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UNITED NATIONS CONFERENCE ON JUTE AND JUTE PRODUCTS, 2000  
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Agenda item 7

PREPARATION OF A DRAFT SUCCESSOR AGREEMENT TO THE  
INTERNATIONAL AGREEMENT ON JUTE AND JUTE PRODUCTS, 1989

Draft provisions of the International Agreement/Instrument/Arrangement  
on Jute and Jute Products, 2000

This document contains the outcome of the work of the United Nations Conference on  
Jute and Jute Products, 2000 at its first session held from 27 to 31 March 2000 in Geneva.



## **PREAMBLE**

### **[The Parties to this [Agreement]]**<sup>1</sup>

Recognizing the importance of jute and jute products to the economies of many developing exporting countries,

Considering that close international cooperation in finding solutions to the problems facing this commodity will further the economic development of the exporting countries and strengthen economic co-operation between exporting and importing countries,

Considering the significant contribution made by the International [Agreement]s on Jute and Jute Products, of 1982 and 1989 towards such cooperation between exporting and importing countries,

Have agreed as follows:]

## **CHAPTER I - OBJECTIVES**

### **Article 1**

#### **Objectives**

1. For the benefit of members, the objectives of the International [Agreement] on Jute and Jute Products, 2000 (hereinafter referred to as "this [Agreement]") shall be:
  - (a) To provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world jute economy;
  - (b) To promote the expansion and diversification of international trade in jute and jute products;
  - (c) To encourage the private sector's involvement in the jute sector; and
  - (d) To facilitate the improvement of structural conditions in the jute market;
  - (e) To create and increase awareness of the beneficial effects of the use of jute as an environmentally-friendly, renewable, biodegradable and natural fibre;

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<sup>1</sup> In this document, "Agreement" should be taken to mean "Agreement/Instrument/Arrangement".

- (f) To encourage the enhancement of the competitiveness and quality of jute and jute products;
- (g) To maintain and enlarge existing markets as well as to develop new markets for jute and jute products;
- (h) To improve market intelligence with a view to ensuring greater transparency in the international jute market;
- (i) To develop new end-uses of jute, including new jute products, with a view to enlarging the demand for jute;
- (j) To encourage increased processing and value addition of jute and jute products in both [exporting] [producing] and [importing] [non-producing] countries;
- (k) To modernize the production of jute with a view to reducing cost of production, improving, *inter alia*, its unit yield and its quality with a view to increasing net farm incomes and for the benefit of [importing] [producing] and [exporting ] [non –producing] countries;
- (l) To develop new technologies for the production of jute products with a view to improving, *inter alia*, their quality and reducing their costs of production;
- (m) To develop production, and consumption policies so as to provide for the balanced expansion of world demand and supply;
- (n) To promote and undertake projects and activities designed to increase the jute-derived earnings in developing jute-producing countries, thereby contributing to the alleviation of poverty in these countries;
- (o) To take up special development projects for human resources development, particularly for women in the jute sector, with a view to increasing their employment opportunity and incomes;
- (p) To introduce the application of information technology in the jute sector.

2. The objectives referred to in paragraph 1 of this article should be met, in particular, by means of:

- (a) Research and development, product diversification, transfer of technology, market promotion and cost reduction, including human resources development;
- (b) Collation and dissemination of information, including market information, relating to jute and jute products;

- (c) Consideration of important issues concerning jute and jute products such as the question of stabilization of prices and supplies and of competition with synthetics and substitutes;
- (d) Undertaking studies on the dynamics of the international jute economy, on the economics of jute production and marketing and on the short- and long-term trends of the world jute economy and related issues;
- (e) Encouraging private-sector participation by creating a forum for potential investors to meet; and
- (f) Promoting increased use of jute and jute products to meet environmental concerns.

## CHAPTER II - DEFINITIONS

### Article 2

#### Definitions

For the purposes of this [Agreement]:

- (1) “Jute” means raw jute, kenaf and other allied fibres, including *Urena lobata*, *Abutilon avicennae* and *cephalonema polyandrum*;
- (2) “Jute products” means products made wholly or almost wholly of jute, or products whose largest component by weight is jute;
- (3) “Member” means a Government of a sovereign State or an intergovernmental organization as provided for in article 5 which has consented to be bound by this [Agreement] provisionally or definitively;
- (4) [“Exporting member”] means a member whose exports of jute and jute products exceed its imports of jute and jute products and which has declared itself to be an exporting member];  
  
[“Producing member”] means a member who produces raw jute in commercial quantities and which has declared itself to be a producing member];
- (5) [“Importing member”] means a member whose imports of jute and jute products exceed its exports of jute and jute products and which has declared itself to be an importing member];

