(to be cited in any future correspondence) (producing country)

I hereby certify that the green, soluble, roasted, semi-roasted or other coffee described below has been produced in ----- (producing country).

per S. S.:	or other carrier
from:	(name of port or other point of embarkation)
to:	(name of port or country of final destination)
via:	
on or about:	(date)

Shipping Marks or other identi- fication	Quantity (number of units)	Total Weight		Observations
		Kg.	lbs.	
		Gross	Gross	
<i>Green</i>		-----	-----	
		Net	Net	-----
		Grsoo	Gross	-----
<i>Roasted or Soluble</i>		Net	Net	-----
<i>Other (specify)</i>				

Date ----- Signature -----
(Certifying Officer)

(Certifying Agency)

ANNEX D

List of exports and imports in 1961

I. EXPORTS

[Thousands of 60-kilogramme bags]

Country	Bags	Percent	Country	Bags	Percent
Bolivia.....	(*)	0.0	Jamaica.....	(*)	0.0
Brazil.....	16,971	39.2	Liberia.....	41	0.1
Burundi and Rwanda.....	397	0.9	Madagascar.....	651	1.5
Cameroon.....	591	1.4	Mauritania.....	(*)	0.0
Central African Republic.....	121	0.3	Mexico.....	1,483	3.5
Colombia.....	5,631	13.1	Nicaragua.....	349	0.8
Congo (Brazzaville).....	(*)	0.0	Nigeria.....	(*)	0.0
Congo (Leopoldville).....	499	1.2	Panama.....	(*)	0.0
Costa Rica.....	835	1.9	Paraguay.....	25	0.1
Cuba.....	85	0.2	Peru.....	567	1.3
Dahomey.....	40	0.1	Portugal.....	1,976	4.5
Dominican Republic.....	327	0.8	Rwanda (see Burundi).....		
Ecuador.....	381	0.9	Sierra Leone.....	85	0.2
El Salvador.....	1,430	3.3	Tanganyika.....	438	1.0
Ethiopia.....	950	2.2	Togo.....	171	0.4
Gabon.....	(*)	0.0	Trinidad and Tobago.....	38	0.1
Ghana.....	28	0.1	United Kingdom (Kenya).....	536	1.2
Guatemala.....	1,255	2.9	United Kingdom (Uganda).....	1,806	4.2
Guinea.....	200	0.5	Upper Volta.....	(*)	0.0
Haiti.....	348	0.8	Venezuela.....	406	0.9
Honduras.....	210	0.5	Yemen.....	80	0.2
India.....	539	1.2	Total.....	43,219	100.0
Indonesia.....	1,091	2.5			
Ivory Coast.....	2,618	6.0			

II. IMPORTS

[Thousands of 60-kilogramme bags]

Afghanistan.....	(*)	0.0	Luxembourg (included in Belgium).....		
Albania.....	(*)	0.0	Mall.....	(*)	0.0
Argentina.....	574	1.3	Mongolia.....	(*)	0.0
Australia.....	156	0.4	Morocco.....	129	0.3
Austria.....	218	0.5	Nepal.....	(*)	0.0
Belgium.....	1,036	2.4	Netherlands.....	1,147	2.6
Bulgaria.....	60	0.1	New Zealand.....	35	0.1
Burma.....	(*)	0.0	Niger.....	(*)	0.0
Byelorussian S.S.R. (included in U.S.S.R.).....			Norway.....	450	1.0
Cambodia.....	(*)	0.0	Pakistan.....	(*)	0.0
Canada.....	1,119	2.6	Philippines.....	(*)	0.0
Ceylon.....	(*)	0.0	Poland.....	89	0.2
Chad.....	(*)	0.0	Republic of Korea.....	(*)	0.0
Chile.....	113	0.3	Republic of Viet-Nam.....	(*)	0.0
China.....	(*)	0.0	Romania.....	(*)	0.0
Cyprus.....	(*)	0.0	Saudi Arabia.....	(*)	0.0
Czechoslovakia.....	175	0.4	Senegal.....	(*)	0.0
Denmark.....	727	1.7	Somalia.....	(*)	0.0
Federal Republic of Germany.....	3,540	8.1	South Africa.....	185	0.4
Federation of Malaya.....	109	0.2	Spain.....	300	0.7
Federation of Rhodesia and Nyasaland.....	(*)	0.0	Sudan.....	154	0.3
Finland.....	638	1.5	Sweden.....	1,295	3.0
France.....	3,882	8.9	Switzerland.....	541	1.2
Greece.....	132	0.3	Syria.....	31	0.1
Hungary.....	39	0.1	Thailand.....	83	0.2
Iceland.....	29	0.1	Tunisia.....	48	0.1
Iran.....	(*)	0.0	Turkey.....	36	0.1
Iraq.....	(*)	0.0	Ukrainian S.S.R. (included in U.S.S.R.).....		
Ireland.....	(*)	0.0	Union of Soviet Socialist Republics.....	371	0.9
Israel.....	74	0.2	United Arab Republic.....	70	0.2
Italy.....	1,753	4.0	United Kingdom.....	978	2.3
Japan.....	244	0.6	United States.....	22,464	51.7
Jordan.....	23	0.1	Uruguay.....	45	0.1
Kuwait.....	(*)	0.0	Yugoslavia.....	143	0.3
Lao.....	(*)	0.0	Total.....	43,393	100.0
Lebanon.....	158	0.4			
Libya.....	(*)	0.0			

• Less than 22,000 bags.