SOUTHERN BARGAINING IN NORTH-SOUTH TRADE:

THE CASE OF TIN

by

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B.Soc. Sci. (Hons.), University of
Singapore, 1969

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS

in the Department
of

Political Science

We accept this thesis as conforming to the
required standard

THE UNIVERSITY OF BRITISH COLUMBIA

April, 1972
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Vancouver 8, Canada

Date May 1, 1972
ABSTRACT

This study explores the kinds of bargaining strategies which have been used and can be used by the less developed countries, designated as "the South", in trade negotiations with the developed countries, designated as "the North". It takes as its point of departure the North-South axis of conflict in international relations, namely, the conflict between the rich, advanced and industrial nations and the poor, newly emergent and developing nations. It focuses specifically on Southern bargaining in one sub-area of North-South trade - international tin accords.

The study is presented in three chapters. The first chapter presents an overview of North-South trade relationships and issues. The second chapter begins a case study of North-South confrontation in tin agreements. The final chapter concludes with a check-list of bargaining strategies which have been employed or may be employed by Southern producing countries in tin negotiations.

The major finding of the study is that Southern bargaining in tin accords has relied most heavily on strategies of normative appeal based on the UNCTAD 'ethos'. In particular, bargaining strategies which appeal to Northern altruism and democratic norms are especially popular. The second most used group of strategies are those which appeal to self-interest.

In general, it was found that Southern bargaining has not
been very effective. It is therefore recommended that Southern countries should (1) employ more intensively strategies of normative appeal other than those based on the UNCTAD ethic; (2) employ more intensively strategies which appeal to self-interests of Northern countries; and (3) employ strategies which demonstrate commitment to bargaining positions, and if need be, to demonstrate such commitment by the use of threats.
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ACKNOWLEDGEMENT

I would like to thank my supervisor, Professor Mark Zacher for his constant assistance, guidance and criticism in helping me research this study.

Needless to say, he should not be held accountable for any errors, omissions and views contained in the study.
INTRODUCTION

The main aim of this study is to explore the kinds of bargaining strategies which have been employed and can be employed by less developed countries (LDC's) in trade negotiations with developed countries. I am also interested generally in uncovering the dynamics of North-South conflict in the trade issue-area. The terms "North" and "South" are used here to refer to the developed countries and the LDC's respectively. I have found this characterization useful in distinguishing the two groups under investigation from the groups known as "East" and "West" in the more publicized Cold War conflict.

The bulk of this study will be an investigation in one sub-area of North-South trade relationships - international tin agreements. I have attempted, nevertheless, to consider North-South trade relations and issues at the "macro" level in the first part of the study with a view to putting the remainder of the study in proper perspective. Concentrating on North-South bargaining in the trade of one commodity and with respect to the issue of commodity price control (for this is what tin agreements are about) certainly represents a drastic circumscription of the vast and rich array of questions that North-South trade relationships and issues present to the interested researcher. This point should become evident even in my brief treatment of the nature and issues of North-South trade in Chapter One. However, given the constraints of length and time, I have reasoned that an in-depth study would be more fruitful and satisfying than a comprehensive but superficial study. Hopefully, the study will suggest
the possible directions for future research in other areas and aspects of North-South trade relations.

Foci of Study

My focus on bargaining strategies reflects a fundamental concern with policy relevant research. I do not pretend, of course, that in an exploratory study of this kind, policy recommendations can be made with any degree of confidence. Thus suggestions made in terms of bargaining strategies for Southern countries in tin negotiations must be taken as very tentative. In short, they are meant as a check-list of the range of possible strategies that Southern countries can employ rather than as firm prescriptions for action.

The general orientation of the study toward a North-South axis of conflict springs from an interest in the impact of the newly emergent nations on the contemporary international system. These "New States" present something of an "unknown quantity" to the international system and their impact has only been recently recognised. For example, their thrust into the world scene has often been thought to have facilitated the growing détente between East and West in the Cold War, that is, the existence of a so-called "Third World" is thought to have diluted the "bipolarity" of the contemporary international system. This, however, is not the proposition I wish to investigate, if only because there is already ample treatment of it in the literature. My concern is with a somewhat more recently identified axis of conflict, and, as I interpret
it, one largely divorced from East-West considerations. It is that conflict between the advanced, industrialised countries and the newly emergent underdeveloped or developing countries, between the rich nations and the poor nations, between the North and the South, that I wish to investigate. For, surely, the North-South cleavage, although economic in origin and nature, has grave political implications for the stability of the international system. The paucity of studies on the political implications of this international cleavage has spurred this study.  

Finally, there is the focus of the study on Southern bargaining. There are a number of justifications one could give for choosing a particular focus, but ultimately, the choice hinges on the interests of the researcher. Let me state from the outset that I am deeply concerned with the fortunes of Southern countries, in particular, with the manner in which these countries cope with the problem of political and economic development in an ever changing world. International action provides one avenue through which Southern countries can pursue the goal of development and this has provided the major premise for my focus on Southern bargaining. Of course, the Southern focus is also a convenient point of departure for an exploratory study such as this. After all, it is the South that perceives itself as the "aggrieved party" in North-South trade issues and it is the Southern nations that are agitating for an overhaul or modification to the existing trade system. In short, major initiatives for changes to the current North-South trade relationships emanate from
the South, the high point of such agitation being the convening of the
United Nations Conference on Trade and Development (UNCTAD) in 1964. In
the language of negotiation, the North-South trade issues may be charac-
terised as international bargaining of "redistribution" where there exists
an "offensive" South making demands on a "defensive" North. The strong
Southern interest evinced recently on North-South trade issues has itself
further provided impetus to my interest in their fortunes.

Organization of Study

The study is presented in three parts, or chapters. The first, as
noted, presents an overview of North-South trade relationships and issues.
The second chapter begins a case study in a particular sub-area of North-
South trade negotiations - international tin agreements. The whole range
of North-South trade negotiations may perhaps be summarized along the
following organizational and issue-area contexts:

1) Bilateral, issue-area-specific - negotiations on a particular
commodity or trade issue between a Northern and a Southern
nation.

2) Bilateral, issue-area-general - negotiations on a wide range
of commodities and/or trade issues between a Northern and a
Southern nation.

3) Multilateral, issue-area-specific - negotiations on a commodity
or trade issue between a number of Northern and Southern
nations. (International Commodity Agreements are the prime
example).
4) **Multilateral, issue-area-general** - negotiations on a wide range of commodities and/or trade issues between a number of Northern and Southern countries. (UNCTAD, GATT and other general-purpose trade organizations and forums are good examples.)

Thus the second part of this study examines North-South trade negotiations only in the third context, that is, only one commodity - tin - and one main issue - price control - will be investigated. The organizational issue-area contexts may themselves be important "situational" variables affecting the outcome of negotiations. However, this is a proposition that can be examined only after research of a comparative nature is conducted. It is the final chapter of the study that focuses on bargaining strategies proper. It will encompass both the strategies that are known to have been used by Southern countries in tin agreements and a range of strategies that could be used.
CHAPTER I

THE NATURE AND ISSUES OF NORTH-SOUTH TRADE

The Parties in the Trade Issue-Area

In this study I am concerned with the interactions of "the North", or developed countries, and "the South", or less developed countries, in the trade issue-area. The notion of the sectoral issue-area postulates a wider system of interactions or "international system", encompassing many other issue-areas.¹ Robert W. Cox has noted the usefulness of the concept in the following terms:

The device of the sectoral issue-area system should enable the political scientist to embrace the historian's breath of exploratory power and yet fit this into a framework which could be used for comparisons between issue-area systems so as both to yield some general insights into processes of international politics, and ....to show what differences there may be in the distribution of power as between different issue-areas.²

Although this study does not address itself directly to the broad purposes mentioned above, I have found the notion of issue-area a useful method of delineating the area and issues of North-South trade. The trade issue-area, I think, stands out distinctly as a "sub-system" in the total international issue-area system, and in general satisfies what James N. Rosenau has identified as the criteria for delineating issue-areas, viz.:

(1) a cluster of values, the allocation of which
(2) leads the affected or potentially affected actors to differ so greatly over (a) the way in which the values should be allocated or (b) the horizontal levels at which the allocations should be authorized that (3) they engage in distinctive behavior for the attainment of their particular values.³

- 6 -
Essentially this means that a set of international interactions qualify as an issue-area if they exhibit a distinctive pattern of conflict in the manner authoritative values are allocated among the actors. I think there is ample evidence to suggest that North-South trade interactions do exhibit such distinctiveness and conflict. Furthermore, there is reason to believe that for the bulk of LDC's, general economic and trade issues tend to predominate over politico-military issues in their interactions with other nations. The North-South trade question has, however, come into prominence only relatively recently, reaching a high point during the early 1960s when the LDC's banded together first as the "Group of 75" at the United Nations and then as "the Group of 77" at the first UNCTAD conference. This led to an informal "group system" in the trade issue-area which I shall now briefly describe.

The Group of 77: This is the LDC grouping which we shall take as synonymous with "the South" (although we would also include new recruits beyond the original 77). This grouping first emerged as a caucus group at the UN in the early 1960s and consisted originally of the "75" which had pressed for the convening of a trade conference to discuss outstanding North-South trade issues. At UNCTAD they became known as the "77". The group is characterized by a heterogeneous composition of countries of various political and ideological persuasions, with the leadership roles filled by the larger countries, particularly Algeria, Brazil, India, Nigeria, Pakistan, United Arab Republic and Yugoslavia. There is no
institutionalized group machinery, although Branislav Gosovic notes that the UNCTAD Secretariat has had a specially cordial relationship with the "77". This is not surprising considering that the Secretary-General, Raul Prebisch, was the leading champion of the Southern cause. Conflicts within the group spring from their different levels of economic development and the special ties various Southern groups have with different Northern groups. In the main, these are the ties the Yaoundé group of African nations have with the EEC, the ties Latin American nations have with the United States through the OAS, and finally the ties former British colonies have with the Commonwealth.

The "B" Group: As a counter measure to the creation of UNCTAD, the Western countries (including Japan) organized themselves around the already existing machinery of the Organization for Economic Cooperation and Development (OECD). Thus the "B" Group comprise the OECD countries, namely the members of the European Economic Community, Belgium, France, Federal Republic of Germany, Italy, Luxembourg and Netherlands; the members of the European Free Trade Association, Austria, Denmark, Norway, Portugal, Sweden, Switzerland and United Kingdom; Greece, Iceland, Spain, Turkey, USA, Canada, and Japan. The letter "B" refers to their designation as the B list of nations among four lists of UNCTAD members divided for purposes of election to posts in the organization. Gosovic notes three cleavages in the B Group: 1) the interests of Turkey, Spain and Greece are often closer to those of the "77" than to those of
the other OECD members; 2) the larger countries as compared with the smaller countries are less sympathetic toward the LDC's and 3) a French-US conflict related to the question of responsiveness toward LDC's. We shall take this group to be "the North".

The "D" Group: This grouping is composed of the centrally planned countries of Eastern Europe, spearheaded by the Soviet Union. ("D" here, as with the "B" Group, refers to the UNCTAD lists). There is a tendency for this group to support the LDC demands, although it is by and large a marginal actor in the North-South conflict. Gosovic points out that in exchange for political support, the D group may expect the "77" to treat it more favourably than the West. I have excluded this group from my definition of North and South, although if the definition is to follow strict rich-poor lines, some of the more developed countries of this camp should be considered as members of the North. However, there is relatively little trade between the D Group and the LDC's and their exclusion is therefore not without justification.

Thus, the two dominant groups of actors in the trade issue-area are the Group of 77 and the B Group, which for the purposes of this study will be referred to as South and North respectively.

