No. 16201

MULTILATERAL

International Natural Rubber Agreement on Price Stabilisation (with annexes). Concluded at Jakarta on 30 November 1976

Authentic text: English.

Registered by Malaysia on 3 January 1978.

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Accord international relatif à la stabilisation des prix du caoutchouc naturel (avec annexes). Conclu à Jakarta le 30 novembre 1976

Texte authentique : anglais.

Enregistré par la Malaisie le 3 janvier 1978.

INTERNATIONAL NATURAL RUBBER AGREEMENT[1] ON PRICE STABILISATION

The Contracting Governments,

Recognising the principles and objectives as laid down in the Declaration on the establishment of a New International Economic Order[2] and its Programme of action[3] in which is fully recognised the value and importance of commodity arrangements for the mutual benefit of both producers and consumers;

Recognising that commodity agreements by helping to secure stabilisation of prices of commodities and growth of export earnings and of primary commodities markets can significantly assist economic development, especially in developing producing countries;

Recognising furthermore the exceptional importance of natural rubber to many developing countries whose economy is heavily dependent upon favourable and equitable conditions for its production, consumption and trade;

Aware of the importance to natural rubber producing countries of expanding their purchasing power;

Realising that an international commodity agreement for natural rubber would contribute to the development and prosperity of the natural rubber industry, especially the smallholder sector of the producing countries, and the world;

Convinced that the present situation of and the future outlook for natural rubber necessitate their joining together to solve their problems and to obtain the benefits of cooperation in the natural rubber industry;

Determined to pursue their cooperation in a manner consistent with their obligations under the United Nations Charter and in other international organisations or under agreements to which they are parties;

Have agreed as follows:

Article 1. OBJECTIVES

The objectives of this Agreement are:

(1) to achieve a balanced growth between supply and demand on a basis which will ensure remunerative and equitable returns to producers of natural rubber and adequate supplies of natural rubber to consumers at fair and stable prices for the

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[1] Came into force in respect of the following States on 29 November 1977, the date on which the signatory States, which among them have a total of 80 per cent of the votes specified in article 9, had deposited their instrument of ratification, approval or acceptance with the Government of Malaysia, in accordance with article 31 (1). Instruments of ratification, approval or acceptance were deposited as follows:

State	*Date of deposit of the instrument of ratification, approval or acceptance*	*State*	*Date of deposit of the instrument of ratification, approval or acceptance*
Malaysia	24 March 1977	Singapore	29 November 1977
Indonesia	23 May 1977	Thailand	29 November 1977
Sri Lanka	31 May 1977		

[2] See resolution 3201 (S-VI) in United Nations, *Official Records of the General Assembly, Sixth Special Session, Supplement No. 1* (A/9559), p. 3.

[3] See resolution 3202 (S-VI), *ibid.*, p. 5.

mutual benefit of producers and consumers thereby resulting in long-term equilibrium between production and consumption;

(2) to prevent excessive fluctuations in the price of natural rubber which are detrimental to both producers and consumers;

(3) to prevent widespread unemployment or under-employment, especially of smallholders whose livelihood is very closely tied up with the viability of the natural rubber industry, and other serious socio-economic difficulties which may result from the maladjustment between the supply of and the demand for natural rubber;

(4) to pave the way for the orderly development of the natural rubber industry and the improved utilisation of resources and for the promotion and maintenance of employment, the generation of higher living standards, fair wages and better working conditions in natural rubber producing countries, especially for smallholders;

(5) to assist in increasing the export earnings which are vital for the development of the economies of natural rubber producing countries by maintaining natural rubber prices at equitable levels and by increasing its consumption; and

(6) to facilitate the coordination of the production and marketing policies of natural rubber.

Article 2. DEFINITIONS

For the purposes of this Agreement:

"Advisory and Supervisory Committee" means the Committee established under paragraph 8 of Article 6;

"ANRPC" means the Association of Natural Rubber Producing Countries;

"Buffer Stock" means the International Natural Rubber Buffer Stock established under Article 18 and operated in accordance with the provisions of Article 20;

"Buffer Stock Branch Manager" means the Branch Manager of that part of the Buffer Stock in a participating country and who shall be a national of the same participating country and who has been nominated by his Government and appointed by the Chief Executive subject to the approval of the Council as referred to in paragraph 7 of Article 11;

"Chief Executive and Deputy Chief Executive" means the executives referred to under Article 11;

"contracting countries" means the participating countries which are contracting parties to this Agreement and include non-signatory countries which accede to this Agreement under Article 32;

"Council" means the International Natural Rubber Council referred to in Article 3;

"entry into force" means the entry into force of this Agreement in accordance with Article 31;

"export entitlement" means that share of the total export entitlement of natural rubber which a participating country is authorized to export within a certain period as provided for under Article 24;

"financial year" means the calendar year;

"natural rubber" means the elastomer from *Hevea brasiliensis* and any other plant which the Council may decide for the purposes of this Agreement;

"net consumer country" means a country which consumes but does not produce natural rubber and includes a country whose consumption of natural rubber exceeds its production of natural rubber in one calendar year;

"net export" means the total amount of natural rubber exported for a given year by a participating country involved in the Supply Rationalisation scheme under Article 24 after allowing for the amount of natural rubber imported by that country concerned from the said participating countries;

"net producer country" means a country whose production of natural rubber exceeds its consumption of natural rubber in one calendar year;

"participating country" means a country referred to in Article 4;

"Supply Rationalisation" means the system of measures envisaged and provided for under Article 24;

"total export entitlements" means that quantum of natural rubber for a given year equivalent to the expected world demand of natural rubber at a reasonable price to be decided by the Council, this price being not lower than the lower limit of the stabilisation band.