- ["Non-producing" member means either a member which does not produce any raw jute or a member which does not produce raw jute in any commercial quantities, with [and whose] imports exceeding its exports of jute and jute products, and which has declared itself to be a non-producing member];
- (6) "Organization" means the International Jute Organization referred to in article 3;
- (7) "Council" means the International Jute Council established in accordance with article 6;
- (8) "Special vote" means a vote requiring at least two thirds of the votes cast by [exporting] [producing] members present and voting and at least two thirds of the votes cast by [importing] [non-producing] members present and voting, counted separately, on condition that these votes are cast by a majority of [exporting] [producing] members and by at least four [importing] [non-producing] members present and voting;
- (9) "Simple distributed majority vote" means a vote requiring more than half of the total votes of [exporting] [producing] members present and voting and more than half of the total votes of the [importing] [non-producing] members present and voting counted separately. The votes required for [exporting] [producing] members must be cast by a majority of [exporting] [producing] members present and voting;
- (10) "Financial year" means the period from 1 July to 30 June inclusive;
- (11) "Jute year" means the period from 1 July to 30 June inclusive;
- (12) "Host Government" means the Government of the country in which the headquarters of the Organization is located;
- (13) ["Production of jute" means the quantity of raw jute produced in the territory of a member country;]
- (14) "Exports of jute" or "exports of jute products" means any jute or jute products which leave the customs territory of any member; and "imports of jute" or "imports of jute products" means any jute or jute products which enter the customs territory of any member, provided that, for the purposes of these definitions, customs territory shall, in the case of a member which comprises more than one customs territory, be deemed to refer to the combined customs territories of that member; and
- (15) "Freely usable currencies" means the deutsche mark, the French franc, the Japanese yen, the pound sterling, the United States dollar and any other currency which has been designated from time to time by a competent international monetary organization as being in fact widely used to make payments for international transactions and widely traded in the principal exchange markets.

## **CHAPTER III - ORGANIZATION AND ADMINISTRATION**

### **Article 3**

#### **Headquarters, structure and continuation of the International Jute Organization**

1. The International Jute Organization, established under the International Agreement on Jute and Jute Products, 1982, and maintained in existence under the International Agreement on Jute and Jute Products, 1989 shall continue in being for the purpose of administering the provisions and supervising the operation of this [Agreement].
2. The Organization shall function through the International Jute Council, [the Finance and Audit Committee] and the Committee on Projects as permanent bodies, and the Executive Director and the staff. The Council may, by special vote, establish for specific purposes, additional committees and working groups with specified terms of reference.
3. The headquarters of the Organization shall be in Dhaka, Bangladesh.

### **Article 4**

#### **Membership in the Organization**

1. [There shall be two categories of membership in the Organization, namely:
  - (a) [Exporting] [producing]; and
  - (b) [Importing] [non-producing].
2. A member may change its category of membership on such conditions as the Council shall establish.]

### **Article 4 bis**

#### **Associate members**<sup>2</sup>

The Council may by special vote decide in favour of establishing a category of associate members. The Council shall in that event make rules concerning the eligibility, the rights and obligations of such associate members.

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<sup>2</sup> New article intended to facilitate the participation of the private sector.

## Article 5

### Membership in intergovernmental organizations

1. Any reference in this [Agreement] to “Governments” shall be construed as including [the European Economic Community and] any [other] intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this [Agreement] to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.
2. In the case of voting on matters within their competence, such intergovernmental organizations shall vote with a number of votes equal to the total number of votes attributable to their member States in accordance with article 10. In such cases, the member States of such intergovernmental organizations shall not be entitled to exercise their individual voting rights.

## CHAPTER IV - INTERNATIONAL JUTE COUNCIL

### Article 6

#### Composition of the International Jute Council

1. The highest authority of the Organization shall be the International Jute Council, which shall consist of all the members of the Organization.
2. Each member shall be represented in the Council by one delegate, and may designate alternates and advisers to attend sessions of the Council.
3. An alternate delegate shall be empowered to act and vote on behalf of the delegate during the latter's absence or in special circumstances.

### Article 7

#### Powers and functions of the Council

1. The Council 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. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this [Agreement] and as are consistent therewith, including its own rules of procedure and the financial and staff regulations of the Organization. Such financial rules and regulations shall govern, *inter-alia*, the receipt and expenditure of funds under the Administrative and Special Accounts. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions.
3. The Council shall keep such records as are required for the performance of its functions under this [Agreement].

## **Article 8**

### **Chairperson and Vice-Chairperson of the Council**

1. The Council shall elect for each jute year a Chairperson and a Vice-Chairperson, who shall not be paid by the Organization.
2. The Chairperson and the Vice-Chairperson shall be elected, one from among the representatives of [exporting] [producing] members and the other from among the representatives of [importing] [non-producing] members. These offices shall alternate each year between the two categories of members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances, by special vote of the Council.
3. In the temporary absence of the Chairperson, the Vice-Chairperson shall act in his or her place. In the temporary absence of both the Chairperson and the Vice-Chairperson, or the permanent absence of one or both of them, the Council may elect new officers from among the representatives of the [exporting] [producing] members and/or from among the representatives of the [importing] [non-producing] members, as the case may be, on a temporary or permanent basis.