The Nature of North-South Trade

As we are interested in North-South bargaining in the trade issue-area, it is important that we ascertain the relative stakes and
interests that the North and the South have in trading with each other. I intend to do this by comparing flows of trade between and among Northern and Southern countries. We find from examining such flows that in general there is much greater trade among Northern countries than there is between Northern and Southern countries. Furthermore, Southern countries trade much less with themselves than they do with Northern countries. The figures on Table I-A also show that the value of Northern trade far exceeds that of Southern trade, although trade in general tends to be more important for the South than it is for the North, if we take exports as percentage of GNP to be an indicator of this importance. On closer inspection, the export flows of the two groups show that North-to-North trade amounted to $147.9 billion, while North-to-South trade amounted to only $37.5 billion in 1969. While the North-to-North trade accounted for 7.9 per cent of total Northern GNP (1966), the North-to-South trade represented a mere 1.9 per cent of Northern GNP. As for the South, export flows among Southern countries were only $10.3 billion while their exports to the North amounted to $36.4 billion, more than three times as much as their trade with each other. The South-to-South trade only accounted for 3.9 per cent of Southern GNP, while the South-to-North trade registered a high 10.2 per cent of GNP in 1966.

What do all these figures mean? Quite clearly they show that the Southern stake in trade with the North is relatively much greater than the Northern stake in trade with the South. The corollary is that the Northern countries' stake in trading among themselves is much greater
A. TOTAL TRADE OF NORTH AND SOUTH, 1969

<table>
<thead>
<tr>
<th>(US $ millions)</th>
<th>Combined</th>
<th>Exports</th>
<th>Imports</th>
<th>Total GNP (1966)</th>
<th>Exports as % of GNP (1966)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Market Economies (North)</td>
<td>398,300</td>
<td>193,600</td>
<td>204,700</td>
<td>1,519,200</td>
<td>9.3</td>
</tr>
<tr>
<td>Developing Market Economies (South)</td>
<td>99,400</td>
<td>49,300</td>
<td>50,100</td>
<td>274,800</td>
<td>14.2</td>
</tr>
<tr>
<td>Total</td>
<td>497,700</td>
<td>242,900</td>
<td>254,800</td>
<td>1,794,000</td>
<td>10.1</td>
</tr>
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</table>

B. NORTH-SOUTH TRADE, 1969

<table>
<thead>
<tr>
<th>Exports</th>
<th>US $ Billions</th>
<th>Exports as % of 1966 GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>From North to North</td>
<td>147.9</td>
<td>7.9</td>
</tr>
<tr>
<td>From North to South</td>
<td>37.5</td>
<td>1.9</td>
</tr>
<tr>
<td>From South to North</td>
<td>36.4</td>
<td>10.2</td>
</tr>
<tr>
<td>From South to South</td>
<td>10.3</td>
<td>3.9</td>
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</table>

1 Excludes trade of Centrally Planned Economies.

than their stake in trading with the South, while the opposite is true for Southern countries, who have only a relatively small stake in trading with each other. This would in part explain why Southern countries are so much more interested in North-South trade issues than are perhaps Northern countries. The Southern stake in North-South trade is further augmented when we consider that the gains from trade are urgently needed for economic development. Export earnings contribute in no small way toward the goal of economic development. In the main, they are used to finance vitally needed capital goods essential for such development.

Commodity Trade:

Turning now to the nature or type of goods traded, the most striking feature of Southern trade is the heavy, usually lop-sided dependence on primary commodities:

Almost 90 per cent of the export earnings of developing countries derive from primary products. Moreover, nearly half of those countries earn more than 50 per cent of their export receipts from a single primary commodity. As many as three-quarters of them earn more than 60 per cent from three primary products.

Thus, in a very real sense, primary commodity trade is the economic lifeblood of the South. This consideration, however, often beclouds the fact that Southern countries export only under one-half of the world's primary commodities, and if fuels are excluded from the calculation, the Southern share falls to one-third. (In fact, if we consider only the South-to-North flow of primary commodities, my figures in
Table II show that Southern exports to major Northern countries account for a mere 28.7 per cent of the latter's imports of primary commodities. In short, Northern countries are as important, if not more important than LDC's as primary commodities exporters. This fact dispels a popular notion that Northern countries are merely buyers of primary commodities and Southern countries their supply source. In reality, Northern and Southern countries are also competitors in primary commodity trade, where ironically, the group that is more dependent on commodity trade actually exports less than the group not so dependent on it. (Consider the number of countries in the North and the number in the South and the asymmetry becomes even more lop-sided). Moreover, a number of tropical raw materials are up against competition from synthetics produced in the North. The unkindest cut of all is that in terms of markets, the North remains of paramount importance, absorbing some 75 per cent of LDC primary commodities. LDC commodity trade with the North is usually classified according to non-competing and competing products. Let us examine these two categories of commodities briefly.

Non-competing products: For the most part, these comprise the tropical beverages, coffee, tea and cocoa, and the minerals, tin and manganese products for which there are no close Northern substitutes. These five commodities account for some 95 per cent of non-competing products, which goes to show that there are not very many primary commodities that do not compete with Northern counterparts. Tin and coffee are marketed under international commodity agreements. There are relatively
few trade restrictions on these products except for some export levies and excise taxes.\textsuperscript{18} The main problem for these commodities, rather, is that "world demand prospects are simply not favourable compared to those of manufactures."\textsuperscript{19} For example, it has been pointed out that primary commodities in general and foodstuffs in particular tend to be characterised by sluggish demand because as incomes rise, additional income is spent not on such products but on luxury items. The minerals are somewhat unaffected by this problem as they are used in industrial production but then they constantly face the problem of synthetic substitutes. A further difficulty for these products in general, and particularly with the beverages, is that their output and demand are unresponsive to price changes in the short-run.\textsuperscript{20} In other words, supply and demand are said to be inelastic in the short-run because the nature of production is such that for any period there tends to be a fixed level of output. Thus, the most urgent problem for these products is export instability, that is, the wide variation in the prices that these products fetch on the world market. Hence the need for the price controlling mechanisms of commodity agreements.

**Competing products:** The main Southern commodities that compete with Northern counterparts are 1) rubber, facing competition from synthetics; 2) cotton, jute and oilseeds, facing competition from synthetics and Northern substitutes or Northern production of the commodity; and 3) maize, sugar, tobacco, wood and lumber, petroleum, copper, lead, zinc
and aluminium, which are also produced in the North. Because these products or substitutes are also found in the North, there are considerable restrictions on their import.

Here, prospects for rapid expansion of export earnings [of LDC's] depend on the willingness of developed countries to relax restrictions on imports as well as on the ability of the developing countries to improve the quality and general competitiveness of their products.21

Freer access of such Southern products into Northern markets is not likely, however, because of the existence of powerful protectionist forces in the North for these products. This point will be pursued when we discuss the trade liberalization issue.

Table II is a summary of the South-to-North flow of twenty of the most important Southern primary commodities. LDC's as defined in the table are synonymous with my definition of the South. However, only the major Northern countries of the OECD, or the B Group of UNCTAD, have been included (See Table, note 2). Nevertheless, since the smaller Northern countries excluded account for only a minor portion of the import of these commodities, their exclusion does not disturb the validity of the figures to any extent. The 20 commodities highlighted in the table account for 78.3 per cent of Southern primary commodity export to this Northern market. Column one indicates Northern import values for these 20 commodities from all sources; column two, the values of these same commodities imported from the South only; column three, the Southern share of the market for these commodities as a percentage; column four,
the rank order of these commodities according to share of the market; column five, the Southern share as a percentage of total Southern exports to this market; and column six, the rank order of these commodities according to Southern share as a percentage of Southern total.

Even a cursory inspection would convey to the reader the importance of these 20 commodities to the South in terms of the twin criteria of value of trade and share of market. (They account for 67.3 per cent of the Northern market and constitute 78.3 per cent of total Southern export to this market.) However, it is also evident that Northern imports of primary commodities are by no means restricted to these 20 commodities; other items account for more than twice the Northern import value for these 20 commodities, where the Southern share is only 9.3 per cent.

Manufactures Trade:

Southern export of manufactured and semi-manufactured goods amounted to some $5.5 billion, representing a tiny 5 per cent of total world exports in manufactures, and approximately 16 per cent of total Southern exports in 1964.22 The North absorbed two-thirds of this total, but this accounted on an average for only 5 per cent of total imports of manufactured goods into the North.23 Again, the message is clear: the Southern stake in trade with the North is much greater than the latter's stake in trade with the South. In fact, the Northern stake in manufactures trade with the South is minuscule. In commodity trade we saw that
### TABLE II

**PRIMARY COMMODITIES: Imports into Northern Countries, 1967**

(US $ millions)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>From all Sources</th>
<th>From LDCs</th>
<th>LDCs' Share (%)</th>
<th>Order</th>
<th>LDCs' Share as % of LDC Total</th>
<th>Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEAT, fresh chilled or</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>frozen</td>
<td>2,229.0</td>
<td>507.9</td>
<td>22.8</td>
<td>19</td>
<td>1.9</td>
<td>9</td>
</tr>
<tr>
<td>MAIZE</td>
<td>1,451.6</td>
<td>478.7</td>
<td>33.6</td>
<td>17</td>
<td>1.8</td>
<td>10</td>
</tr>
<tr>
<td>SUGAR &amp; HONEY</td>
<td>1,423.9</td>
<td>1,071.6</td>
<td>75.3</td>
<td>9</td>
<td>4.0</td>
<td>5</td>
</tr>
<tr>
<td>COFFEE</td>
<td>2,132.4</td>
<td>2,054.1</td>
<td>96.3</td>
<td>2</td>
<td>7.8</td>
<td>2</td>
</tr>
<tr>
<td>COCOA</td>
<td>630.0</td>
<td>523.0</td>
<td>83.0</td>
<td>8</td>
<td>2.0</td>
<td>8</td>
</tr>
<tr>
<td>TEA &amp; MATE</td>
<td>445.9</td>
<td>415.6</td>
<td>93.2</td>
<td>4</td>
<td>1.7</td>
<td>11</td>
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<tr>
<td>VEGETABLE OILS &amp; FATS</td>
<td>695.5</td>
<td>389.9</td>
<td>56.1</td>
<td>13</td>
<td>1.5</td>
<td>12</td>
</tr>
<tr>
<td>TOBACCO</td>
<td>990.1</td>
<td>231.9</td>
<td>23.4</td>
<td>18</td>
<td>0.9</td>
<td>15</td>
</tr>
<tr>
<td>NATURAL RUBBER</td>
<td>627.2</td>
<td>609.4</td>
<td>97.2</td>
<td>1</td>
<td>2.3</td>
<td>7</td>
</tr>
<tr>
<td>WOOD &amp; LUMBER</td>
<td>2,484.8</td>
<td>1,523.5</td>
<td>61.3</td>
<td>11</td>
<td>5.7</td>
<td>4</td>
</tr>
<tr>
<td>WOOL</td>
<td>1,718.5</td>
<td>239.0</td>
<td>13.9</td>
<td>20</td>
<td>0.9</td>
<td>14</td>
</tr>
<tr>
<td>COTTON</td>
<td>2,780.9</td>
<td>1,655.4</td>
<td>59.5</td>
<td>12</td>
<td>6.2</td>
<td>3</td>
</tr>
<tr>
<td>JUTE</td>
<td>184.6</td>
<td>174.0</td>
<td>94.3</td>
<td>3</td>
<td>0.7</td>
<td>17</td>
</tr>
<tr>
<td>IRON</td>
<td>2,005.9</td>
<td>1,046.0</td>
<td>52.2</td>
<td>15</td>
<td>4.0</td>
<td>6</td>
</tr>
<tr>
<td>COPPER</td>
<td>333.2</td>
<td>179.5</td>
<td>53.9</td>
<td>14</td>
<td>0.7</td>
<td>16</td>
</tr>
<tr>
<td>Bauxite &amp; Alum.</td>
<td>289.7</td>
<td>255.2</td>
<td>88.1</td>
<td>7</td>
<td>1.0</td>
<td>13</td>
</tr>
<tr>
<td>Lead &amp; Zinc</td>
<td>344.2</td>
<td>122.1</td>
<td>35.5</td>
<td>16</td>
<td>0.5</td>
<td>19</td>
</tr>
<tr>
<td>Tin</td>
<td>143.5</td>
<td>132.0</td>
<td>92.0</td>
<td>5</td>
<td>0.5</td>
<td>18</td>
</tr>
<tr>
<td>Manganese</td>
<td>187.3</td>
<td>121.3</td>
<td>64.8</td>
<td>10</td>
<td>0.5</td>
<td>20</td>
</tr>
<tr>
<td>Petroleum</td>
<td>9,848.8</td>
<td>9,029.8</td>
<td>91.7</td>
<td>6</td>
<td>34.1</td>
<td>1</td>
</tr>
</tbody>
</table>

Total 20 items 30,867.3 20,759.9 67.3 78.3

All other items 61,440.9 5,737.4 9.3 21.7

Total all items 92,308.2 26,497.3 28.7 100.0

1 Primary commodities are defined by SITC sections 0-4.

2 Northern countries are defined here as the OECD (Organization for Economic Cooperation and Development) countries, excluding Iceland, Greece and Turkey. Other OECD countries are USA, Canada, Japan and the countries of EEC and EFTA.