Article 3. ESTABLISHMENT OF THE INTERNATIONAL NATURAL RUBBER COUNCIL

1. There shall be established under this Agreement a Council to be known as the International Natural Rubber Council which shall have legal personality and the capacity to exercise wheresoever all the powers and rights arising from that legal personality including the power to acquire, hold and dispose of property and enter into contracts.

2. Each participating country shall constitute a single member of the Council.

3. The seat of the Council shall be in Kuala Lumpur unless the Council otherwise decides.

4. There shall be established a link between the Council and the ANRPC which may take the form of:

(1) participation and advice of the Secretary-General of the ANRPC in all meetings of the Council, but with his having no right to vote;
(2) participation and advice of the Chairman of the Council and the Chief Executive and/or his deputies in all meetings of the Assembly and the Executive Committee of the ANRPC, but with their having no right to vote; and
(3) cooperation in the field of statistics and information.

Article 4. COMPOSITION OF THE INTERNATIONAL NATURAL RUBBER COUNCIL

1. The International Natural Rubber Council shall comprise all participating countries.

2. A participating country is a net producer country and/or a country which is a member of the ANRPC and is a contracting party to this Agreement.

3. Each participating country shall be represented in the Council by a representative and, if it so desires, may designate one or more alternate representatives and advisers to attend sessions of the Council.

4. An alternate representative shall be empowered to act and vote on behalf of the representative during the latter's absence or in other special circumstances.

Article 5. NON-SIGNATORY COUNTRIES AND THE COUNCIL

A non-signatory country may, with the consent of the Council, be a contracting party to this Agreement under the provisions of Article 32.

Article 6. POWERS AND FUNCTIONS OF THE COUNCIL

The Council:

(1) shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement;

(2) shall adopt by a majority of eighty percentum of the votes cast such policies, rules and regulations as are necessary to carry out the provisions of this Agreement and as are consistent therewith including rules of procedure for the Council and its committees and financial and staff regulations. The Council may, in its rules of procedure, provide a procedure whereby it may, without meeting, decide specific questions;

(3) may, at any time, require the Chief Executive to furnish any information with regard to the holdings and operations of the Buffer Stock and the Supply Rationalisation scheme as it considers necessary to fulfil its functions under the Agreement, and the Chief Executive shall furnish to the fullest extent possible the information so required;

(4) may request participating countries to furnish any necessary data concerning production, consumption, international trade and any other information necessary for the satisfactory administration of this Agreement, and the countries shall furnish to the fullest extent possible the information so required;

(5) shall, at least once in every quarter, estimate the probable production and consumption of natural rubber during the following quarter, and may consider the influence of such other factors as are relevant to the total statistical rubber position for that period;

(6) shall make arrangements for the continuing study and evaluation of the short-term and long-term problems of the world rubber industry;

(7) shall publish after the end of each financial year a report on its activities of that year;

(8) shall establish an Advisory and Supervisory Committee comprising representatives from each of the participating countries, subject to the overall control of the Council, to tender advice to the Council in matters relating to policies and guidelines pertaining to the implementation of the provisions of the Buffer Stock and the Supply Rationalisation scheme and, whenever necessary, to supervise the operations of the Buffer Stock and the Supply Rationalisation scheme;

(9) (1) may, from time to time, appoint such committees as may be deemed necessary;

(2) may fix the membership and terms of reference of such committees;

(10) may determine any penalty to be imposed for failure to discharge any obligation under this Agreement;

(11) (1) may, from time to time, as it deems necessary, delegate to the Advisory and Supervisory Committee and/or to the Chief Executive any power which the Council may exercise;

(2) may, at any time, revoke any delegation of powers;

(12) (1) shall have the power to receive contributions from any source for the purposes of the Administrative and the Buffer Stock Accounts established under Article 13;

(2) shall have the power to borrow from any source for the purposes of the Buffer Stock Account;

(13) may invite persons who have interest or expertise in matters relating to the rubber industry, commerce or finance or any other field which has a bearing on the rubber industry to attend sessions of the Council as observers or to tender advice to the Council or any committee whenever required;

(14) may make and implement any decision necessary for the effective operation of this Agreement.

Article 7. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

1. For each calendar year the Council shall elect a Chairman and a Vice-Chairman.

2. The Chairman and Vice-Chairman shall not be from the same country.

3. The offices of Chairman and Vice-Chairman shall be rotated annually among the participating countries, though a person may hold office for two consecutive terms if it is so decided by the Council.

Article 8. SESSIONS OF THE COUNCIL

1. The Council shall meet at least once every quarter.

2. The first meeting of the Council shall begin six weeks after the entry into force of this Agreement.

3. Meetings shall be convened at the request of any participating country or as may be required by the provisions of this Agreement by the Chief Executive.

4. Participating countries, holding at least eighty percentum of the total votes, shall constitute a quorum at any meeting of the Council, provided that, if there is no quorum as defined above, a further meeting shall be convened after not less than seven days at which participating countries, numbering not less than three, holding at least two thirds of the votes, shall together constitute a quorum.

5. Subject to the provisions of this Agreement, notice of meetings shall be given to contracting countries at least thirty days in advance except in case of urgency when notice shall be given at least ten days in advance.