## **Article 9**

### **Sessions of the Council**

1. The Council shall hold at least one regular session in each jute year.
2. The Council shall meet in special session whenever it so decides or at the request of:
  - (a) The Executive Director, in agreement with the Chairman of the Council; or

- (b) A majority of [exporting] [producing] members or a majority of [importing] [non-producing] members; or
  - (c) Members holding at least 500 votes.
3. Sessions of the Council shall be held at the headquarters of the [Organization] unless the Council, by special vote, decides otherwise. If, on the invitation of any member, the Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional cost of holding the meeting away from headquarters and shall grant privileges and immunities comparable to those provided for similar international conferences.
  4. Notice of any session and the agenda, together with documentation mentioned therein, for the session shall be communicated to members by the Executive Director at least 30 days in advance, except in cases of emergency when notice shall be communicated at least seven days in advance.

## **Article 10**

### **Distribution of votes**

1. The [exporting] [producing] members shall together hold 1,000 votes and the [importing] [non-producing] members shall together hold 1,000 votes.
2. The votes of the [exporting] [producing] members shall be distributed as follows:

Each [exporting] [producing] member shall have [15] [30] basic votes; the remaining votes shall be distributed in proportion to [the average volume of their net exports of jute and jute products] [the weighted average of their production of raw jute and their net trade in jute and jute products] over the most recent three-year period for which relevant statistics are available, subject to the provisions of paragraph 4 below. [For the purposes of this paragraph, the weighting will be [40] per cent for production and [60] per cent for net trade].
3. The votes of the [importing] [non-producing] members shall be distributed as follows:

Each [importing] [non-producing] member shall have [15] [30] basic votes; the remaining votes shall be distributed in proportion to the average volume of their net imports of jute and jute products over the most recent three-year period for which relevant statistics are available, subject to the provisions of paragraph 4 below.]
4. If for any reason, difficulties should arise in the determination of votes through the use of the prescribed methodology provided for in paragraphs 2 and 3 of this article, the Council may, by special vote, decide on a different methodology for the calculation of votes.]

5. No member shall have more than [450] votes. Any votes over this figure arising from the calculations in paragraphs 2, 3 and 4 of this article shall be redistributed among other members of the relevant membership category on the same basis of computation as provided for under those paragraphs.
6. The Council shall distribute the votes for each financial year at the beginning of the last session of the preceding year in accordance with the provisions of this article. Such distribution shall remain in effect for the full jute year, except as provided for in paragraph 7 of this article.
7. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this [Agreement], the Council shall redistribute the votes [within the affected category or categories of members] in accordance with the provisions of this article. The Council shall decide the date on which the redistribution of votes shall become effective. Such decision may be taken without a meeting under the provision of Article 7, paragraph 2.
8. There shall be no fractional votes.

### **Article 11**

#### **Voting procedure of the Council**

1. Each member shall be entitled to cast the number of votes it holds and no member shall be entitled to divide its votes. A member may, however, cast differently from such votes any votes which it is authorized to cast under paragraph 2 of this article.
2. By written notification to the Chairman of the Council, any [exporting] [producing] member may authorize any other [exporting] [producing] member, and any [importing] [non-producing] member may authorize any other [importing] [non-producing] member, to represent its interests and to cast its votes at any meeting or session of the Council. In this case, the limitation provided for in paragraph 5 of article 10 shall not apply.
3. A member authorized by another member to cast the votes held by the authorizing member under article 10 shall cast such votes in accordance with the instructions of the authorizing member.
4. When abstaining, a member shall be deemed not to have cast its votes.

## **Article 12**

### **Decisions and recommendations of the Council**

1. The Council shall endeavour to take all decisions, and make all recommendations, by consensus. If a consensus is not arrived at, all decisions of the Council shall be taken, and all recommendations shall be made, by a simple distributed majority vote, unless this [Agreement] provides for a special vote.
2. Where a member avails itself of the provisions of article 11, paragraph 2, and its votes are cast at a meeting of the Council, such member shall, for the purposes of paragraph 1 of this article, be considered as present and voting.
3. All decisions and recommendations of the Council shall be consistent with the provisions of this [Agreement].

## **Article 13**

### **Quorum for the Council**

1. The quorum for any meeting of the Council shall be the presence of a majority of [exporting] [producing] members and a majority of [importing] [non-producing] members, provided that such members hold at least two thirds of the total votes in their respective categories.
2. If there is no quorum in accordance with paragraph 1 of this article on the day fixed for the meeting and on the following day, the quorum on the third day and thereafter shall be the presence of a majority of [exporting] [producing] members and a majority of [importing] [non-producing] members, provided that such members hold a majority of the total votes in their respective categories.
3. Representation in accordance with article 11, paragraph 2, shall be considered as presence.

## **Article 14**

### **Cooperation with other organizations**

1. The Council shall make whatever arrangements are appropriate for consultation or cooperation with the United Nations, its specialized agencies such as the Food and Agriculture Organization and the United Nations Industrial Development Organization, and its subsidiary bodies, such as the United Nations Conference on Trade and Development, the United Nations Development Programme, the International Trade Centre of UNCTAD/WTO, the United Nations Environment Programme, the Common Fund for Commodities, and with other intergovernmental and non-governmental organizations, as may be appropriate.