3 LDCs include all non-OECD members of the world, except the Centrally Planned Countries (excluding Yugoslavia), South Africa, Australia and New Zealand.

the Southern share of the Northern market was nearly one-half; in manufactures trade it is only one-twentieth!

On inspecting the Southern flow of manufactured goods to Northern countries, we discover an interesting feature: Southern exports of manufactured and semi-manufactured goods are not ideally distributed among Southern countries, to say the least. As few as 20 countries contributed as much as 82 per cent of the total Southern exports to Northern countries in 1967 (see Table III). In fact, the top ten exporters — Hong Kong, Chile, Zambia, India, Congo, Mexico, Malaysia, Peru, Israel and Taiwan — accounted for 67.1 per cent of the total. Moreover, the values of exports vary widely even among the top contributors. (For example, Hong Kong’s export value is about nine times that of Pakistan.) This means that the Southern stake in manufactures trade with the North is somewhat asymmetrical. In the long-run, however, this asymmetry will tend to level off as more LDC’s begin to industrialize. This is not an unrealistic assumption as industrialization is almost always a foremost goal among LDC’s. In fact, the South often rallies around the argument that trade in manufactured goods holds out the greatest promise for the future, given the extraordinary growth in the Southern export of manufactures on the recent years. (A rate of 12.7 per cent per year between 1959-60 and 1965-66 was recorded.) Because of the favourable prospects that manufactures trade hold for Southern countries, they have generally decried the highly prevalent Northern trade restrictions on the import of Southern manufactures and semi-manufactures. The Pearson
**TABLE III**

SOUTHERN EXPORTS BY PRINCIPAL COUNTRIES OF MANUFACTURES AND SEMI-MANUFACTURES\(^1\) TO NORTHERN COUNTRIES,\(^2\) 1967

<table>
<thead>
<tr>
<th>Country</th>
<th>Value (US $ millions)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HONG KONG</td>
<td>966.2</td>
<td>16.2</td>
</tr>
<tr>
<td>CHILE</td>
<td>603.0</td>
<td>10.1</td>
</tr>
<tr>
<td>ZAMBIA</td>
<td>555.5</td>
<td>9.3</td>
</tr>
<tr>
<td>INDIA</td>
<td>456.5</td>
<td>7.7</td>
</tr>
<tr>
<td>CONGO, Dem. Rep.</td>
<td>376.0</td>
<td>6.3</td>
</tr>
<tr>
<td>MEXICO</td>
<td>245.5</td>
<td>4.1</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>226.0</td>
<td>3.8</td>
</tr>
<tr>
<td>PERU</td>
<td>217.6</td>
<td>3.7</td>
</tr>
<tr>
<td>ISRAEL</td>
<td>189.4</td>
<td>3.2</td>
</tr>
<tr>
<td>TAIWAN</td>
<td>161.0</td>
<td>2.7</td>
</tr>
<tr>
<td>SOUTH KOREA</td>
<td>148.1</td>
<td>2.5</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>106.6</td>
<td>1.8</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>95.8</td>
<td>1.6</td>
</tr>
<tr>
<td>THAILAND</td>
<td>94.1</td>
<td>1.6</td>
</tr>
<tr>
<td>IRAN</td>
<td>93.4</td>
<td>1.6</td>
</tr>
<tr>
<td>PHILIPPINES</td>
<td>79.4</td>
<td>1.3</td>
</tr>
<tr>
<td>SIERRA LEONE</td>
<td>72.4</td>
<td>1.2</td>
</tr>
<tr>
<td>ARGENTINA</td>
<td>56.5</td>
<td>1.0</td>
</tr>
<tr>
<td>ANGOLA</td>
<td>46.5</td>
<td>0.8</td>
</tr>
<tr>
<td>JAMAICA</td>
<td>43.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Total 20 countries</td>
<td>4,893.1</td>
<td>82.0</td>
</tr>
<tr>
<td>Other LDCs</td>
<td>1,072.5</td>
<td>18.0</td>
</tr>
<tr>
<td>Total all LDCs</td>
<td>5,965.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

\(^1\) Manufactures and semi-manufactures are defined by SITC sections 5-8.

SITC Code 5: Chemicals
SITC Code 6: Manufactured goods classified chiefly by material.
SITC Code 7: Machinery and transport equipment
SITC Code 8: Miscellaneous

\(^2\) They are defined here as in Table I

Commission underscores the extent of Northern quantitative restrictions on Southern manufactures in the following passage:

Excluding petroleum products, base metals, and ships (which have been "exported" to developed countries for repairs), no less than 30 per cent of manufactured goods are subject to quantitative restrictions. Cotton textiles and clothing and processed foodstuffs are subject to such restrictions in most wealthy countries. In addition, a number impose restrictions on non-cotton textiles and leather articles, footwear, dyestuffs, glass and glassware.27

As for tariff barriers, imports from Southern countries are still subject to considerably higher rates than those from Northern countries, and even the Kennedy Round of tariff reductions carried out under GATT in 1967 has largely resulted in "proportionately larger reductions in tariffs on products of interest to developed countries."28 We are now verging on the issues of North-South trade which will be the subject of discussion in the next section.

Southern Complaints Against the Trade System: Key Issues

Southern complaints against the existing trade system centre around the argument the present trade patterns in one way or another militate against their economic growth. These complaints culminated in the convening and creation of UNCTAD and are best expressed in the joint declaration of the Group of 75 made at the UN General Assembly in the Fall of 1963,29 preceding the Geneva Conference. The Group of 75 stated that while international trade could be a more powerful instrument and vehicle of economic development, "the existing principles and patterns of world
trade still mainly favour the advanced parts of the world" and that present trends, instead of helping developing countries to promote the development and diversification of their economies, frustrate their efforts to attain more rapid growth. They argued that to remedy the situation, "the volume of their trade should be increased and its composition diversified; the prices of their exports should be stabilised at fair renumerative levels" and "international transfers of capital should be made more favourable"; and that a "dynamic international trade policy" is required. Such a policy should be based on the need to recognise the special position of the LDC's and the need to provide them with special assistance. The removal of impediments to trade is not enough and should be buttressed by positive measures directed toward achieving a new international division of labour.

More specifically, the developing countries hoped that the convening of an international trade conference would lead to the following actions:

1) Creation of conditions for the expansion of trade between countries at a similar level of development, at different stages of development or having different systems of social and economic organization;

2) Progressive reduction and early elimination of all barriers and restrictions impeding the exports of LDC's without reciprocal concessions on their part;

3) Increase in the volume of exports of the developing countries in primary products, both raw and processed, to the industrial countries, and stabilization of prices at fair remunerative prices;
4) Expansion of the markets for exports of LDC manufactures and semi-manufactured goods;
5) Provision of more adequate financial resources at favourable terms so as to enable LDC's to increase their imports of capital goods and industrial raw materials essential for their economic development, and better co-ordination of trade and aid policies;
6) Improvement of the invisible trade of developing countries, particularly by reducing their payments for freight and insurance and the burden of their debt charges; and
7) Improvement of institutional arrangements, including, if necessary, the establishment of new machinery and methods for implementing the decisions of the Conference.

The main themes of the joint declaration of the "75" were fully expounded in the "Prebisch Report", entitled, "Toward a New Trade Policy for Development", which, in effect, embodies the main Southern complaints against the existing trade system and proposals for its changes.

The "Trade Gap":

The starting point of the Report is the notion of the "trade gap", which in simple terms, is the gap between the need for imports of capital goods essential to sustain a given development effort and the export earnings likely to be available to finance these imports. The Report states:

Unless these measures [suggested in the Report] are adopted, the trade gap of the developing countries will be immense; available estimates show that, if the factors responsible for the present trend in world trade continue, the gap may reach an order of magnitude of about $20,000 million by 1970...
The $20 billion gap is, of course, "potential and not real" and assumes the following conditions:

(a) a 5 per cent target annual income growth rate for LDC's, the rate set out as one of the goals of the Development Decade;

(b) an annual import growth rate of 6 per cent, and

(c) an increase in the purchasing power of LDC exports of 2 per cent per annum.

Any of the assumptions could, of course, be changed by increased capital inflows, above-average increase in exports or improvement in the terms of trade of LDC's. Following Prebisch, others have made more detailed calculations of the gap. One such projection, by Bela Balassa, worked out a range of estimates, with the mean centering around the figure of $12 billion. 33

Having thus set the target of filling a $20 billion trade gap, the Prebisch Report goes on to examine the prospects for filling this gap and finds them far from promising. Some of the reasons for the poor prospects are adduced as the inevitable structural consequences of technological progress, namely:

1) the development of synthetic substitutes for natural raw materials;

2) a diminishing raw material content in manufactures; and

3) a gradual relative shift in demand away from essentials, such as foodstuffs and other staple consumer goods toward industrial goods and services, as per capita income increases.

Other obstacles are the result of restrictive policies in developed countries, such as,
1) protection of high-cost temperate agriculture, often leading to surplus production; and

2) taxes and duties on tropical products.

Deteriorating Terms of Trade:

In describing the demand trends of primary commodities, Prebisch develops a general thesis concerning the terms of trade of LDC's. In economics, the concept refers to the ratio between the price of an average unit of its imports, the most simple representation of this being, 

\[
\frac{\text{Export price index}}{\text{Import price index}}
\]

In short, the terms of trade indicates the purchasing power of exports over imports. The Prebisch Report contended that the terms of trade of primary commodities relative to manufactures tend to deteriorate. Consequently, because LDC's are largely exporters of primary products and importers of manufactures, it is argued that their terms of trade tend to be increasingly disadvantageous. The analysis of the causes is somewhat complex, but suffice it to say, the implication is that the existing world economic order is biased against primary producing countries and tends to result in a loss of resources for LDC's through trade. Although Prebisch denies that his thesis is an "immutable law", he nevertheless paints a gloomy picture of the ability of LDC's to overcome this problem:

It is obvious that, if technological progress in primary production is intensified and if technology in the developing countries also undergoes a revolution, without which they cannot grow faster, the tendency of the terms of trade to deteriorate may even be stronger than in the past. This is not a prediction. But, what factors can we descry on the economic horizon that are capable of countering this tendency?
Prebisch's thesis has been challenged by other economists and remains controversial. For example, it has been argued that the Report drew on evidence from a terms of trade index based on 1950, a peak year for LDC export prices, and ending in 1961, a year of depression. For the purposes of this study, however, we are less concerned with the merits and shortcomings of the Prebisch thesis on academic grounds than with the perception of LDC's themselves of their situation. It is evident that they are sufficiently convinced of a need to change the existing trade system and are pressing for such changes. A similar point made by Isaiah Frank warrants quoting:

The trouble with the historical approach [in analysing export trends of LDC's] is that it ignores the changes in the international environment against which the present and prospective export situation of developing countries must be assessed. As long as the poorer countries of the world are determined to force the pace of development through conscious policies the relevant question is not whether their trade prospects are not as favourable as in the past when such goals did not exist. It is instead, whether they are such as to lend support to or act as a constraint on a country's own development efforts.36

**Manufactures trade:** As with primary commodities, the Report points to two types of obstacles to increased exports by LDC's - the structural and the imposed. The imposed ones are the barriers set up by the developed countries, while these barriers have in turn tended to create the structural obstacle, which Prebisch called "inward-looking industrialization." By this he meant industrialization on the basis of protected, high-cost, import substituting industries, which have little incentive to compete in international export markets, and which, because of the smallness of home markets, remain highly inefficient.
THE GATT:

The Report makes its last stop at the General Agreement on Trade and Tariffs (GATT). The achievement of the GATT are first listed. In the main, the organization has introduced "a rule of law in world trade", and has provided the machinery for complaint and consultation. It has also provided an international forum to discuss a wide range of trade matters. However, Prebisch contends, the organization lacks the dynamism needed to meet the needs of the LDC's. In particular, GATT's espousal of the "free play of international economic forces" is not appropriate to trade relations of countries at vastly different levels of economic development. By this Prebisch meant that GATT's tariff reduction policy on "the most favoured nation" basis was inappropriate for LDC's who were economically on a much lower footing than the developed countries. The principle requires that a country reduces its tariffs on other countries to the level of that country which is "most favoured", i.e., the country on which the lowest tariff is imposed. The more specific contentions with respect to GATT were:

1) the GATT system of reciprocal bargaining has been used mainly to reduce barriers to exports of interest to developed countries;

2) the apparent symmetry of non-discriminating and reciprocal trade policies does not correspond with the actual asymmetry of the world economy, in which the LDC's tend to run persistent deficits and therefore have a greater need for protection than developed countries;

3) the GATT rules have inhibited the formation of regional economic groupings among LDC's, to make import substitution more efficient and to provide a sound base for exports.
Prebisch's assertions have also been challenged in regard to GATT, especially with respect to the rigidity of the organization in coping with the needs of LDC's. As a matter of fact, since 1964, "non-reciprocity" has been introduced under Part IV of the GATT. Prebisch is on firmer ground in asserting that the balance of advantage in the organization has rested with the developed countries. It would be difficult to prove, however, that GATT rules have actually inhibited regional integration. But, again, as with other complaints about the existing trade system, the relevant question is the perception of the bulk of LDC's, and, in general, the overriding view seems to be that GATT is some kind of "a rich countries' club". That is why LDC's agitated for the formation of UNCTAD.

Remedies:

The Prebisch Report continues in Part Two to suggest remedies to fill the projected $20 billion trade gap. They are summarised below, and may be taken to represent the North-South trade issues in operational terms:

1) Direct action to raise commodity prices by extending domestic price supports in developed countries to cover imports from LDC's and by international commodity agreements to maintain high and stable prices;

2) "Compensatory finance" to meet any residual deterioration in terms of trade of LDC's, over and above regular aid transfers;
3) Tariff preferences to manufactured goods imported from all LDC's;
4) Preferential groupings among LDC's to encourage regional industrialization;
5) A permanent international trade organization established under the UN to deal with the problems of trade and development on all fronts and to co-ordinate the work of related bodies;
6) Action to reduce the burden on LDC debt-servicing, by "softening" the terms of aid and export credits;
7) Investigation into the feasibility of reducing freight charges on LDC's in shipping and insurance;
8) Increased trade between LDC's and the centrally planned countries.

As can be seen, these policy recommendations reflect by and large the questions raised by the original Group of 75.

**Commodity prices:** Let us look at this issue in greater detail since we will be examining North-South bargaining relationships in this area in the next section of this study. The usual method by which price stabilization is carried out is through the establishment of international Commodity Agreements (ICA's), aimed at eliminating short-term fluctuations in price without interfering with long-term market trends. The Prebisch Report had called for a broadening of such agreements both in the sense of bringing more commodities under such accords and also in the sense of using such accords to offset the deterioration in LDCs' terms of trade. In general, then, ICA's are aimed singly, or
in combination, at:

1) raising (or preventing declines in) prices, thereby increasing producers' earnings, or, where benefits are taxed, increasing the foreign exchange of governments;

2) diminishing fluctuations in prices and earnings; and

3) generally of less importance, guaranteeing market access for specified quantities, as a method of counteracting protectionism in importing countries.

The tin agreements have, in addition, the objectives of preventing tin shortages and unemployment in the tin industry. (See Appendix A, Article 1). The main function of commodity accords, however, relate to price control.

It is generally recognized that price-fixing should be carried out on a commodity-by-commodity basis although there has been a suggestion that the creation of a "commodity reserve currency", controlled by an international authority operating buffer stocks, is feasible. UNCTAD, however, has itself endorsed the commodity-by-commodity approach. As one of the Conference resolutions states:

International commodity agreements should be usually on a commodity-by-commodity basis, and, as far as each commodity is concerned, should take due account of the interests of exporting and importing countries, of the characteristics of the product concerned and of the trade in and market arrangements for, that product:

What could be the effect for Southern countries of price-fixing arrangements carried out through IAC's? Pincus has estimated that if applied to five tropical crops - coffee, cocoa, tea, bananas, and sugar - price-fixing aimed primarily at raising prices could have increased LDC
revenues by $600 million annually in 1961, and by about $900 million annually in 1970, as compared with revenues obtained under free market conditions. Thus, price-fixing through commodity accords can be of considerable benefit to the South.

How would price-fixing affect the relevant parties? It has been pointed out, for instance, that it may not distribute "the burden" equally among importers. Consider, for example, that of the Southern exports of food and raw materials to the North in 1962, less than one-third of the total went to the U.S. and Canada, which account (mainly the U.S., of course) for one-half of the Northern income. In other words, any general increase in the price of Southern commodities would put a disproportionate "burden" on Europe. After an elaborate assessment of the relative costs of price-fixing arrangements for Northern countries, Pincus concludes:

"... it seems likely that commodity agreements would prove to be a highly arbitrary form of taxation. From the viewpoint of two major aid donors, the US and France, it offers the important advantage of redressing the relative shares of Northern costs. In general, countries that by equity standards are paying less than their fair share of Northern foreign aid could be paying heavier shares of the incremental costs of commodity agreements.

Despite Pincus' observation, it is interesting to note that the US has stayed aloof from international tin agreements. This suggests that Northern countries in joining commodity accords are less likely to take into consideration the overall costs that ICA's in general represent..."
than the particular costs and, indeed, gains (which Pincus glosses over) that individual ICA's represent for them. For the Southern countries it was already noted that they stand to gain from general Northern commitment toward ICA's, although it is again the specific Southern producing countries of those commodities for which commodity accords are established who are the immediate beneficiaries.
CHAPTER II
NORTH-SOUTH CONFRONTATION IN TIN AGREEMENTS

I Commodity accords are one method by which Southern countries hope to alter existing trade patterns in their favour, primarily through certain price stabilization mechanisms contained in such accords. This chapter begins a case study of North-South bargaining relationships in International Tin Agreements. It should be noted that the following investigation involves but one sub-issue-area of the whole range of North-South trade relationships, the broad issues of which were raised in Chapter I. More specifically, North-South interactions in tin agreements take place in what may be called the multilateral issue-area-specific context.

History and Issues of Tin Agreements

International Tin Agreements have a relative long history. Prior to the first post-World War II Agreement of 1953, which may be considered the prototype of the subsequent agreements up till the present, there had existed four intergovernmental tin control schemes, viz.,

1) the First International Tin Control Scheme, 1931-33;
2) the Second International Control Scheme, 1934-36;
3) the Third International Tin Control Scheme, 1937-41; and
4) the Fourth International Control Scheme, 1942-46.¹

In fact, actual attempts at controlling the trade in tin pre-dated the above schemes in the form of a number of "buffer stock" arrangements, namely, the Bandoeng Pool of 1921-24, the Private Pool of 1931-34,
the Producers' Stock of 1934, the Intergovernmental Buffer Stock of 1934-35, and the Buffer Stock Agreement of 1938-42, the last two being adjuncts of the second and third control schemes. These early attempts at regulating the tin trade have been "credited" to the efforts of combines of tin producing companies, the better known being Anglo-Oriental Mining Corporation, Ltd., and Patino Mines and Enterprises Consolidated, the combination commonly called the "Anglo-Patino Group". This Group, through interlocking corporations, controlled the great bulk of tin production in Malaya, Nigeria and Bolivia, and, to a lesser extent, Thailand and Burma. Another group, headed by Billiton Company, controlled Indonesian production.

Thus it would seem that the early control schemes primarily served the interests of a cartel of tin producing companies, though their interests were not necessarily exclusive of those of governments. To return to the history of these schemes, we find that producer groups in 1929 coalesced into a Tin Producers Association (TPA) which was mainly responsible for spearheading the buffer pool restriction arrangements, and which, in 1931, succeeded in persuading governments in formalising these schemes into the First International Tin Agreement. It would seem that the interests of tin companies and producing governments converged at this point. Producing governments, like the companies, have a stake in keeping tin prices high. The Agreement was largely successful in achieving this objective but it provoked considerable consumer resentment.
The second Agreement was essentially similar to the first, except a buffer stock was introduced as an additional instrument of control, where the first employed only export control. (A buffer stock operation involves the buying and selling of tin from a pool of tin and/or cash, so as to bolster prices, while export control involves only the restriction of tin exports.) By the time of the third scheme, consumer countries, who were highly critical of the control schemes, were allowed to participate in the conference as observers but with no voting rights. In the war period, a fourth agreement was signed in 1942 but its influence was small as it was intended only as a means of continuing the mechanism during the war. After the war, a Tin Study Group was formed to provide statistical services and to draw up a draft agreement in accordance with certain proposals contained in a draft charter for an International Trade Organization. Although the ITO never came into being, the Havana Charter was proclaimed in 1948 and included those proposals for commodity agreements. In essence, the Havana Charter principles on which the Tin Study Group based its report provided for the equal participation of producing and consuming countries in commodity agreements. In accordance with this, a new tin agreement was negotiated in 1953 and finally came into force in July 1956.

It should be evident from this brief historical account that the pre-war tin accords resulted in a clash of interests between consumers qua consumers and producers qua producers, with the consumers largely as "the aggrieved party". Through international pressure, which perhaps
reached a peak with the convening of the Havana conference, consumer interests began to be recognised and were finally formalised in the 1953 Agreement. Notwithstanding this, major consuming countries like the United States and West Germany have yet to be parties to tin agreements. The U.S. participated in the 1965 and 1970 tin conferences but to date has not signed the latest agreement. The same is true for West Germany. Russia, another major consumer, took part in the 1970 conference and acceded to the agreement in February 1971, raising expectations that the U.S. may follow suit. The U.S. has been able to stay aloof from the agreements despite its heavy consumption of tin because it has accumulated a huge stockpile, which aggravates the problem of her non-participation from the viewpoint of the producers. However, it is assumed that as long as the U.S. maintains a "benevolent neutrality" toward the agreements, they would remain largely effective.

It was not until the second post-war agreement (1960) that a North-South orientation of interests became evident in tin agreements. Basically, this new clash of interests springs from growing Southern awareness of their dependence on primary commodity trade, an awareness that has been further attenuated by the convening of UNCTAD. Ostensibly, the polarization of interests remains one of producing countries versus consuming countries, but where the prewar situation was characterised by the consumers making demands on the producers, the post-war situation saw the producing countries confronting the consuming countries with what they considered to be certain inequities in the terms and operations of
tin agreements. In the pre-war situation, some of the producing countries such as Malaya, Nigeria and Indonesia, were represented by their metropo-
litan governments, Britain and the Netherlands, who therefore played a dual role as producers and consumers. By contrast, the post-war situa-
tion was marked by a sharp split between producers, which were Southern countries, now fully independent nations, and consumers, which were Northern industrial countries, including the former colonial "producer" governments. This new clash of interests in tin agreements is evident from the statements by producing countries' delegations to tin conferences. For example, at the 1960 Conference, the Thai delegate complained that contributions to the buffer stock placed a heavy burden on producers and asked if that was justifiable, considering that producing countries were neither very large nor rich. Also, at the same conference, both the Malayan and Bolivian delegates referred to the agreement as an important instrument to stabilize the economies of primary-producing countries, the Bolivian further pointing out his country's heavy dependence on the export of tin and hence the need for an effective agreement. By the time of the 1965 Conference, which came on the heels of UNCTAD I, some of the UNCTAD resolutions on commodity agreements found their way into the preamble and objectives of the draft agreement and the final version which emerged from the negotiations. For example, the preamble of the 1965 Agreement recognized that "commodity agreements by helping to secure short-term stabilization of prices and steady long-term development of
primary commodity markets, can significantly assist economic growth, especially in developing producing countries." More specifically, two new objectives pertaining to Southern countries were added to the agreement. They were:

- to make arrangements which will help maintain and increase the export earnings from tin, especially those of the developing producing countries with resources for accelerated economic growth and social development, while at the same time taking into account the interests of consumers in importing countries

and,

- to ensure conditions which will help achieve a dynamic and rising rate of production of tin on the basis of a remunerative return to producers, which will help secure an adequate supply at prices fair to consumers and which will help provide a long-term equilibrium between production and consumption.