6. Meetings shall be held at the seat of the Council unless the Council decides otherwise.

Article 9. VOTES

1. Participating countries shall together hold one hundred votes and each country shall hold such number of votes as shall be established on the basis of the formulae referred to in paragraphs 2 and 3 of this Article.

2. (1) Each participating country shall have one basic vote. The remaining votes shall be distributed in accordance with the percentage share of each participating country to the net exports of all participating countries for a period of five years commencing six years prior to the year of distribution of votes in accordance with paragraph 4 of Article 24 after first making allowance for the share of votes for Singapore.

(2) Singapore's share of votes referred to in sub-paragraph (1) shall be in such proportion of its net exports as it bears to the net exports of all participating countries for a period of five years commencing six years prior to the year of distribution of votes; its net exports for such period shall be calculated at thirty-five percentum of its total rubber exports for that period.

3. There shall be no fractional vote.

4. For the first two years of the Agreement, the Council shall, on the basis of the formulae referred to in paragraphs 2 and 3 of this Article, establish the distribution of votes for the participating countries and it shall so remain in force except in so far as it is provided for in paragraph 5 of this Article.

5. Whenever the number of participating countries in the Council changes or when any participating country is suspended from its voting rights or regains its voting rights under any provision of this Agreement, the Council shall redistribute the number of votes on the basis of the formulae referred to in paragraphs 2 and 3 of this Article.

Article 10. VOTING PROCEDURE OF THE COUNCIL

1. Each participating country of the Council shall be entitled to cast the number of votes it holds in the Council and cannot divide its votes. Abstention in voting shall be deemed to be as non-casting of votes.

2. Decisions of the Council shall, except when otherwise provided, be taken by a majority of eighty percentum of the votes cast.

Article 11. CHIEF EXECUTIVE, DEPUTY CHIEF EXECUTIVES AND BUFFER STOCK BRANCH MANAGERS

1. The Council shall appoint a Chief Executive and two Deputy Chief Executives. These appointments shall be considered at the first session of the Council after the entry into force of this Agreement.

2. The Chief Executive and each of the Deputy Chief Executives may be reappointed for consecutive terms if it is so decided by the Council and shall hold office for such term and on such conditions as the Council may determine.

3. Without prejudice to paragraph 2, the Chief Executive and each of the Deputy Chief Executives shall be subject to the provisions of this Agreement.

4. The Chief Executive and each of the Deputy Chief Executives shall not be nationals of the same country.

5. The Chief Executives shall be responsible to the Council for duties devolving upon him in the administration and operation of this Agreement.

6. One Deputy Chief Executive shall be in charge of the Buffer Stock and the other the Supply Rationalisation scheme respectively and both shall be responsible to the Chief Executive and shall operate them in conformity with the provisions of this Agreement. Except where otherwise provided, the Deputy Chief Executives shall consult the Chief Executive in respect of any action to be taken and shall take directions from the Chief Executive.

7. Buffer Stock Branch Managers shall be appointed by the Chief Executive subject to the approval of the Council. A Buffer Stock Branch Manager shall be directly responsible to the Deputy Chief Executive in charge of the Buffer Stock.

8. The Chief Executive shall appoint such staff as may be determined by the Council.

9. The Chief Executive, Deputy Chief Executives, Buffer Stock Branch Managers and staff members shall not have any financial interest in the rubber industry unless approved by the Council nor engage in any other occupation incompatible with his duties and shall not disclose or reveal any information concerning the operation or administration of this Agreement except as may be authorised by the Council or as are necessary for the proper discharge of their duties under this Agreement.

10. (1) In the performance of their duties, the Chief Executive, Deputy Chief Executives, Buffer Stock Branch Managers and members of the staff shall not seek or receive instructions from any participating country or from any other authority.

(2) Each participating country undertakes to respect the exclusively international character of the responsibilities of the Chief Executive, Deputy Chief Executives, Buffer Stock Branch Managers and members of the staff.

(3) Participating countries shall not seek to influence the Chief Executive, Deputy Chief Executives, Buffer Stock Branch Managers and members of the staff in the discharge of their duties.

Article 12. PRIVILEGES

1. The Council, representatives of participating countries and the Secretariat may enjoy in the discharge of their functions in the host country such status, privileges and facilities as may be conferred by the Government of the host country as are reasonably necessary for the fulfilment of their functions.

2. The host country undertakes as soon as possible to enter into agreement for the purpose of fulfilling the provisions of paragraph 1 of this Article.

3. Unless any other taxation arrangements are implemented under the agreement referred to in paragraph 2 of this Article and pending the conclusion of that agreement, the participating country in which the seat of the Council shall be located shall:

(1) grant exemption from taxation on the remuneration paid by the Council to its employees except the nationals of the host participating country; and

(2) grant exemption from taxation on the assets, income and other property of the Council.

4. Unless any other arrangements are implemented under the agreement referred to in paragraph 2 of this Article and pending the conclusion of that agreement, payment of contributions as referred to in Articles 15 and 16 shall be denominated in United States dollars and the contracting countries shall accord the Council privileges to hold international reserves and deal in foreign exchange, in relation to the functions of the Council and the operation of the Buffer Stock.

Article 13. THE ADMINISTRATIVE ACCOUNT AND THE BUFFER STOCK ACCOUNT

1. There shall be established two accounts:

(1) the Administrative Account; and

(2) the Buffer Stock Account.

2. (1) The administrative expenses of the Council including expenses relating to the Supply Rationalisation scheme and the remuneration of the staff of the Secretariat shall be brought into the Administrative Account.