2. The Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of the bodies mentioned under paragraph 1 of this article in order to avoid duplication of efforts in achieving the objectives of this [Agreement] and to enhance the complementarity and efficiency of its activities.
3. The Council, bearing in mind the particular role of UNCTAD in the field of international commodity trade, shall, as appropriate, keep that organization informed of its activities and programmes of work.

### **Article 15**

#### **Admission of observers**

1. The Council may invite any non-member country or any of the organizations referred to in article 14 concerned with international trade in jute and jute products or with the jute industry to attend as observers any of the meetings of the Council or of its Committees.

### **Article 16**

#### **Executive Director and staff**

1. The Council shall, by special vote, appoint the Executive Director.
2. The terms and conditions of appointment of the Executive Director shall be determined under the rules of procedure of the Council.
3. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this [Agreement] in accordance with the decision of the Council.
4. The Executive Director shall appoint the staff in accordance with the regulations established by the Council. The Council shall, by special vote, decide on the number of executive, professional and general service staff the Executive Director may appoint. Any changes in the number of posts shall be decided by the Council by special vote. The staff shall be responsible to the Executive Director.
5. Neither the Executive Director nor any member of the staff shall have any financial interest in the jute industry or trade, or associated commercial activities.

6. In the performance of their duties, the Executive Director and other staff shall not seek or receive instruction from any member or from any other authority external to the Organization. They shall refrain from any action which might reflect on their positions as international officials ultimately responsible to the Council. Each member shall respect the exclusively international character of the responsibilities of the Executive Director and other staff and shall not seek to influence them in the discharge of their responsibilities.

## **CHAPTER V - PRIVILEGES AND IMMUNITIES**

### **Article 17**

#### **Privileges and immunities**

- [1. The Organization shall have **international** legal personality. **Subject to each member's national legislation, the Organization** shall in particular have the capacity to contract, to acquire and dispose of movable and immovable property and to institute legal proceedings.]
2. The Organization shall continue to operate under the Headquarters Agreement with the host Government. The Headquarters Agreement with the host Government relates to such items as status, privileges and immunities of the Organization, of its Executive Director, its staff and experts, and of delegations of members, as are reasonably necessary for the purpose of discharging their functions.
3. If the headquarters of the Organization is moved to another country which is a member of the Organization, that member shall, as soon as possible, conclude with the Organization a headquarters agreement to be approved by the Council.
4. Pending the conclusion of the Headquarters Agreement referred to in paragraph 3 of this article, the Organization shall request the host Government to grant, within the limits of its national legislation, exemption from taxation on remuneration paid by the Organization to its employees, and on the assets, income and other property of the Organization.
5. The Organization may conclude, with one or more countries, agreements to be approved by the Council relating to such privileges and immunities as may be necessary for the proper functioning of this [Agreement].
6. The Headquarters Agreement shall be independent of this [Agreement]. It shall, however, terminate:
  - (a) By agreement between the host Government and the Organization;

- (b) In the event of the headquarters of the Organization being moved from the country of the host Government; or
- (c) In the event of the Organization ceasing to exist.

## **CHAPTER VI - FINANCE**

### **Article 18**

#### **Financial accounts**

1. There shall be established two accounts:
  - (a) The Administrative Account;
  - (b) The Special Account.
2. The Executive Director shall be responsible for the administration of these accounts and the Council shall make provision in its rules of procedure therefor.
3. A Finance and Audit Committee may be established by the Council to scrutinize and review the budget proposals, expenditure, accounts and audit report of the IJO and make its recommendation to the Council.

### **Article 19**

#### **Forms of payment**

1. Contributions to the Administrative Account shall be payable in freely usable currencies [and shall be exempt from foreign exchange restrictions].
2. Financial contributions to the Special Account shall be payable in freely usable currencies [and shall be exempt from foreign exchange restrictions].
3. The Council may also decide to accept other forms of contributions to the Special Account, including scientific and technical equipment or manpower, to meet the requirements of approved projects.

## **Article 20**

### **Audit and publication of accounts**

1. The Council shall appoint auditors for the purpose of auditing its books of account.
2. An independently audited statement of the Administrative Account and of the Special Account shall be made available to members as soon as possible after the close of each jute year, but not later than six months after that date, and be considered for approval by the Council at its next session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.
3. The report of the Auditors along with all the statements shall be placed before the Finance and Audit Committee, if established, within three months of receipt of such audit reports. The review report of the committee shall be circulated to all members before the opening of each regular Council session.

## **Article 21**

### **Administrative Account**

1. The expenses necessary for the administration of this [Agreement] shall be brought into the Administrative Account and shall be met by annual contributions from members in accordance with their respective constitutional or institutional procedures assessed in accordance with paragraphs 3, 4 and 5 of this article.
2. The expenses of delegations to the Council, the Committee on Projects and the committees and working groups referred to in article 3, paragraph 2, shall be met by the members concerned. In cases where a member requests special services from the Organization, the Council shall require that member to pay the costs of such services.
3. 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.
4. The contribution of each member to the administrative budget for each financial year shall be in the proportion which the number of its votes at the time the administrative budget for that financial year is approved bears to the total votes of all the members. In assessing 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.