Statements by delegations of producing countries also tended to echo the grievances uttered at UNCTAD I, with Southern countries taking on somewhat more aggressive and bolder position vis-a-vis their Northern counterparts. For instance, the Nigerian delegate took the opportunity to chide those countries who would not participate in tin agreements in the following terms:

They have often professed their belief in the objectives of the Agreements, in international trade and in a reasonably ordered world. Should they not also believe in an orderly promotion of international trade? Can they not persuade their industrial leaders of the usefulness of a mechanism which made possible freedom of enterprise without the unpredictable and violent fluctuations of the tin market prior to the agreements? Are there any tin users who do not care about the disastrous effects that lack of a commodity agreement for tin can have on the peoples of the developing producer countries?10
The growing schism between North and South in tin agreements was particularly evident from the words of the Malaysian delegate, who showed bitter dissatisfaction with the outcome of the conference. He claimed that his delegation had attempted to give the conference "a new orientation and new objectives" but had failed. His main complaint was that a higher floor price should have been established, and he further stated that the buffer stock arrangement, with the contributions coming entirely from producing countries, hurt none but the producer. The principle seemed to be, "To him that hath, more shall be given; for him who giveth, more shall be taken away." Finally, he commented that producers could not help thinking that in the end the consumers had proved to be the better negotiators, according to the classic definition of successful negotiation,"giving the other fellow everything he wants without giving him anything you do not want to part with."11

In fact, the Malaysian Government in December announced its decision not to sign the agreement and therefore crippling it in view of Malaysia's large number of producer votes. (Malaysia is the leading exporter of tin.) However, an ITC team was sent to Kuala Lumpur to persuade Malaysia to return to the fold, which it did.12

This summary account of the background and issues of international tin agreements brings to date the current constellation of interests with respect to tin agreements. In continuing the investigation of North-South bargaining relationships in tin agreements, I propose to proceed as follows:
(a) Assess the magnitude of the relative Southern and Northern stakes in tin trade and hence in tin agreements, and

(b) Identify and assess the objectives of tin agreements in terms of (i) the extent to which these objectives reflect Southern and Northern interests and (ii) the efficacy of tin agreements in carrying out these objectives.

The Relative North-South Stakes in Tin Trade

The trade in tin between Southern and Northern countries corresponds in general to the overall North-South trade patterns and also in terms of the stakes that North and South have in such trade, as analysed in Chapter I. In categorising goods traded between Northern and Southern countries, tin is a "non-competing" commodity. In fact, Southern countries produce nearly all the tin concentrates of the world. The producer participants in the current tin agreement (1970) accounted in 1969 for 91.5 per cent of total production. (See Table IV). On the import side, consumers of concentrates and unwrought tin are nearly all industrial countries, the participants in the current agreement accounting for some 60 per cent of industrial consumption in 1969 (see Table V). Thus, tin trade follows the classic pattern of North-South primary commodity trade, where producers are almost entirely Southern countries and consumers almost all Northern countries.13

As noted, the general pattern of North-South stakes in primary commodity trade holds for tin as well. Of all the Southern producing countries, Bolivia is most dependent on tin, which accounts for more than
<table>
<thead>
<tr>
<th>Country</th>
<th>Metric tons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>8,128</td>
<td>4.5</td>
</tr>
<tr>
<td>Bolivia</td>
<td>30,047</td>
<td>16.7</td>
</tr>
<tr>
<td>Congo, D. R.</td>
<td>6,639</td>
<td>3.7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>16,542</td>
<td>9.2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>73,325</td>
<td>40.8</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8,741</td>
<td>4.9</td>
</tr>
<tr>
<td>Thailand</td>
<td>21,092</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>164,514</td>
<td>91.5</td>
</tr>
<tr>
<td>Others</td>
<td>15,086</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>World</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>179,600</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<sup>1</sup>Excluding Mainland China, German Democratic Republic, Democratic Republic of Vietnam and U.S.S.R.

<table>
<thead>
<tr>
<th>Country</th>
<th>Metric tons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>3,820</td>
<td>2.00</td>
</tr>
<tr>
<td>Austria</td>
<td>600</td>
<td>0.31</td>
</tr>
<tr>
<td>Belgium-Luxembourg</td>
<td>3,033</td>
<td>1.59</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>254</td>
<td>0.13</td>
</tr>
<tr>
<td>Canada</td>
<td>4,508</td>
<td>2.36</td>
</tr>
<tr>
<td>China (Taiwan)</td>
<td>280</td>
<td>0.15</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>3,250</td>
<td>1.70</td>
</tr>
<tr>
<td>Denmark</td>
<td>724</td>
<td>0.38</td>
</tr>
<tr>
<td>France</td>
<td>11,280</td>
<td>5.91</td>
</tr>
<tr>
<td>Germany, Fed. Rep.</td>
<td>13,430</td>
<td>7.03</td>
</tr>
<tr>
<td>Hungary</td>
<td>1,220</td>
<td>0.64</td>
</tr>
<tr>
<td>India</td>
<td>4,470</td>
<td>2.34</td>
</tr>
<tr>
<td>Italy</td>
<td>6,800</td>
<td>3.56</td>
</tr>
<tr>
<td>Japan</td>
<td>25,880</td>
<td>13.55</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,630</td>
<td>0.85</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4,910</td>
<td>2.57</td>
</tr>
<tr>
<td>Philippines</td>
<td>630</td>
<td>0.33</td>
</tr>
<tr>
<td>Poland</td>
<td>3,960</td>
<td>2.07</td>
</tr>
<tr>
<td>Rep. of Korea</td>
<td>284</td>
<td>0.15</td>
</tr>
<tr>
<td>Spain</td>
<td>1,699</td>
<td>0.89</td>
</tr>
<tr>
<td>Turkey</td>
<td>910</td>
<td>0.48</td>
</tr>
<tr>
<td>U.K.</td>
<td>18,062</td>
<td>9.46</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>58,336</td>
<td>30.55</td>
</tr>
<tr>
<td>U.S.S.R.</td>
<td>6,600&lt;sup&gt;2&lt;/sup&gt;</td>
<td>3.46</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>1,460</td>
<td>0.76</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>178,030</strong></td>
<td><strong>93.22</strong></td>
</tr>
<tr>
<td>Others</td>
<td>12,924</td>
<td>6.78</td>
</tr>
<tr>
<td><strong>World&lt;sup&gt;3&lt;/sup&gt;</strong></td>
<td><strong>190,954</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup>Data refer to consumption by manufacturing industries; they do not necessarily represent the final domestic consumption of tin.

<sup>2</sup>Figure obtained from UN Tin Conference, Summary of Proceedings, TD/TIN. 4/7/Rev.1, New York, 1970, p. 24. (Refers only to imports.)

<sup>3</sup>Excluding Mainland China, Democratic Republic of Vietnam, German Democratic Republic and Romania.

Source: Compiled from UN Statistical Yearbook, 1970.
one-half of the value of its total exports. In one year, 1965, tin constituted a huge 70 per cent of Bolivia's exports.  For Malaysia, tin is the second most important foreign exchange earner (next to rubber). The metal accounts for 22.5 per cent of the total value of its exports. As for the other Southern producers, the figure ranges from 9 per cent for Thailand to 4.7 per cent for the Democratic Republic of Congo (see Table VI). These figures merely underscore the point made in Chapter I on the heavy dependence of Southern countries on a few primary products for their export earnings. It is evident that tin is one of the important primary products in which such dependence is particularly acute, especially for Bolivia and Malaysia. In short, the Southern producing countries' stake in tin trade, and hence in tin agreements, is not only one of great magnitude but, perhaps in the case of Bolivia, a matter of economic survival. Thus economically, Southern producing countries, especially Bolivia and Malaysia, are highly vulnerable to the vicissitudes of the tin market. In one sense, then, they are in a weak bargaining position because their heavy stake in tin trade would make them go the extra distance to obtain perhaps a less optimal outcome. On the other hand, depending on how crucial or valuable their good is to the other party, they are in a strong position because they have almost a monopoly of the good. But more of bargaining in Chapter III; for the moment let us examine the magnitude of the Northern stake in tin trade.

As figures go, the Northern stake seems to be incredibly small.
TABLE VI

TIN AS A PERCENTAGE OF TOTAL EXPORTS BY VALUE, 1968

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>54.25(^1)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>22.55</td>
</tr>
<tr>
<td>Thailand</td>
<td>9.01</td>
</tr>
<tr>
<td>Nigeria</td>
<td>6.69</td>
</tr>
<tr>
<td>Congo, D. R.</td>
<td>4.71</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7.71</td>
</tr>
<tr>
<td>Australia</td>
<td>2.10</td>
</tr>
</tbody>
</table>

\(^1\)Excluding tin bars and ingots. (Figures not available.)

Source: Compiled from UN Yearbook of International Trade Statistics 1968, New York, 1970
For example, for the largest tin consumer, the U.S., tin as a percentage of total imports by value constitute a mere 0.57 per cent, or slightly more than one-half of one per cent of total imports by value. For Japan, the next most important consumer, the figure is 0.51 per cent; for the United Kingdom, third in importance, it is also 0.51 per cent; West Germany, 0.19 per cent; France, 0.23 per cent (see Table VII). For these top consuming countries, their share of industrial tin consumption in 1969 was 30.5 per cent, 13.5 per cent, 9.4 per cent, 7 per cent, and 5.9 per cent respectively, in aggregate accounting for 66.5 per cent of the total industrial consumption (see Table V). Italy and USSR are next in importance consuming about 3.5 per cent each, with tin constituting a tiny 0.2 per cent of total imports. Surprisingly, India, a Southern country, has the highest percentage of tin imports - 1.2 per cent - which is more than twice the figure for the top consumers. However, on the consumption scale, she ranks only ninth. These figures would seem to point to one fact: the Northern stake in tin trade is very small. But in fact the statement may be misleading because of two considerations. First, the nature of tin is such that it is not used in large quantities in industrial production, i.e., finished tin products contain only a small percentage of pure tin. For example, the ubiquitous tin can (made from tinplate) contains only about 1 per cent pure tin, 99 per cent being steel. This explains why consuming countries do not import that much tin. Second, although tin is used in only small quantities, it is of strategic significance, leading to a few countries holding non-commercial stockpiles.
TABLE VII

TIN\(^1\) AS A PERCENTAGE OF TOTAL IMPORTS BY VALUE, 1968

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>0.15</td>
</tr>
<tr>
<td>Austria</td>
<td>0.07</td>
</tr>
<tr>
<td>Belgium-Luxembourg</td>
<td>0.26</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>n.a.</td>
</tr>
<tr>
<td>Canada</td>
<td>0.12</td>
</tr>
<tr>
<td>China (Taiwan)</td>
<td>0.11</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>0.26 (1967)</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.09</td>
</tr>
<tr>
<td>France</td>
<td>0.23</td>
</tr>
<tr>
<td>Germany, Fed. Rep.</td>
<td>0.19</td>
</tr>
<tr>
<td>Hungary</td>
<td>n.a.</td>
</tr>
<tr>
<td>India</td>
<td>1.23</td>
</tr>
<tr>
<td>Italy</td>
<td>0.21</td>
</tr>
<tr>
<td>Japan</td>
<td>0.51</td>
</tr>
<tr>
<td>Mexico</td>
<td>0.08</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.38</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.18</td>
</tr>
<tr>
<td>Poland</td>
<td>0.34</td>
</tr>
<tr>
<td>Rep. of Korea</td>
<td>n.a.</td>
</tr>
<tr>
<td>Spain</td>
<td>0.91</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.91</td>
</tr>
<tr>
<td>U.K.</td>
<td>0.51</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>0.57(^2)</td>
</tr>
<tr>
<td>U.S.S.R.</td>
<td>0.23</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>0.25</td>
</tr>
</tbody>
</table>

\(^1\)Includes ores and concentrates and tin and alloys (unwrought).