(2) The contributions for the Administrative Account payable by participating countries as provided for in Article 15 shall be brought into the Administrative Account.

3. (1) All receipts and expenditure which are solely attributable to the Buffer Stock transactions or operations, including expenses for borrowing arrangements, storage, commission and insurance shall be brought into the Buffer Stock Account.

(2) The contributions for the Buffer Stock Account as provided for in Articles 15 and 16 and any monies borrowed for the purposes of the Buffer Stock operations shall be brought into the Buffer Stock Account.

4. Delegates to the Council, the Advisory and Supervisory Committee or any other committee shall bear their own expenses.

Article 14. ASSESSMENT OF CONTRIBUTIONS

1. During the second half of each financial year, the Council shall approve the Administrative budget for the following financial year and shall assess the contribution of each participating country to such budget.

2. The total contribution to the Administrative Account of participating countries for each financial year shall be borne as follows: fifty percentum of the total amount on a pro rata basis and the remaining fifty percentum shall be shared among the participating countries in proportion to their contributions to the Buffer Stock.

3. The contribution to the Buffer Stock of each participating country shall be in the proportion which the number of its votes bears to the total votes of all participating countries as determined under Article 9. In assessing such contributions, the votes of each participating country shall be calculated without regard to the suspension of any participating country's voting rights referred to in Article 15 or any redistribution of votes arising therefrom.

4. If at any time during any financial year because of unforseen circumstances which have arisen or are likely to arise the balance in the Administrative Account is likely to be inadequate to meet the administrative expenses of the Council, the Council may approve appropriate necessary supplementary budgets for the remainder of the financial year.

Article 15. PAYMENT OF CONTRIBUTIONS

1. Participating countries undertake to pay their contributions to the Administrative Account for each financial year.

(1) Payment by each participating country to the Buffer Stock may be made in cash in United States dollars or in such currency as may be determined by the Council or in physical rubber in any one or more of the grades specified in Article 21 equivalent to its total cash contribution.

(2) If any participating country is to make its contribution to the Buffer Stock in physical rubber the Council shall determine such contribution in terms of RSS 1 equivalent and the price for this purpose shall be based on the price as determined for the lower limit of the price stabilisation band.

3. Payments by participating countries to the Administrative Account shall be made in cash in United States dollars or in such currency as may be determined by the Council.

4. (1) Participating countries shall make contributions to the Buffer Stock in the proportions determined under paragraph 3 of Article 14 amounting to the quantity as determined under Article 18 and such contributions shall be due on the date of entry into force of this Agreement.

(2) Where the size of the Buffer Stock has been reviewed by the Council, participating countries shall also contribute to the Buffer Stock in such sums and on such dates as shall be determined by the Council.

5. The first contributions to the Administrative Account shall become due on the date of the entry into force of this Agreement and subsequent contributions shall become due on the first day of each financial year; contributions of participating countries in respect of the calendar year in which they join the Council shall be due on the date on which they become parties to this Agreement.

6. (1) If, at the end of four months following the date on which the contributions become due in accordance with paragraphs 4 and 5 of this Article, a participating country has not paid its full contributions to the Administrative Account or the Buffer Stock, as the case may be, the Chief Executive shall request that country to make payment as quickly as possible.

(2) If, at the expiration of two months after the request of the Chief Executive, a participating country has still not paid its contributions to either the Administrative Account or the Buffer Stock, its voting rights in the Council shall be suspended until such time as it has made full payment of the contributions to both the Administrative Account and the Buffer Stock.

7. In the event that there is a deficit in the Buffer Stock due to the late payment of any participating country, the Council may invite the remaining participating countries to make good the deficit at their option. Any such contribution shall be refunded in part or in whole with interest at the prime rate prevailing in the country which is the seat of the Council.

8. (1) The Council may, at any time and on such conditions as it may determine, declare that the default referred to in sub-paragraph (2) of paragraph 6 has been remedied and restore the rights and privileges of the country concerned, and refund the additional contribution referred to in paragraph 7 of this Article.

(2) Without prejudice to the Council's rights to determine such other penalties to be applied to countries which fail to meet their obligations under this Article and its powers to suspend rights and privileges under paragraph 6 the Council shall impose interest on late contributions at the prime rate prevailing in the country which is the seat of the Council.

Article 16. VOLUNTARY CONTRIBUTIONS

1. Any country and any organisation may, with the consent of the Council and upon conditions, make voluntary contributions to the Buffer Stock. Such voluntary contributions shall be additional to the contributions as provided for in Article 15.

2. The Chief Executive shall notify all countries which are party to this Agreement of such contributions.

3. Notwithstanding the conditions, if any, which shall have been imposed under paragraph 1 of this Article, the Council may refund to any country or organisation which has made voluntary contribution the whole or any part of such contribution if it so desires.

4. Any country or organisation making such voluntary contributions shall be given such priority in respect of sales from the Buffer Stock over non-participating countries upon conditions as the Council may deem fit.

Article 17. AUDIT AND PUBLICATION OF ACCOUNTS

The Council shall as soon as possible after the close of each financial year publish the independently audited Administrative and Buffer Stock Accounts.

Article 18. THE INTERNATIONAL NATURAL RUBBER BUFFER STOCK

1. (1) An International Natural Rubber Buffer Stock shall be established.

(2) The size of the Buffer Stock shall be reviewed from time to time to ensure its effectiveness in maintaining the price of natural rubber within the stabilisation band, provided that there shall be no such review within the first two years of the entry into force of this Agreement.