5. The initial contribution of any member joining the Organization after the entry into force of this [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 assessment made upon other members for the current financial year shall not thereby be altered.
6. Contributions to the administrative budget shall become due in full on the first day of each financial year; contributions of members in respect of the financial year in which they join the Organization shall be due on the date on which they become members.
7. If a member has not paid its full contribution to the administrative budget within four months after such contribution becomes due in accordance with paragraph 6 of this article, the Executive Director shall request that member to make payment as quickly as possible. If that member has still not paid its contribution within two months after such request, that member shall be requested to state the reasons for its inability to make payment. If at the expiry of seven months from the due date of contribution that member has still not paid its contribution, its voting rights shall be suspended and an interest charge shall be levied on its late contribution at the central bank rate of the host country until such time as it has paid in full its contribution, unless the Council, by special vote, decides otherwise.
8. A member whose rights have been suspended under paragraph 7 of this article shall in particular remain liable to pay its contribution.
9. The unspent balance of the administrative budget of any year shall, unless the Council decides otherwise by special vote, be transferred to the working reserve under the administrative account.

## **Article 22**

### **Special Account**

1. There shall be established two sub-accounts under the Special Account:
  - (a) The Pre-Project Sub-Account; and
  - (b) The Project Sub-Account.
2. All expenditures for the Pre-Project Sub-Account shall be reimbursed from the Project Sub-Account if projects are subsequently approved and funded. If within six months of the entry into force of this Agreement the Council does not receive any funds for the Pre-Project Sub-Account, it shall review the situation and take appropriate action.

3. All receipts pertaining to specific identifiable projects shall be brought into the Special Account. All expenditures incurred on such projects, including remuneration and travel expenses of consultants and experts, shall be charged to the Special Account.
4. The possible sources of finance for the Special Account shall include:
  - (a) The Common Fund for Commodities;
  - (b) Regional and international financial institutions, including the United Nations Development Programme, the World Bank, the Asian Development Bank, the International Fund for Agricultural Development, the Inter-American Development Bank and the African Development Bank; and
  - (c) Voluntary contributions.
5. The Council shall, by special vote, establish terms and conditions on the basis of which it would, when and where appropriate, sponsor projects for loan financing, where a member or members have voluntarily assumed full obligations and responsibilities for such loans. The Organization shall incur no obligations for such loans.
6. The Council may nominate and sponsor any entity with the consent of that entity, including a member or members, to receive loans for the financing of approved projects and to undertake all the obligations involved, except that the Organization shall reserve for itself the right to monitor the use of resources and to follow up on the implementation of projects so financed. However, the Organization shall not be responsible for guarantees given by individual members or other entities.
7. No member shall be responsible by reason of its membership in the Organization for any liability arising from borrowing or lending by any other member or entity in connection with projects.
8. In the event that voluntary unearmarked funds are offered to the Organization, the Council may accept such funds. Such funds may be utilized for pre-project activities as well as for approved projects.
9. The Executive Director shall endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for projects approved by the Council.
10. The resources of the Special Account shall be used only for approved projects or for pre-project activities.
11. Contributions for specified approved projects shall be used only for the projects for which they were originally intended unless otherwise decided by the Council in agreement with the contributor. After the completion of a project, the Organization shall return to each contributor for specific projects the balance of any funds remaining *pro rata* to each contributor's share in the total of the contributions originally made available for financing that project unless otherwise

agreed to by the contributor.

12. The Council may, when appropriate, review the financing of the Special Account.

## **CHAPTER VII – RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES**

### **Article 23**

#### **Relationship with the Common Fund for Commodities**

The Organization shall take full advantage of the facilities of the Common Fund for Commodities, including, if applicable, entering into a mutually acceptable agreement with the Common Fund in accordance with the principles set out in the agreement establishing the Common Fund for Commodities.

## **CHAPTER VIII - OPERATIONAL ACTIVITIES**

### **Article 24**

#### **Projects**

1. In order to achieve the objectives set out in article 1, the Council shall, on a continuing basis and in accordance with the provisions of article 14, paragraph 1, identify, arrange for the preparation and implementation of, and, with a view to ensuring their effectiveness, follow up, monitor and evaluate projects in the fields of research and development, market promotion and cost reduction, which may include human resources development, and other relevant projects approved by the Council.
2. The Executive Director shall submit proposals on projects referred to in paragraph 1 of this article to the Committee on Projects. Such proposals shall be circulated to all members at least two months before the session of the Committee at which they are to be considered. On the basis of these proposals, the Committee shall decide which pre-project activities shall be undertaken. Such pre-project activities shall be arranged by the Executive Director in accordance with the rules and regulations to be adopted by the Council.
3. The results of the pre-project activities, including detailed costs, possible benefits, duration, location and possible executing agencies, shall be submitted by the Executive Director to the Committee after circulation to all members at least two months before the session of the Committee at which they are to be considered.