\(^2\)Excludes specie, ores, concentrates, precipitates, blister and scrap.

The United States General Services Administration (GSA) stockpile is the prime example.

In the light of the above two considerations, tin imports as a percentage of total imports may be a poor indicator of the magnitude of the Northern stake in tin trade. Clearly, tin is important to the North because it is a non-competing product, i.e., it is not produced to any large extent in the North. It would appear, then, that the Northern stake in tin trade is somewhat difficult to assess, unlike the Southern stake which was clear-cut. Notwithstanding this, it is evident that the Northern stake in the trade of tin is not as small as it seems. Irrefutable evidence of this is the strong consumer interest shown toward the tin control schemes in the pre-war period, their subsequent agitation for participation in tin agreements, and their current participation.

As for the relative stakes of North and South in tin trade, the assessment becomes even more problematic. Certainly tin is of vital importance to Southern producing countries and in the final analysis one must submit that it is also more important for them than for the Northern consumers. But how much more important it is to them than it is to consumers will perhaps depend ultimately on the extent to which the metal can be substituted in industrial production. A brief discussion of "substitutability" will be in order here. The main use of tin is in the coating of steel into tinplate, from which our "tin" cans are made. In fact, aluminium has for many years been tinplate's most important
competitor in this regard. It has an advantage over tin in that it is lighter but it suffers from a serious disadvantage because it is relatively weaker and has a lower resistance to corrosion than tin. Other materials that constitute a threat to tinplate are plastics, chromium, nickel, lacquer and paper. In the period of acute tin shortage and soaring prices in the mid-1960s, it was reported that a number of steel companies in the United States (the leading producer of tinplate) were undertaking extensive research to find ways of reducing or eliminating the use of tin. Other users of tin were also reported to have reduced or were attempting to reduce tin usage, including makers of solder, automobile radiators, plumbing equipment and car bodies. Inspite of efforts at substitution, however, the demand for tin remains high as evidenced by the steady upward climb of the tin price over the years. It does appear that tin is still a crucial metal in industrial production. Given this consideration, then, we may still postulate that Northern consuming countries have a reasonably strong stake in the trade in tin. In other words, Southern producing countries still have a good bargaining position vis-a-vis the Northern consuming countries.

The Objectives of Tin Agreements

In the four post-war tin agreements arrived at from 1953 to 1970, the following six main objectives can be identified:

(a) prevent price fluctuations,

(b) ensure adequate supply,
(c) alleviate unemployment and/or under-employment,
(d) promote economic production or prevent waste,
(e) increase producers' export earnings, and
(d) review disposal of non-commercial stocks. 18

The first four objectives have been part of the tin agreements since 1953, while the last two were included only by the 1965 Agreement, following the convening of UNCTAD, reflecting, as I have argued, a new orientation in the constellation of interests in tin accords. Most of the objectives tend to reflect both the interests of producing and consuming countries, although for our purposes here two of the six may be considered as exclusively producer or consumer objectives. Objective (b) to ensure adequate supply is clearly a consumer objective, while objective (e) to increase export earnings is almost exclusively a producer objective. As for the others, we can rank them on a three-tier ordinal scale, according to their importance to producers and consumers (see Table XI).

Objective (a) to prevent price fluctuations tends to be of stronger interest to producers than to consumers for the simple reason that producing countries individually export much more tin than consuming countries individually import, i.e., producers have more at stake. As such, price fluctuations will have greater consequences for producing countries than for consuming countries, especially in terms of the gains from trade. Consider also that prices directly affect the level of production of tin and those employed in such production. Objective (c) to alleviate unemployment is also of greater interest to producers than to consumers,
but it is probably of a lower level of importance to both producers and consumers than the first objective. Objective (d) to promote economic production is a little more difficult to pin down: it is certainly of direct importance to producers while at the same time it reflects a consumer fear of an uneconomic run-down of tin supplies. It is again of a lower magnitude of importance than objective (a). Finally, objective (f) to review disposal of non-commercial stocks is of primary interest to producers as such disposals have a direct effect on the price of tin. For producers, it may be considered almost of the same magnitude of importance as preventing price fluctuations, although the lack of U.S. participation tends to reduce its importance in tin agreements.

Thus on balance the objectives of tin agreements tend to reflect producer interests more strongly than consumer interests. Two main reasons account for this. First, the preponderance of producer interests is partly a function of the historical development of tin control schemes, which started out as "producer clubs". Second, the impact of UNCTAD further emphasised producer interests in commodity agreements, the effect of which was the inclusion of the new objectives (e) and (f). However, to say that tin agreements reflect more strongly producer than consumer interests is not necessarily saying that producing countries have struck a good bargain. On the contrary, the preponderance of producer interests in the objectives of tin agreements may be merely a recognition that producing countries have a greater stake in tin trade.
The main interest of consuming countries in tin agreements is, without doubt, ensuring of adequate supplies of tin for their industries, but the interest does not stop here, of course. More importantly, consumers would like to obtain adequate supplies at "fair prices", or low prices if possible. No tin agreement could really guarantee adequate supplies, and therefore some consuming countries, like the U.S., go it alone, accumulating their own stockpiles of tin. However, consumers without stockpiles have nothing to fall back on when prices race into the upper limits, so they join tin agreements which could to a certain extent ensure "fair prices". But prices besides being "fair" have to be "remunerative" to producing countries in tin agreements. Indeed, this is where the real bargain is struck between consuming and producing countries participating in tin agreements. The manner by which commodity accords have overcome this potential zero-sum game where "fair" prices may not necessarily be also "remunerative", is by the method of establishing floor and ceiling prices for the commodity and thereby allowing prices to fluctuate within the agreed range. The floor price represents the lowest price the producers will accept for their good and the ceiling price the most consumers will pay for it. For purposes of operating the buffer stock, which will be explained below, the price range between floor and ceiling is divided into three sectors - lower, middle and upper. In the next section we will consider how effective such operations are in carrying out the objectives of tin accords.
Effectiveness of Tin Agreements

Clearly the main objective of tin accords is to prevent drastic fluctuations of price while at the same time ensuring an adequate supply of the commodity. This is pursued through two instruments of control: (a) buffer stock operation and (b) export control. Tin accords tend to place the emphasis on buffer stock operation, using export control as a stand-by mechanism.

Buffer Stock: Contributions amounting to 20,000 tons of tin (1965 and 1970) to the buffer stock are made by producing countries according to their percentages of tin production, although voluntary contributions may also be made by other participating and even non-participating countries. One-half of the required contributions is called up when an agreement comes into force payable either in cash or its metal equivalent. The Tin Council, the on-going body set up to operate an agreement, decides the dates and instalments for the other half of the contributions. (In the 1965 Agreement, the first half was called up on July 1966 and the second half by 31 January, 1968.)

A Buffer Stock Manager is responsible for the operation of the stock in relation to the agreed floor and ceiling prices and the range of sectors between these to limits. His responsibilities may be summarised as follows: If the market price of tin 1) is equal to or greater than the ceiling price, the Manager shall, if he has cash tin at his disposal, offer such tin for sale at the ceiling price until the market price
falls below the ceiling price or the cash tin at his disposal is exhausted;
2) is in the upper sector of the range, the Manager may sell cash tin if he considers it necessary to prevent the market price from rising too steeply;
3) is in the middle sector, the Manager may buy and/or sell tin only on special authorization by the Council;
4) is in the lower sector, the Manager may buy cash tin if he considers it necessary to prevent the market price from falling too steeply; and
5) is equal to or less than the floor price, the Manager shall, if he has funds at his disposal, offer to buy cash tin at the floor price until the market price of tin is above the floor price or the funds at his disposal are exhausted.\textsuperscript{21}

In certain circumstances and notwithstanding the above provisions, the operations of the buffer stock may be restricted or suspended if the Council so decides. At the end of the agreement, the Buffer stock is liquidated, the stock evaluated, and each contributing country receives its appropriate portion.\textsuperscript{22}

\textbf{Export Control}: This is the second main instrumentality of tin agreements. If and when necessary, a control period is declared by the tin Council thereby fixing a total of permissible exports of tin for that period, the control period is a quarter and the quarterly export amounts are divided among producing countries in proportion to their percentages of production. Penalties can be imposed for over-export by producing countries during a control period, including the defaulting country being required to make an additional contribution to the buffer
stock, its permissible exports for subsequent periods be reduced, or that it forfeits a part of its buffer stock contributions on liquidation of the stock. 23

There are two other residual "instruments" of control. In the event of a serious shortage of tin, the Council is obliged to make the necessary estimates of requirements and availability of the commodity and then make recommendations to participants "to initiate such action as will ensure as soon as possible a rapid expansion in the amount of tin which they will be able to make available", and "invite them to enter into such arrangements with it as may ensure consuming countries an equitable distribution of the available supplies of tin". 24 This provision is an attempt to buttress the supply objective but appears vague and offers no specific line of action. Second, there is the provision for the disposal of non-commercial stocks by participants, related to objective (f). When members wish to make such disposals they are to notify the Council which will discuss the plan and make recommendations. The disposals are to be made with due regard to the protection of producers and consumers and "to the consequences of such disposals on the investment of capital in exploration and development of new supplies and the health and growth of tin mining in the producing countries". 25

The Price Objective: The International Tin Agreements up till the middle of 1970 had failed three times to restrain price movements within the buffer stock ranges. The first time was in 1959 when the price fell through the floor, the second in 1963 when it rose above the
# TABLE VIII

## PRICE RANGES IN THE TIN AGREEMENTS

(London price for cash tin) £ per long ton

<table>
<thead>
<tr>
<th>Period of Operation</th>
<th>Floor</th>
<th>Middle Range</th>
<th>Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 1956 - 22 Mar. 1957</td>
<td>640</td>
<td>735-785</td>
<td>880</td>
</tr>
<tr>
<td>22 Mar. 1957 - 12 Jan. 1962</td>
<td>730</td>
<td>780-830</td>
<td>880</td>
</tr>
<tr>
<td>4 Dec. 1963 - 12 Nov. 1964</td>
<td>850</td>
<td>900-950</td>
<td>1000</td>
</tr>
<tr>
<td>12 Nov. 1964 - 6 July 1966</td>
<td>1000</td>
<td>1050-1150</td>
<td>1200</td>
</tr>
<tr>
<td>6 Jul. 1966 - 20 Nov. 1967</td>
<td>1100</td>
<td>1200-1300</td>
<td>1400</td>
</tr>
<tr>
<td>20 Nov. 1967 - 16 Jan. 1968</td>
<td>1283</td>
<td>1400-1516</td>
<td>1633</td>
</tr>
<tr>
<td>2 Jan. 1970 -</td>
<td>1260</td>
<td>1380-1490</td>
<td>1605</td>
</tr>
</tbody>
</table>

(£ per metric ton)

**Source:** ITC Statistical Yearbook 1968, p. 275
TABLE IX

BUFFER STOCK TIN METAL PURCHASES UNDER
THE 1965 TIN AGREEMENT

(Long tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>1967</td>
<td>1475</td>
<td>-</td>
<td>1930</td>
<td>1315</td>
</tr>
<tr>
<td>1968</td>
<td>3470</td>
<td>II 975</td>
<td>III 2090</td>
<td>IV</td>
</tr>
<tr>
<td>1969</td>
<td>I</td>
<td>II 2840¹</td>
<td>III 805¹</td>
<td>-</td>
</tr>
</tbody>
</table>