2. (1) Branches of the Buffer Stock may be set up in any participating country at its request on a decision of the Council which shall take into consideration the effectiveness of the Buffer Stock operations and its branches, the need for close coordination of the branches, the availability of suitable personnel, cost, and differences in local conditions and other relevant factors.

(2) The Buffer Stock shall be under the charge of the Deputy Chief Executive for the Buffer Stock who shall be responsible to the Chief Executive and shall operate the Buffer Stock under his charge in conformity with the provisions of this Agreement and within the framework of the decisions of the Council.

(3) Each branch of the Buffer Stock shall be under the charge of a Buffer Stock Branch Manager who shall be responsible to the Deputy Chief Executive for the Buffer Stock referred to in sub-paragraph (2) of this paragraph and shall manage the branch under his charge.

Article 19. FLOOR AND CEILING PRICES

1. For the purposes of this Agreement there shall be floor and ceiling prices for natural rubber which shall be based on the average price of RSS 1 prevailing in the Kuala Lumpur and Singapore markets unless otherwise decided by the Council and expressed in Malaysian ringgit.

2. For the purchase and sale of rubber other than RSS 1, the price differentials of the various grades of natural rubber as specified in Article 21 shall be taken into account and shall be determined by the Council.

3. In order to achieve the objectives of this Agreement and, at the same time, maintain the competitiveness of natural rubber, the Council shall at its first meeting after the entry into force of this Agreement and from time to time thereafter consider the adoption or revision of floor and ceiling prices of natural rubber, and a price stabilisation band within such floor and ceiling prices.

Article 20. OPERATION OF THE BUFFER STOCK

1. For the purposes of this Article, the market price for natural rubber shall be the average price of RSS 1 prevailing in the Kuala Lumpur and Singapore markets, unless otherwise decided by the Council, and expressed in Malaysian ringgit.

2. For the purpose of maintaining the price of natural rubber within the stabilisation band the Deputy Chief Executive for the Buffer Stock shall operate according to the following provisions:

If the market price of natural rubber:

(1) is below the lower limit of the price stabilisation band, the Deputy Chief Executive for the Buffer Stock shall buy to defend the floor price, subject to the availability of funds, until its price is equal to the lower limit of the stabilisation band;

(2) is within the price stabilisation band, the Deputy Chief Executive for the Buffer Stock shall not buy or sell but with the approval of the Council, he may buy or sell taking into account, *inter alia*, the need to strengthen the financial position and the technical aspects of the operations of the Buffer Stock;

(3) is above the upper limit of the price stabilisation band but below the ceiling price, the Deputy Chief Executive for the Buffer Stock may sell, subject to the availability of stocks if he considers it necessary either to prevent its market price from rising too steeply or if he considers it necessary to reduce the burden of carrying large stocks. He shall under no circumstances buy when the price is above the upper limit of the price stabilisation band;

(4) is equal to or above the ceiling price, he shall continue to sell, subject to the availability of stocks, until the market price for it falls below the ceiling price.

3. Subject to the overall effectiveness of this Agreement, the Deputy Chief Executive for the Buffer Stock shall buy natural rubber in participating countries in such amounts as may be determined by the Council.

4. (1) Notwithstanding the provisions of paragraph 2 of this Article, if, in the operations of the Buffer Stock, there are circumstances which are detrimental to the operations including changes in exchange rates or circumstances which are not conducive to the achievement of the purposes of this Agreement, the Chief Executive shall convene, or any participating country may request him to convene, a meeting of the Council to consider the circumstances. Meetings may be convened under this paragraph by the Chief Executive giving not lesss than seven days' notice.

(2) Subject to and under the circumstances set out in sub-paragraph (1) of this paragraph, if the Chief Executive is of the opinion that the buying or selling of natural rubber by the Deputy Chief Executive for the Buffer Stock has reached such an extent as is likely to prejudice the purposes of this Agreement, the Chief Executive may, pending the meeting of the Council, provisionally restrict or suspend the operations of the Buffer Stock.

(3) The Council may, in considering the circumstances referred to in sub-paragraph (1) of this paragraph, restrict or suspend or confirm the restriction or suspension of the Buffer Stock operations or relax any of the measures taken under the provisions of sub-paragraph (2) of this paragraph or provide for the implementation of measures in each and every participating country for the stabilisation of the price of natural rubber within the price stabilisation band or for the achievement of any of the purposes of this Agreement.

Article 21. COMPOSITION AND LOCATION OF STOCKS

1. (1) In deciding on the composition of the stocks of natural rubber to be held in the Buffer Stock, the Council shall consider:

(*a*) the composition of natural rubber production within individual producer participating countries;

(*b*) the need to limit the number of grades of natural rubber for effective management and operation of the Buffer Stock.

(2) The natural rubber stocks as determined under Article 18 may comprise technically specified rubbers, RRS 1, RSS 3, RSS 4 and an appropriate remilled grade.

(3) The stock composition in the Buffer Stock shall be reviewed from time to time to take into account changing production and consumption patterns.

2. The stocks referred to in paragraph 1 of this Article shall initially be held within participating countries.

Article 22. LIQUIDATION OF THE BUFFER STOCK ON THE TERMINATION OF THE AGREEMENT

1. As soon as possible after the termination of this Agreement, the Chief Executive shall make an estimate of the total expenses of liquidation of the Buffer Stock in accordance with the provisions of this Article and shall set aside from the balance remaining in the Buffer Stock Account a sum which in his opinion is sufficient to meet such expenses. Should the balance remaining in the Buffer Stock Account be inadequate to meet such expenses, the Chief Executive shall sell a sufficient quantity of natural rubber to provide the additional sum required.