4. The Committee shall consider the results of such pre-project activities and make recommendations on the projects to the Council.
5. The Council shall consider the recommendations and shall, by special vote, decide on the proposed projects for financing in accordance with articles 22 and 28.
6. The Council shall decide on the relative priorities of projects.
7. The Council shall obtain the approval of a member before approving a project in the territory of that member.
8. The Council may, by special vote, terminate its sponsorship of any project.
9. The Council may, under certain terms and conditions, delegate to the Committee on Projects its powers relating to the approval of projects and pre-project activities.

#### **Article 25**

#### **Research and development**

Projects relating to research and development should, *inter alia*, be aimed at:

- (a) Improving agricultural productivity and fibre quality;
- (b) Improving technologies and manufacturing processes for existing and new products;
- (c) Finding new end-uses and improving existing products;
- (d) Encouraging increased and further processing of jute and jute products.

#### **Article 26**

#### **Market promotion**

Projects relating to market promotion should, *inter alia*, be aimed at the consolidation and expansion of markets for existing products and developing markets for new products.

## **Article 27**

### **Cost reduction**

The projects relating to cost reduction should, *inter alia*, be aimed at, insofar as is appropriate, improving processes and techniques relating to agricultural productivity and fibre quality, as well as improvement of processes and techniques relating to labour, material and capital costs in the jute manufacturing industry, and developing and maintaining, for the use of members, information on the most efficient processes and techniques currently available to the jute economy.

## **Article 28**

### **Criteria for approval of projects**

Approval of projects shall be based on criteria that are seen to be clearly consistent with the attainment of one or more of the objectives of the [Agreement] listed in Article 1.

## **Article 29**

### **Committee on Projects**

1. A Committee on Projects (hereafter referred to as "the Committee" in this article) is hereby established. It shall be responsible to, and work under the general direction of, the Council.
2. Participation in the Committee shall be open to all members. The rules of procedure as well as the distribution of votes and voting procedure of the Committee shall be those of the Council *mutatis mutandis*. The Committee shall normally meet twice a year. It may, however, meet more frequently at the request of the Council.
3. The functions of the Committee shall be:
  - (a) To consider and technically appraise and evaluate project proposals referred to in article 24;
  - (b) To decide on pre-project activities; and
  - (c) To make recommendations to the Council relating to projects.

**CHAPTER IX - CONSIDERATION OF IMPORTANT ISSUES  
CONCERNING JUTE AND JUTE PRODUCTS**

**Article 30**

**Consideration of price instability, competition with synthetics and other issues**

1. The Council shall consider issues relating to price instability, and supplies of jute and jute products for export with a view to finding solutions therefor.
2. The Council shall consider issues relating to competition between jute and jute products on the one hand, and synthetics and substitutes on the other.
3. The Council shall make arrangements for the continuing consideration of other important issues relevant to jute and jute products.

**CHAPTER X - STATISTICS, STUDIES AND INFORMATION**

**Article 31**

**Statistics, studies and information**

1. The Organization shall collect, collate and, as necessary, publish such statistical information on production, trade, supply, stocks, consumption and prices of jute, jute products, synthetics and substitutes as is necessary for the operation of this [Agreement].
2. The Council shall make whatever arrangements are appropriate with the bodies mentioned under article 14, paragraph 1, in order to help ensure the availability of recent and reliable data and information on all factors affecting jute and jute products.
3. Members shall furnish statistics and information within a reasonable time to the fullest extent possible not inconsistent with their national legislation.
4. The Council shall arrange to have studies undertaken of the trends and of the short- and long-term problems of the world jute economy.
5. The Council shall ensure that no information published shall prejudice the confidentiality of the operations of persons or companies producing, processing or marketing jute, jute products, synthetics and substitutes.
6. The Council shall take such measures as are considered necessary to give publicity to and information about jute and jute products.

## **Article 32**

### **Annual report and report on assessment and review**

1. The Council shall, within six months of the close of each jute year, publish an annual report on the activities of the Organization and such other information as it considers appropriate.
2. The Council shall annually assess and review the world jute situation and outlook, including the state of competition with synthetics and substitutes, and shall inform members of the results of the review.
3. The review shall be carried out in the light of information supplied by members in relation to national production, stocks, exports and imports, consumption and prices, of jute and jute products and synthetics and substitutes and such other information as may be available to the Council, either directly or through the appropriate organizations in the United Nations system, including UNCTAD and FAO, and appropriate intergovernmental and non-governmental organizations.

## **CHAPTER XI - MISCELLANEOUS**

### **Article 33**

#### **Complaints and disputes**

Any complaint that a member has failed to fulfil its obligations under this [Agreement] and any dispute concerning the interpretation or application of this [Agreement] shall be referred to the Council for decision. Decisions of the Council on these matters shall be final and binding.

### **Article 34**

#### **General obligations of members**

1. Members shall for the duration of this [Agreement] use their best endeavours and cooperate to promote the attainment of its objectives and to avoid action in contradiction to them.
2. Members shall undertake to accept as binding [, in accordance with laws and regulations of each member,] decisions of the Council under the provisions of this [Agreement], and shall seek to refrain from implementing measures which would have the effect of limiting or running counter to them.