¹Net Sales

ceiling and then in April 1970 when it again broke through the ceiling.  
A glance at Table VIII shows that price ranges have tended to progressively 
shift upwards under the tin agreements. The general upward price trend 
over the years is of course largely the result of underlying market 
forces, and it would be foolhardy to make any further conclusions from it 
without more detailed analysis. However, under the 1965 Agreement, the 
price range was ostensibly changed three times (up till December 1969), 
twice with upward revisions, as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Floor</th>
<th>Middle Range</th>
<th>Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial:</td>
<td>1000</td>
<td>1050-1150</td>
<td>1200</td>
</tr>
<tr>
<td>July 1966:</td>
<td>1100</td>
<td>1200-1300</td>
<td>1400</td>
</tr>
<tr>
<td>Nov. 1967:</td>
<td>1283</td>
<td>1400-1516</td>
<td>1633</td>
</tr>
<tr>
<td>Jan. 1968:</td>
<td>1280</td>
<td>1400-1515</td>
<td>1630</td>
</tr>
</tbody>
</table>

The upward shifts could mean that the buffer stock operation 
and export control under the 1965 Agreement were not adequately 
effective in keeping prices down to the initial price ranges, as was the 
case for similar upward shifts under the 1960 Agreement (see Table VIII). 
However, we know that for the greater part of the 1965 Agreement, 
there tended to be an oversupply of tin, which would have tended to 
depress prices. Furthermore, the buffer stock operation under this 
Agreement consisted mainly of purchases (see Table IX), which meant that 
they were aimed at keeping the price at least below the floor. Moreover, 
to further buttress the floor price, export control was declared from
from mid-September 1968 till 31 December 1969. All this means that the upward revisions of the price range must have been definite policy decisions rather than an effort to cope with market forces. One good indicator of this is that producing countries had complained that the price range fixed at the 1965 negotiations were too low and that Malaysia and Bolivia had threatened not to accede to the Agreement. In fact, we know that the first upward shift in July 1966 was the direct result of the Malaysian-Bolivian threat not to accede to the agreement.

As for the general effectiveness of the 1965 Agreement in preventing price fluctuations, it appears that the buffer stock operation in the form of purchases were able to cope with a downward pressure on price until the end of 1968 when export control was declared and kept in effect until the end of 1969. As the tin price did not crash below the revised floor during this period, we may conclude that both buffer stock operation and export control were generally effective in controlling fluctuations within the ranges established by the Council. However, prices moved upwards in 1970 and in April shot above the ceiling. The Buffer Stock Manager attributed the failure of the Council to check this largely to the activity of speculators, combined with a growing shortage of tin in the market, high interest rates prevailing then in the world and general inflation.

In general, in assessing the efficacy of tin agreements in coping with price fluctuations, we may conclude that they have been considerably effective. There have been, after all, only three failures to check price movements from breaking out of the agreed price ranges in
a period of 15 years (1956-1970). In our analysis of the 1965 Agreement, it was shown that buffer stock operation and export control were able to maintain the floor price despite two upward revisions. The failure to protect the ceiling will be discussed under the supply objective.

The Supply Objective: Ensuring adequate supplies of tin is almost exclusively a consumer interest, but consumers, as noted earlier, are not interested only in having adequate supplies; they would like to ensure that such supplies are acquired at "fair prices". We will assume for purposes of analysis that a fair price to consumers is one that falls within the range of prices established by an agreement and the Tin Council from time to time, for consumers have an equal role in fixing such price ranges. As for the question of what constitutes adequate supplies, we will have to use the price indicator. In other words, if prices rise too sharply and too high, this would indicate that supply was short of demand. According to the Buffer Stock Manager, under the 1965 Agreement, there tended to be an over-supply in the market and he had to purchase 11,290 tons of tin. However, toward the end of the agreement period and by the second quarter of 1969, he began selling (see Table IX) but failed to prevent the price from breaking through the ceiling. Under the 1960 Agreement, the price of tin also broke through the ceiling in 1963 indicating acute shortage in the metal. There were successive upward shifts in the price range in January 1962, December 1963 and November 1964 (see Table VIII) to bring the market price within the agreement range. Rogers argues that the problem was due in part to the small size of the
buffer stock. The Buffer Stock Manager was less inclined to put the blame entirely on buffer stock size, pointing out that because of upward shifts in the floor price his buying power was reduced as the contributions were based on the initial floor price. Furthermore, there was no metal contribution and this made it difficult for him to protect the ceiling as he had to convert the cash at hand into metal to do so. He admitted, however, that if participants of tin agreements felt that the buffer stock should be the main instrument of control, then, to be effective, it has to be enlarged.

Thus in assessing the effectiveness of tin agreements in carrying out the supply objective, we find two periods where tin shortages were clearly evident and when "fair prices" could not be maintained by the instrumentalities of the agreements. As noted, tin agreements have really no way of guaranteeing adequate supplies of tin; they can only hope to prevent prices from soaring or dropping to unacceptable levels for consumers and producers. Therefore, given that in the length of 15 years for which tin agreements were operative, there were only two periods when prices broke the ceiling, we may still conclude that the objective "adequate supply at fair prices" has been adequately achieved. Obviously, as the Buffer Stock Manager pointed out, there are some major shortcomings in the operational aspects of the agreements in coping with periods of acute tin shortage. Given these difficulties, one could hardly expect the agreements to have function any more effectively.
The Employment Objective: This is a nebulous objective as nothing in actual operative aspects of tin agreements contributes positively toward such an objective. In fact, as Lim Chong Yah and Yip Yat Hoong point out, the operations of tin agreements, especially export control tend to have a negative effect on employment in producing countries. In Malaysia, export restriction has been shown to cause the closing down of mines for certain periods, especially the smaller production units. For example, in the year 1958, under the First Agreement, 42 tin dredges and 257 other tin mines were abandoned, and 11,712 workers employed in the tin industry were retrenched in Malaya.

It may be argued that the employment objective tends to be in contradiction to the price objective, that is, to maintain a high price sometimes involves export control which may result in unemployment in the tin industry. It should be noted, however, that the objective is stated as "to prevent widespread unemployment or under-employment," i.e., the agreements do not really envisage positive action but only hope to curtail whatever unemployment may result from the operation of export control. Nonetheless, in the final analysis, this objective cannot be said to have been effectively pursued via tin agreements.

The Economic Production Objective: Lim Chong Yah suggests that this objective may be viewed from three angles: (a) the lowering of average production costs of individual mines, (b) the prevention of premature abandonment of mines, and (c) the elimination of high-cost
Like the previous objective, tin agreements have no real provisions for any of the above measures. Indeed, these activities depend largely on the decisions of individual producing countries themselves. Furthermore, Lim suggests that this objective may be in contradiction to other objectives. First, mines are often prematurely abandoned because of export control aimed at maintaining the price range fixed by an agreement. Second, one of the favourite claims of producing countries in bargaining for a higher floor price is that production costs are high and that marginal mines would be closed if the floor price were not raised. Bolivia has frequently taken such a position. In other words, some producing countries are committed to maintaining high-cost mines in the first place if only because to close them would result in unemployment. So, the economic production objective is also in conflict with the supply objective because in periods of acute shortage, even the highest-cost mines will be brought into operation.

Therefore, like the previous objective, the economic production objective cannot be said to have been effectively pursued through tin agreements.

The Export Earnings Objective: This is one of the objectives which was incorporated into tin accords as a direct consequence of UNCTAD. There is no specific provision in the operational features of tin agreements that pertain directly to this objective, although it is assumed that price fixing is the instrumentality through which it is attained.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>17.1</td>
<td>18.0</td>
<td>20.5</td>
<td>21.9</td>
<td>28.9</td>
<td>33.2</td>
<td>33.4</td>
<td>32.7</td>
<td>38.8</td>
</tr>
<tr>
<td>Congo, Dem. Rep.</td>
<td>4.6</td>
<td>2.6</td>
<td>6.8</td>
<td>9.9</td>
<td>10.3</td>
<td>12.8</td>
<td>18.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td></td>
<td>6.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>59.2</td>
<td>64.5</td>
<td>72.3</td>
<td>74.9</td>
<td>84.9</td>
<td>101.8</td>
<td>92.1</td>
<td>88.4</td>
<td>113.0</td>
</tr>
<tr>
<td>Nigeria</td>
<td></td>
<td>0.5</td>
<td>6.7</td>
<td>8.9</td>
<td>12.9</td>
<td>14.9</td>
<td>15.4</td>
<td>13.1</td>
<td>16.1</td>
</tr>
<tr>
<td>Thailand</td>
<td>9.3</td>
<td>10.7</td>
<td>11.9</td>
<td>12.9</td>
<td>16.7</td>
<td>20.5</td>
<td>22.7</td>
<td>31.4</td>
<td>30.1</td>
</tr>
</tbody>
</table>

¹Includes both tin metal and concentrates.

Table X shows upward trends in the export earnings from tin for most producing countries. Although one could not conclude from this that tin agreements have been eminently successful in helping the producing countries increase their export earnings, one could nevertheless point out that the agreements have not at any rate adversely affected the export earnings of these countries. One way of getting around the problem of assessing this objective is to consider how effective tin agreements have been in maintaining "remunerative" prices. This, we have done in analysing the price objective. We found that the buffer stock operations and export control have been considerably effective in maintaining the floor price (below which prices would not presumably be considered "remunerative" by producers). Only once, under the 1953 Agreement, did prices sink below the floor. Also, in reviewing price ranges, there has been a general tendency for upward shifts over the years. It may therefore be adduced that tin agreements have been reasonably effective in pursuing the export earnings objective. Exactly how satisfactory the agreements have been to producing countries must finally depend on what they expect. There was indication in the 1965 negotiations that producing countries were not satisfied with the price range fixed, when both Bolivia and Malaysia threatened non-accession. However, in the 1966 July meeting of the Council, the floor price was raised from $1,000 per ton to $1,100 per ton and the ceiling from $1,200 to $1,400. In fact, there was subsequently a further upward revision in November 1967 (see Table VIII).
The Stocks Disposal Objective: The Council has had considerable success in the disposal of non-commercial stocks for participants of tin agreements. During 1959 and 1960, 4,900 tons of tin metal were sold for the U.K., and in 1960, disposals began from the Italian stock of 2,500 tons, while the intention of disposal 3,000 tons of Canadian stocks was announced. In the last three years of the First Agreement, over 10,000 tons of tin metal were sold by the Council from these sources.\(^ {42}\)

The absence of the U.S. from the agreements, however, remains the main problem in respect to such proposals. The GSA's continuing changes in the disposal programme have had a major unsettling influence on the market. Even after a decision in 1969 to take 32,000 tons of metal from the disposable surplus, leaving 25,000 tons for sale,\(^ {43}\) the GSA still has a greater holding than the ITC buffer stock. However, if the U.S. accedes to the current agreement, the problem will be eliminated. Thus, as a result of the lack of U.S. participation in tin agreements so far, the disposal of non-commercial stocks remains a problem.

Table XI represents an attempt to summarise the foregoing discussion of the objectives of tin agreements, the relative interest producing and consuming countries have in these objectives, and the effectiveness of tin agreements in pursuing these objectives. The six main objectives of tin agreements (1953-70) are listed and the relative interest of producing and consuming countries in these objectives scored according to a simple three-tier ordinal scale of "very strong interest", \( \ldots \)
to "little or no interest". In other words, the scores are merely an indication of how relatively important these objectives are to producers and consumers. The six objectives are also rated crudely on a low to high scale according to how effectively they have been pursued in tin agreements. The evaluation should by no means be treated as a precise assessment since the evidence presented has been less than comprehensive.

II THE STRUCTURE AND PROCESS OF TIN NEGOTIATIONS

Negotiation has been defined by Fred Ikle as "a process of which explicit proposals are put forward ostensibly for the purpose of reaching agreement for an exchange or on the realization of a common interest where conflicting interests are present." International tin negotiations and commodity accord negotiations in general can be described in such terms. However, Ikle's definition excludes tacit bargaining because he sees negotiation as a basically "open" process. For my purposes I would include the notion of tacit bargaining in the working definition of negotiation, as to exclude it would be to leave out a major part of the phenomenon of bargaining, namely, that "psychic" aspect that coordinates expectations, even when communication is incomplete between bargaining parties, as Schelling puts it.