2. Subject to and in accordance with the terms of this Agreement, the share of each contributing country in the Buffer Stock shall be refunded to that country.

3. (1) The share of each contributing country shall be ascertained in accordance with Annex A.

(2) Upon the request of all contributing countries, the Council shall revise Annex A.

Article 23. ALLOCATION AND PAYMENT OF PROCEEDS OF LIQUIDATION

1. Subject to the provisions of paragraph 1 of Article 22, the share of each contributing country in cash/or natural rubber available for distribution in accordance with Annex A shall be allocated to it, provided that if any contributing country has forfeited the whole or part of its right to participate in the proceeds of the liquidation of the Buffer Stock by virtue of the provisions of this Agreement it shall to that extent be excluded from the refund of its share and the resulting residue shall be apportioned among the other contributing countries in the manner laid down in paragraph 4 of Annex A for the apportionment of a deficit.

2. The ratio of natural rubber to cash allocated to each contributing country under the provisions of paragraphs 2 and 3 of Article 22 and paragraph 1 of this Article shall be the same.

3. Each contributing country shall be repaid the cash allocated to it as the result of the procedure set out in Annex A. To this effect either (l) the natural rubber so allocated to each contributing country may be transferred in such instalments and over such period as the Council may deem appropriate, but in any case not exceeding twelve months, or (2) at the option of any contributing country any such instalment may be sold and the net proceeds of such sale paid to that country.

4. When all the natural rubber has been disposed of in accordance with paragraph 3 of this Article, the Chief Executive shall distribute among contributing countries any balance remaining of the sum set aside under paragraph 1 of Article 22 in the proportions allocated to each country in accordance with paragraph 3 of Article 22 and Annex A.

Article 24. SUPPLY RATIONALISATION

1. In this Article, "Supply Rationalisation in force" means the enforcement of restriction of exports of natural rubber by a participating country on its export entitlement as determined in paragraph 3 without adjustment unless specifically provided for.

2. (1) For the purpose of achieving stabilisation of the price of natural rubber by keeping supply in reasonable balance with demand, participating countries agree and undertake to establish and operate a Buffer Stock and a Supply Rationalisation scheme.

(2) The Buffer Stock and the Supply Rationalisation scheme shall in their operations complement each other for the purpose of achieving the desired objectives.

3. The total export entitlement of all participating countries shall be the expected world demand of natural rubber from the participating countries at a reasonable price to be decided by the Council, provided that such price shall not be lower than the price at the lower limit of the price stabilisation band.

4. (1) Each participating country, after allowing for Singapore's imports from non-participating countries, shall be permitted to export a portion of the total export entitlement of all participating countries to the market, equivalent to its relative

percentage share of the total exports of all participating countries for a period of five years commencing six years prior to the year which the export entitlement is to be determined:

- provided that the distribution of the total export entitlement for the first two years of the operation shall be in the proportions as indicated in Annex B;
- provided that in the case of Singapore its share shall be based on its imports of natural rubber from non-participating countries over the same period and to be determined by the Council.

(2) Upon request of all participating countries the Council shall revise Annex B.

5. When the market price of natural rubber:

(1) is below the lower limit of the price stabilisation band Supply Rationalisation shall be in force. If the market price continues to be so depressed as to threaten the floor price and the Buffer Stock has reached its maximum capacity for purchase, the Council may review and make a downward adjustment to the annual export entitlements;

(2) is above the upper limit of the price stabilisation band, but below the ceiling price, Supply Rationalisation shall be in force. After the holdings in the Buffer Stock have been exhausted the Council may consider the suspension of the operation of Supply Rationalisation;

(3) is at or within the lower limit and upper limit of the price stabilisation band, Supply Rationalisation shall be in force.

6. In relation to Annex B, the quantity of natural rubber arising from any upward or downward adjustment of the annual export entitlement shall be distributed among the participating countries in accordance with each country's percentage share of all the total exports of all participating countries for a period of five years commencing six years prior to the year in which the adjustment is made.

7. (1) Any participating country which is not able to export its export entitlement as determined under paragraph 4 in any one year shall notify the Council of the extent of the portion likely to be unfulfilled.

(2) The Council may re-distribute the unfulfilled portion referred to in subparagraph (1) of this paragraph among the remaining participating countries in accordance with their relative proportionate shares.

8. For the successful implementation of this Article, the Council may impose such measures as are necessary for effective monitoring and control.

9. The Deputy Chief Executive for Supply Rationalisation shall discharge his duties in accordance with this Agreement and within the framework of the decisions of the Council.

10. The duties of the Deputy Chief Executive for Supply Rationalisation shall be:

(1) to apprise the Chief Executive from time to time of factors influencing the supply and demand of natural rubber with suitable recommendations for supply rationalisation to enable the Chief Executive to advise the Council on these matters, including the monitoring of information on a quarterly basis to facilitate the effective implementation of Supply Rationalisation;

(2) to convey to the relevant participating country of any decision of the Council made under the provisions of this Article;

(3) to ensure that a participating country so affected by the decision referred to in sub-paragraph (2) of this paragraph complies with such decision;

(4) to report to the Council through the Chief Executive of the progress of measures undertaken by a participating country pursuant to its obligations referred to in this Article; and

(5) to perform such other related duties as may, from time to time, be decided by the Council.