3. The liability of members arising from the operation of this [Agreement], whether to the Organization or to third parties, shall be limited to the extent of their obligations regarding contributions in accordance with chapter VI.

### **Article 35**

#### **Relief from obligations**

1. Where it is necessary, on account of exceptional circumstances or an emergency or *force majeure* not expressly provided for in this [Agreement], the Council may, by special vote, relieve a member of an obligation under this [Agreement] if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.
2. The Council, in granting relief to a member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation and the reasons for which the relief is granted.

### **Article 36**

#### **Differential and remedial measures**

1. Developing [importing] [non-producing] members whose interests are adversely affected by measures taken under this [Agreement] may apply to the Council for appropriate differential and remedial measures.
2. Without prejudice to the interests of other [exporting] [producing] members, the Council shall, in all its activities, give special consideration to the needs of a particular least developed [exporting] [producing] member.

## **CHAPTER XII - FINAL PROVISIONS**

### **Article 37**

#### **Signature, ratification, acceptance and approval**

1. This [Agreement] shall be open for signature at United Nations Headquarters from [.. .., 2000 to .. ..] by Governments invited to the United Nations Conference on Jute and Jute Products, 2000.

2. Any Government referred to in paragraph 1 of this article may:
  - (a) At the time of signing this [Agreement], declare that by such signature it expresses its consent to be bound definitively by this [Agreement];
  - (b) After signing this [Agreement], ratify, accept or approve it by the deposit of an instrument to this effect with the depositary.

### **Article 38**

#### **Depositary**

The Secretary-General of the United Nations is hereby designated as the depositary of this [Agreement].

### **Article 39**

#### **Notification of provisional application**

1. A signatory Government which intends to ratify, accept or approve this [Agreement], or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may at any time, notify the depositary that it will apply this [Agreement] provisionally either when it enters into force in accordance with article 40 or, if it is already in force, at a specified date. At the time of its notification of provisional application, each Government shall declare itself to be an [exporting] [producing] member or an [importing] [non-producing] member.
2. A Government which has notified under paragraph 1 of this article that it will apply this [Agreement] either when this [Agreement] enters into force or, if this [Agreement] is already in force, at a specified date shall, from that time, be a provisional member of the Organization, until it deposits its instrument of ratification, acceptance, approval or accession and thus becomes a member.

## Article 40

### Entry into force

1. This [Agreement] shall enter into force definitively on [..... 2001] or on any date thereafter, if by that date [three] Governments accounting for at least [85] per cent of [net exports] [the weighted average of production and net exports] as set out in annex A to this [Agreement], and [20] Governments accounting for at least [65] per cent of net imports as set out in Annex B to this [Agreement], have signed this [Agreement] pursuant to article 37, paragraph 2(a), or have deposited their instruments of ratification, acceptance, approval or accession.
2. This [Agreement] shall enter into force provisionally on [..... 2001] or on any date thereafter, if by that date [three] Governments accounting for at least [85] per cent of [net exports] [the weighted average of production and net exports] as set out in annex A to this [Agreement], and [20] Governments accounting for at least [65] per cent of net imports as set out in annex B to this [Agreement], have signed this [Agreement] pursuant to article 37, paragraph 2(a), or have deposited their instruments of ratification, acceptance or approval, or have notified the depositary under article 39 that they will apply this [Agreement] provisionally.
3. If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met on [..... 2001], the Secretary-General of the United Nations shall invite those Governments which have signed this [Agreement] pursuant to article 37, paragraph 2(a), or have deposited instruments of ratification, acceptance or approval, or have notified the depositary that they will apply this [Agreement] provisionally, to meet at the earliest time practicable and to decide to bring this [Agreement] into force provisionally or definitively among themselves in whole or in part. While this [Agreement] is in force provisionally under this paragraph, those Governments which have decided to bring this [Agreement] into force provisionally among themselves in whole or in part shall be provisional members. Such Governments may meet to review the situation and decide whether this [Agreement] shall enter into force definitively among themselves, or continue in force provisionally, or terminate.
4. For any Government that deposits its instrument of ratification, acceptance, approval or accession after the entry into force of this [Agreement], it shall enter into force for that Government on the date of such deposit.
5. The Executive Director shall convene the first session of the Council as soon as possible after the entry into force of this [Agreement].]

## **Article 41**

### **Accession**

1. This [Agreement] shall be open for accession by the Governments of all States upon conditions established by the Council, which shall include a time limit for the deposit of instruments of accession. The Council may, however, grant extensions of time to Governments which are unable to deposit their instruments of accession by the time limit set in the conditions of accession.
2. Accession shall be effected by the deposit of an instrument of accession with the depositary.

