CHAPTER 3

A Historical Review of Multilaterally Agreed Criteria for Action on Commodity Prices (1947–1989)

Having clarified some background concepts and issues also relating to the multilateral trading system, the analysis turns to the research question as defined: the proper and underlying role of trade law and policy in agricultural price stabilisation. This Chapter takes stock of major past attempts to set multilaterally agreed principles and procedures for the regulation of international commodity prices. The analysis looks backward, but with a view to generating insights that may be valuable in the present context. Attention is focused on three post-war endeavours: negotiations leading to Chapter 6 of the Havana Charter; discussions during the 1954–1955 review of the GATT; and UNCTAD’s IPC. The narrative first provides a descriptive account of the main negotiation settings. It then outlines the special regime therein laid down for commodities. The focus is on the varying rationales, objectives and principles of multilateral action on commodity prices. The analysis looks at areas of agreement, while also pointing to major divergences and disagreements.

The scope of the analysis is limited, in two important respects. First, attention is exclusively focused on concerted multilateral action on commodity prices by producing and consuming countries. This only covers dual-interest commodity agreements of which all interested producing and consuming countries were parties. Second, the analysis focuses on multilateral commodity control in its post-Second World War form. The narrative starts with the Havana Charter in the 1940s and ends with the establishment of the Common Fund for Commodities in 1989. As discussed, the history of commodity price control is richer than this account suggests. First, it traces back to much earlier times. Second, multilateral action ought to be assessed in interplay with other forms of commodity price intervention, including producers’ cartel-type arrangements, domestic price stabilisation arrangements, as well as private cartels. Due to the limited space available, in the following sections, these important aspects cannot be brought sufficiently into focus.

367 For an overview of early commodity control arrangements, refer to Section 2.2.1.1.
3.1 A Descriptive Account: Havana, Geneva and Nairobi

This Section reviews efforts to lay down multilaterally agreed criteria for action on commodity prices. The analysis, fairly descriptive, brings into focus three major endeavours: negotiations leading to Chapter 6 of the Havana Charter; proposals for a Special Agreement on Commodity Arrangements (SACA), during the GATT Review Session of 1954–1955; and UNCTAD’s Resolution 93 (IV), agreed upon at the final plenary of UNCTAD IV on 31 May 1976. The objective is to introduce these commodity policy frameworks, and briefly review the outcome of negotiations, so as to set the stage for the following discussion.

3.1.1 The Havana Charter Framework

Attempts by the international community to develop a concerted approach to commodity regulation go back as far as the 1927 World Monetary and Economic Conference.\(^{368}\) However, it was not until the Havana Charter that an enduring framework for the organisation of the post-war commodity regime came into existence. Called by the Economic and Social Council of the United Nations (ECOSOC) in the aftermath of the Second World War, the United Nations Conference on Trade and Employment was held at Havana, Cuba, from 21 November 1947 to 24 March 1948.\(^{369}\) The Conference ended with the

\(^{368}\) For a review of early attempts to develop a concerted approach to commodity regulation, United Nations Interim Co-ordinating Committee for International Commodity Arrangements, *Review of International Commodity Arrangements*, above n 86.

\(^{369}\) The groundwork for the Conference had been laid by an Intergovernmental Preparatory Committee, including a nuclear group of countries. Preparatory works had been divided in three parts: two Sessions of the Preparatory Committee, at London (from 15 October to 26 November 1946) and Geneva (from 10 April 1947 through 30 October 1947); and the meeting of a technical Drafting Committee in New York, between the two sessions. The outcome of the First Session of the Preparatory Committee (London session) was a draft Charter for an ITO (‘London draft’), embodied in a report which also included a narrative account of the treatment of the various agenda items (published as *Report of the First Session of the London Preparatory Committee of the United Nations Conference on Trade and Employment*, UN Document E/PCT/33, October 1946). The technical Drafting Committee was appointed by the Preparatory Committee at the end of the First Session for the purpose of editing the draft Charter produced in London. The Drafting Committee met in New York from 20 January to 25 February 1947 and prepared a further draft of the Charter and a full draft of a multilateral trade agreement embodying tariff concessions (the GATT) (*Report of the Drafting Committee of the Preparatory Committee of the United Nations Conference on Trade and Employment*, UN Document E/PCT/34, 5 March 1947). The Second Session of the Preparatory Committee (New York) concluded with the submission of a