Article 25. UNDERTAKINGS BY PARTICIPATING COUNTRIES

1. Participating countries undertake to adopt such measures as are necessary to enable them to fulfil their obligations under this Agreement and to cooperate fully with one another to secure the attainment of its objectives.

2. Participating countries undertake to accept all decisions of the Council under this Agreement as may affect them.

3. Participating countries undertake to make available and supply all such statistics and information as the Council may require from time to time to enable the Council to discharge its functions under this Agreement.

Article 26. PENALTIES

1. Each participating country shall limit its net export to its annual export entitlement referred to in Article 24.

2. (1) When a participating country's net export exceeds its export entitlement by less than two percentum of its yearly export entitlement, the excess shall be deducted from its following year's export entitlement.

(2) When a participating country exceeds its export entitlement by two percentum or more, the excess shall be deducted from its net export entitlement of the following year and the additional penalty shall be in the form of cash to be paid to the Buffer Stock Account based on the amount of excess without influencing the share of that country's contribution to the Buffer Stock. The amount of penalty in cash shall be determined by the Council.

Article 27. LABOUR STANDARDS

Participating countries shall seek and ensure fair labour standards in the natural rubber industry and shall endeavour to improve the standard of living of workers in the various sectors of natural rubber production, especially that of the smallholders' sector.

Article 28. COMPLAINTS

1. Any complaint that any participating country has not fulfilled its obligations or is in breach of its obligations under this Agreement shall, at the request of the country making the complaint, be referred to the Council which, subject to prior consultation with the countries concerned, shall make a decision on the matter.

2. For the purposes of this Article, the expression "has not fulfilled its obligations or is in breach of its obligations" shall be deemed to include the breach of any condition imposed by the Council or failure to fulfil any obligation laid upon a participating country in accordance with this Agreement.

3. Any finding by the Council that a participating country is in breach of its obligations shall specify the nature of the breach.

4. Whenever the Council, whether as the result of a complaint or otherwise, finds that a participating country is in breach of its obligations it may, without prejudice to such other measures as are specifically provided for in other Articles of this Agreement, suspend that country's voting rights in the Council; and if it deems neces-

sary suspend further rights of such country, including that of being eligible for, or of holding office in, the Council or in any of its committees until it has fulfilled its obligations.

Article 29. DISPUTES

1. Any dispute concerning the interpretation or application of this Agreement which is not settled among the countries involved shall, at the request of any participating country, 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 the participating countries holding not less than one third of the total votes may require the Council, after discussion, to seek the opinion of an advisory panel constituted under paragraph 3 of this Article on the issue in dispute before giving its decision.

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

(i) one person having wide experience in matters of the kind in dispute nominated by one contracting country which is party to the dispute;

(ii) one such person nominated by the other contracting country which is a party to the dispute; and

(iii) a chairman having legal standing and experience who shall be selected unanimously by the two persons nominated above or, if they fail to agree, by the Council.

(2) Nationals of contracting and of non-contracting countries shall be eligible to serve on the advisory panel.

(3) Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government or any other authority.

(4) 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, and the Council, after considering all the relevant information, shall decide the dispute.

Article 30. RATIFICATION, APPROVAL OR ACCEPTANCE

This Agreement shall be subject to ratification, approval or acceptance by the signatory Governments in accordance with their respective constitutional procedures.

Instruments of ratification, approval or acceptance shall be deposited with the Depository Government, the Government of Malaysia, which will notify all the other signatories of the deposit of each instrument of ratification, approval or acceptance.

Article 31. ENTRY INTO FORCE AND PERIOD OF VALIDITY

1. This Agreement shall enter into force on the date on which the signatory countries which among them have at least a total of eighty percentum of the votes specified in Article 9 have deposited the instrument of ratification, approval or acceptance. The Depository Government shall infom the participating countries of the date of entry into force of the Agreement.

2. This Agreement shall remain in force for a period of five years from the date of its entry into force in accordance with paragraph 1 of this Article.

Article 32. ACCESSION

Any net producer or net consumer or a country which is a member of the ANRPC may accede to this Agreement upon conditions which shall be established by the Council in agreement with the country seeking accession. Accession shall be effected by the deposit of an instrument of accession with the Depository Government.

Article 33. AMENDMENT

1. The Council may, by a majority of eighty percentum of the total votes held by the participating countries, recommend to the contracting countries amendments to this Agreement.

2. The Council shall, in its recommendation, fix the time within which each contracting country shall notify the Depository Government whether or not it ratifies, approves or accepts the amendments, and the Council may extend the time fixed by it for notification of ratification, approval or acceptance.

3. If, within the time fixed or extended under paragraph 2 of this Article, an amendment is ratified, approved or accepted by all contracting countries it shall take effect immediately on the receipt of the Depository Government of the last ratification, approval or acceptance.

Article 34. WITHDRAWAL

1. Any contracting country may withdraw from this Agreement during its currency upon at least twelve months' notice being given to the Depository Government not earlier than one year after the entry into force of this Agreement.

2. If the provision as to notice referred to in paragraph 1 of this Article is not complied with, a withdrawing contracting country shall not be entitled to any share of the proceeds of the liquidation of the Buffer Stock under the terms of Article 22 or Article 23 nor shall it be entitled to a share under the terms of Article 35 of this Agreement.

Article 35. RENEWAL AND TERMINATION OF AGREEMENT

1. This Agreement shall be renewable every five years from the date of its entry into force by a decision of the Council comprising a majority of eighty percentum of the total votes held.

2. (1) A contracting country may, at any time, give notice in writing to the Chief Executive that it intends to propose at the next meeting of the Council the termination of this Agreement.