## **Article 42**

### **Amendments**

1. The Council may, by special vote, recommend an amendment of this [Agreement] to the members. Such decisions/recommendations of the Council shall be transmitted to the depositary for information.
2. The Council shall fix a date by which members shall notify the depositary of their acceptance of the amendment.
3. An amendment shall enter into force [90] days after the depositary has received notifications of acceptance from members constituting at least [two thirds] of the [exporting] [producing] members and accounting for at least [85] per cent of the votes of the [exporting] [producing] members, and from members constituting at least two thirds of the [importing] [non-producing] members and accounting for at least 85 per cent of the votes of the [importing] [non-producing] members.
4. After the depositary informs the Council that the requirements for entry into force of the amendment have been met, and notwithstanding the provisions of paragraph 2 of this article relating to the date fixed by the Council, a member may still notify the depositary of its acceptance of the amendment, provided that such notification is made before the entry into force of the amendment.
5. Any member which has not notified its acceptance of an amendment by the date on which such amendment enters into force shall cease to be a party to this [Agreement] as from that date, unless such member has satisfied the Council that its acceptance could not be obtained in time owing to difficulties in completing its constitutional or institutional procedures, and the Council decides to extend the period for acceptance of the amendment for that member. Such member shall not be bound by the amendment before it has notified its acceptance thereof.

6. If the requirements for the entry into force of the amendment have not been met by the date fixed by the Council in accordance with paragraph 2 of this article, the amendment shall be considered withdrawn.

### **Article 43**

#### **Withdrawal**

1. A member may withdraw from this [Agreement] at any time after the entry into force of this [Agreement] by giving written notice of withdrawal to the depositary. That member shall simultaneously inform the Council of the action it has taken.
2. Withdrawal shall become effective 90 days after the notice is received by the depositary.

### **Article 44**

#### **Exclusion**

If the Council decides that any member is in breach of its obligations under this [Agreement] and decides further that such breach significantly impairs the operation of this [Agreement], it may, by special vote, exclude that member from this [Agreement]. The Council shall immediately so notify the depositary. One year after the date of the Council's decision, that member shall cease to be a party to this [Agreement].

### **Article 45**

#### **Settlement of accounts with withdrawing or excluded members**

**or**

#### **members unable to accept an amendment**

1. In accordance with this article, the Council shall determine any settlement of accounts with a member which ceases to be a party to this [Agreement] owing to :
  - (a) Non-acceptance of an amendment to this [Agreement] under article 42;
  - (b) Withdrawal from this [Agreement] under article 43; and
  - (c) Exclusion from this [Agreement] under article 44.
2. The Council shall retain any contribution paid to the Administrative Account by a member which ceases to be a party to this [Agreement].

3. A member which has received an appropriate refund under this article shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization nor shall such a member be liable for any deficit incurred by the Organization after such refund has been made.

## **Article 46**

### **Duration, extension and termination**

1. This [Agreement] shall remain in force for a period of [five] [seven] years after its entry into force unless the Council, by special vote, decides to extend, renegotiate or terminate it in accordance with the provisions of this article.
2. The Council may, by special vote, decide to extend this [Agreement] for [not more than two] periods of two years each.
3. If, before the expiry of the [five-year] [seven-year] period referred to in paragraph 1 of this article, or before the expiry of an extension period referred to in paragraph 2 of this article, as the case may be, a new Agreement to replace this [Agreement] has been negotiated but has not yet entered into force either definitively or provisionally, the Council may, by special vote, extend this [Agreement] until the provisional or definitive entry into force of the new Agreement.
3. If a new Agreement is negotiated and enters into force during any period of extension of this [Agreement] under paragraph 2 or paragraph 3 of this article, this [Agreement], as extended, shall terminate upon the entry into force of the new Agreement.
5. The Council may at any time, by special vote, decide to terminate this [Agreement] with effect from such date as it may determine.
6. Notwithstanding the termination of this [Agreement], the Council shall continue in being for a period not exceeding 18 months to carry out the liquidation of the Organization, including the settlement of accounts, and, subject to relevant decisions to be taken by special vote, shall have during that period such powers and functions as may be necessary for these purposes.
7. The Council shall notify the depositary of any decision taken under this article.

## **Article 47**

### **Reservation**

Reservation may not be made with respect to any of the provisions of this [Agreement].

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have affixed their signatures under this [Agreement] on the dates indicated.

DONE at ....., this [..... day of the year two thousand], the texts of this [Agreement] in the Arabic, Chinese, English, French, Russian and Spanish languages being equally authentic.

**ANNEX - A**

**Shares of individual [exporting] [producing] countries in [total net exports] [the total weighted average of production and net exports] of jute and jute products of countries [participating in the United Nations Conference on Jute and Jute Products, 2000,] as established for the purposes of article 40**

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Notes:

a/ To be prepared at the time of the renegotiating conference, once the precise membership structure has been agreed.

**ANNEX - B**

**Shares of individual [importing] [non-producing] countries and groups of countries in total net imports of jute and jute production of countries [participating in the United Nations Conference on Jute and Jute Products, 2000,] as established for the purposes of article 40.**

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**Notes:**

**a/** To be prepared at the time of the renegotiating conference, once the precise membership structure has been agreed.