(2) If the Council, by a majority of eighty percentum of the total votes held by all the participating countries, adopts the proposal to terminate the Agreement, the Agreement shall terminate six months after the date of such decision.

3. The Council shall remain in being for so long as may be necessary for the carrying out of the functions and obligations referred to in paragraph 4 of this Article for the supervision of the liquidation of the Buffer Stock and for the supervision of the due performance of conditions imposed under this Agreement by the Council and the Council shall have such powers and functions conferred on it by this Agreement as may be necessary for the purpose.

4. On termination of this Agreement:

(1) the Buffer Stock shall be liquidated in accordance with the provisions of Articles 22 and 23;

(2) the Council shall assess the obligations into which it has entered in respect of its Secretariat and shall, if necessary, take steps to ensure that, by means of a supplementary estimate to the Administrative Account raised in accordance with Articles 13 and 14, sufficient funds are made available to meet such obligations;
(3) after all liabilities incurred by the Council, other than those relating to the Buffer Stock Account, have been met, the remaining assets shall be disposed of in the manner as laid down in this Article;
(4) if the Council is continued or if a body is created to succeed the Council, the Council shall transfer its archives, statistical material and such other documents as the Council may determine to such successor body and may by a majority of eighty percentum of all the votes held transfer all or any of the remaining assets to such body.

5. If the Council is not to be continued and no successor body is to be created:
(1) the Council shall transfer its archives, statistical material and any other documents to the Secretary-General of the United Nations or to any international body nominated by him;
(2) the remaining non-monetary assets of the Council shall be sold or otherwise realised in such a manner as the Council may direct; and
(3) the proceeds of such realisation and any remaining monetary assets shall then be distributed in such a manner that each participating country shall receive a share proportionate to the total of the contributions which it has made to the Administrative Account established under Article 13.

Article 36. NOTIFICATION BY THE DEPOSITORY GOVERNMENT

The Depository Government shall notify all contracting countries to this Agreement, the Chief Executive and the Secretary-General of the United Nations of the following:
(1) ratification, approval or acceptance in accordance with Article 30;
(2) the entry into force of this Agreement in accordance with Article 31;
(3) accessions in accordance with Article 32;
(4) ratification, approval or acceptance of amendments and dates of entry into force in accordance with Article 33;
(5) notification of withdrawal in accordance with Article 34;
(6) notification of the termination of this Agreement in accordance with Article 35.

IN WITNESS WHEREOF the undersigned, duly empowered, have appended their signatures to this Agreement.

DONE in Jakarta, this 30th day of November, 1976, in the English language in a single copy which shall be deposited with the Depository Government by whom certified copies will be transmitted to all signatory and acceding countries and the Secretary-General of the United Nations.

For the Government of the Republic of Indonesia:

[*Signed*]

RADIUS PRAWIRO
Minister of Trade

For the Government of Malaysia:

[*Signed*]

MUSA HITAM
Minister of Primary Industries

For the Government of the Republic of Singapore:

[*Signed*]

TAN ENG LIANG
Senior Minister of State
Ministry of National Development

For the Government of the Republic of Sri Lanka:

[*Signed*]

RATNASIRI WICKREMANAYAKE
Minister of Plantation Industries

For the Government of the Kingdom of Thailand:

[*Signed*]

INSEE CHANDRASTITYA
Minister of Agriculture and Co-operatives

ANNEX A

(Articles 22 and 23)

PROCEDURE FOR ASCERTAINING SHARES IN THE BUFFER STOCK

For the purpose of ascertaining the share of each contributing country in the Buffer Stock, the Chief Executive shall adopt the following procedure:

1. The contributions of each participating country to the Buffer Stock (excluding any voluntary contribution or part of a voluntary contribution which has been made under paragraph 1 of Article 16) shall be evaluated.

2. All the natural rubber held by the Chief Executive on the date of termination of this Agreement shall be valued on the basis of average settlement price of rubber in the Kuala Lum-

pur and Singapore markets on that date and an amount to that value shall be added to the total cash held by him at that date after setting aside a sum as required by paragraph 1 of Article 22.

3. If the total amount arrived at under paragraph 2 of this Annex is greater than the sum total of all the contributions made to the Buffer Stock by all the participating countries, the surplus shall be apportioned among the participating countries in proportion to the total contributions to the Buffer Stock of each participating country multiplied by the number of days that such contributions have been at the disposal of the Chief Executive up to the date of termination of this Agreement. For the purpose of calculating the number of days that a contribution has been at the disposal of the Chief Executive neither the day on which the contribution was received by him nor the day of the termination of this Agreement shall be counted. The amount of surplus apportioned to each participating country shall be added to the total of the contributions of the country. Provided, however, that in calculating the apportionment of such a surplus a forfeited contribution shall not be regarded as having been at the disposal of the Chief Executive during the period of forfeiture.

4. If the total amount arrived at under paragraph 2 of this Annex is less than the sum of all the contributions made to the Buffer Stock by all the participating countries, the deficit shall be apportioned among the participating countries in proportion to their total contribution. The amount of the deficit apportioned to each participating country shall be deducted from the total of the contributions of that country.

ANNEX B

(Paragraph 4 of Article 24)

The allocation of shares of the export entitlement for the first two years from the date of the entry into force of this Agreement shall be the shares shown in the second column against the countries shown in the first column hereunder:

Country	*Share*
Malaysia	52.45 percentum
Indonesia	29.41 percentum
Thailand	12.72 percentum
Sri Lanka	5.42 percentum