It is also useful to consider negotiation, and tin negotiations in particular, as a sequential activity, that is, negotiation involves process and is not a static activity. Following Jack Sawyer and Harold Guetzkow, one can identify at least four steps or stages of negotiation, namely,
### TABLE XI

**OBJECTIVES, INTERESTS AND EFFECTIVENESS OF TIN AGREEMENTS**

<table>
<thead>
<tr>
<th>Years</th>
<th>Objectives</th>
<th>Interest 1</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Producers</td>
<td>Consumers</td>
</tr>
<tr>
<td>(a) 1953-70</td>
<td>Prevent price Fluctuations</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(b) 1953-70</td>
<td>Ensure adequate supply</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(c) 1953-70</td>
<td>Alleviate unemployment</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>(d) 1953-70</td>
<td>Promote economic production</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>(e) 1965-70</td>
<td>Increase export earnings</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>(f) 1965-70</td>
<td>Review disposal of non-commercial stocks</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

1Key 1 - Very strong interest  
2 - Strong interest  
3 - Little or no interest
(a) preliminary negotiation concerning procedure and agenda,
(b) formulation of alternatives and preferences of each party into a joint decision matrix,
(c) communication and persuasion intended to alter the other party’s perception of the situation, and
(d) threats and promises, fait accomplis and creative problem-solving activity to narrow or widen the range of available outcomes and alternatives.

For the analysis of tin negotiations I have decided to collapse the process of negotiation into two fundamental stages which I shall call (1) Preparatory Negotiation, involving the Sawyer-Guetzkow steps (c) and (d). This study will be concerned more with operational negotiation than with preparatory negotiation for the main reason that the latter is not particularly important for on-going commodity accords, such as the tin agreements. The preparatory negotiations had by and large been carried out before the first post-war agreement (1953) was negotiated. The subsequent agreements were in large part no more than renewals of preceding agreements, which formed the basis of negotiation for each new tin conference. In other words, a joint decision matrix need not be formulated de novo at each new tin conference. Nevertheless, preparatory negotiation is very important in the negotiation of new commodity accords, that is, commodities for which there are no pre-existing accords.

Preparatory Negotiation

Where there has been no prior agreement for a commodity, the
United Nations Economic and Social Council Resolution 296 (XI) allows that a commodity conference may be called by an appropriate intergovernmental body, usually a commodity study group. Where there have existed previous agreements, the commodity council of that particular commodity requests a conference as a matter of course when the agreement in force is due to expire. The convening of study groups to recommend new accords is the responsibility of the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA), established by ECOSOC in 1947. The ICCICA stresses that before a conference is undertaken there must be (a) some assurance that an agreement is a possibility, and (b) adequate preparation and the necessary documentation. The normal procedure leading to the setting up of a study group is as follows:

(a) a request is received from an interested government or the ICCICA decides to seek the views of interested governments,

(b) usually the ICCICA requests the Secretary-General of the UN to take soundings as to the views of principal importing and exporting countries, "using some objective basis as a criterion of interest",

(c) in some cases, governments present at the preparatory meeting have considered it advisable to establish on an ad hoc basis a standing committee to prepare for the establishment of a study group and to keep the situation
under review (examples are lead, zinc and tungsten),

either by the preparatory meeting or the standing committee, with a request to indicate whether they would be prepared to become members of a study group. 49

Once the study group has been establish, it sets out to gather the necessary information and conducts studies on the economic factors governing trade in that commodity, with a view to arriving at a suitable type of commodity arrangement for the product concerned. More importantly, the study group prepares the draft agreement, which may be compared to the Sawyer-Guetzkow step (b) of "formulating alternatives and preferences of each party into a joint decision matrix". Such preparation is essential before operational negotiation can proceed. As the ICCICA puts it:

Measures designed to achieve the objectives of a commodity agreement are necessarily specific to each commodity. Only after having gathered the basic information...would it be possible to form a judgement on the practicality of the mechanism of the proposed agreement. Since the study group provides a forum for an international discussion of both the problems and suggested remedies, the group would be in a position to make recommendations on the type of arrangement which would best ensure an improvement in the trade of the commodity. 50

The formulation of alternatives and preferences does not of course end at the study group level; many amendments are made to the draft agreement presented to the delegates for consideration at the conference stage of negotiation. At the study group level, "representatives are not prepared to discuss the difficult and controversial questions such as those of prices and quotas". 51
Pre-conference preparation also includes drawing up the agenda and drafting the rules of procedure, i.e., step (a) in the Sawyer-Guetzkow sequence. This work is undertaken by the ICCICA where there exists no prior agreement, and by the commodity councils where previous agreements have been in existence.

Operational Negotiation

This is, of course, carried out at the conference level. By operational negotiation, I mean, by and large, substantive negotiation, but it may also include the formulation of alternatives and preferences, which I consider as part of preparatory negotiation. In short, operational negotiation incorporates bargaining and the use of communication, persuasion, threat, promises and the like to secure desired outcomes, i.e., Sawyer-Guetzkow steps (c) and (d).

An important feature of ICA conferences is that negotiations are largely carried out in closed sessions. Apart from the opening and closing general statements by delegates at the beginning and at the end of a conference, negotiations for the most part are held behind closed doors, the major decisions being made by an Executive Committee. The ICCICA underscores the importance of keeping negotiations closed for the following reason:

... this tends to reduce or eliminate speculation which might be based on the bargaining position taken by the group at a given time. Particularly where prices are under consideration such discussions should not be allowed to influence the market. 52
For carrying out the main work of the conference, the Executive Committee sets up two principal committees - the Economic Committee and the Administrative and Legal Committee. The first, in turn, usually sets up its own sub-committees - a Technical Committee and a Statistical Committee, which deal with technical questions such as price differentials for various grades of the commodity and estimates of total world requirements of the commodity. However, the bulk of the work of the Economic Committee consists of negotiating the terms of the agreement, while the Administrative Committee defines and clarifies these terms and makes the necessary arrangements to implement the agreement. There is yet a third committee, the Steering Committee, which is established to guide the chairman and executive secretary in organizing the work of the conference.

A less formal structure of ICA negotiations is the working party. This is an ad hoc group of delegates set up to discuss and hopefully resolve some of the more difficult issues, which have brought the larger committees to a deadlock. As the ICCICA observes,

As different issues of a complex nature are raised during the conference it is usual to set up working parties to deal with them. With a view to making progress, it has been found most useful to isolate in this way the separate issues for consideration by small groups.\textsuperscript{53}

For example, in the 1970 tin negotiations, the Economic Committee set up a working party to consider the delicate issue of buffer stock financing.\textsuperscript{54} Yet another informal aspect of the operational negotiation in commodity agreements is the separate group meetings of producing
and consuming countries on the assumption that most interests tend to coalesce along producer-consumer lines.\textsuperscript{55}

**Voting:** During a conference no attempt is made to introduce any form of voting, for example, the weighted voting system that is used in commodity councils (to be explained below). Instead, under the rules of procedure which the ICCCIA has framed, the chairman is supposed to "ascertain the sense of the meeting in lieu of a formal vote." If this is not possible, the issue is deferred to another time or referred to another group, usually a working party. A formal vote may be requested, but it appears that delegates generally recognise the importance of the interests of countries particularly concerned about an issue and do not insist on a vote where such action would make impossible to continue the work of the conference. Thus, it follows that where a major producing country or consuming country is opposed to a particular measure, it has \textit{de facto} veto on that measure. The converse, however, may not be true, i.e., where a major producer or consumer is in favour of a particular measure, it does not mean that the measure will be approved for the simple reason that other producers and/or consumers may oppose it.

The formulation of alternatives and preferences in a joint decision matrix is arrived at only in tentative form at the study group level. At the conference stage of negotiation, the terms are further pursued, particularly with respect to price-fixing and quotas. (In the case of tin, buffer stock questions are also a prime bone of contention.) Where stalemates occur on these questions, it is necessary sometimes for delegations to seek instructions from the home government, and the
conference adjourns for this purpose. The Havana Charter and UNCTAD provide no more than general guidelines on prices and quotas.

The outcome of any commodity agreement is as much a function of the bargaining strategies, ploys and skills of the parties concerned as it is the result of the bargaining strengths of these parties, the latter being largely determined by the structural characteristics of production, consumption and trade of a commodity.

The Operation of an Agreement

The duration of an ICA is usually not more than five years. The agreement comes into force after a complex process of signatures, ratification, acceptance, approval and accession by governments has been obtained. (See Appendix A, Articles 44-48.) Accession is the final step indicating that the acceding government will participate in the implementation of an agreement. Certain conditions also need to be fulfilled before an ICA can come into force. These objectives are framed in the light of the objectives and nature of a particular agreement. In most cases, where agreement involves regulating the trade in a commodity, a minimum percentage of world trade must be covered by the participants before the operation of the agreement can be effective. As such, tin, coffee, wheat, and sugar agreements require that this condition be satisfied before an agreement can come into force. In the first two cases a minimum number of producing and consuming countries are also required to accede to an agreement. The olive oil agreements, however,
only require that a certain number of "substantially interested" countries accede as the main objective of the agreements is to improve marketing of the commodity, rather than regulate price. The specific conditions for an international tin agreement to come into force are: accession by at least six producing countries holding 950 votes out of a total 1,000 (see below), and nine consuming countries holding 300 votes also out of a total 1,000 (see Appendix, Article 47). The tin agreements are particularly stringent in requiring producer participation because price is maintained by a buffer stock financed by producing countries.

Finally an agreement has to be implemented. This is done by the commodity council - the on-going body of an agreement. The members fall into two categories: producing (exporting) countries and consuming (importing) countries, each having a thousand votes which are distributed and weighted according to the proportion of exports of imports of the individual participating countries. For example, in the 1970 Tin Agreement, the top three producers - Malaysia, Bolivia and Thailand - were assigned, respectively, 442, 164, and 139 votes each, while the top two consumers - United States and Japan - had 310 and 121 votes respectively. These votes are calculated for all participants in a conference and are changed accordingly after the actual acceding governments have been determined. In addition to these percentage votes, each participating country receives five initial votes. No country may receive more than 450 votes. (See Appendix, Article 11 and Annexes A and B.) Decision-making in the Council is effected through four different voting systems:
1) a simple majority vote, taken by producers and consumers as a whole;
2) a simple distributed majority vote, i.e., simple majority votes taken by producers and consumers separately;
3) a two-thirds majority vote, taken by producers and consumers as a whole; and
4) a two-thirds distributed majority vote, i.e., two-thirds majority votes taken by producers and consumers separately.

Which of the four voting systems will be used depends largely on the importance of the issue at hand. For the more important decisions - for example, questions of export control - usually a two-thirds distributed majority vote is required. The other more important decisions that the Tin Council makes relate to the disposal of non-commercial stocks and action during a tin shortage, as well as the setting up of various committees to study the on-going problems of the tin industry. For the most part, however, the Council merely implements the terms of an agreement as decided by the participants at a conference.

III THE DECISION TO GO FOR ACCORD

If we consider producing and consuming countries negotiating tin agreements in a game theory context, we will find that basically a mixed interests or mixed-motive bargaining problem obtains. In essence, this means that producers and consumers have both competing and common interests in tin trade. If their interests were purely competitive, there could be no negotiation of tin agreements; on the other hand, if their interests completely overlapped, there need be no such negotiation.
"Pure" situations such as these clearly do not exist in the real world in which interests are invariably mixed to some degree. In the case of the parties in tin trade, we would agree in general that producing countries would like a high price for their product and consuming countries a low price. We would also agree that neither a high price nor a low price could be maintained in the free market for very long. However, the price for both sides could be stabilised through the control mechanism of a commodity agreement, which reduces the price from fluctuating between very high and very low. It follows, then, that the preferences of producers and consumers are as follows:

**Producers**
1. High price without commodity agreement
2. Medium range price with agreement
3. Price fluctuates between high and low without agreement
4. Low price without agreement

**Consumers**
1) Low price without agreement
2) Medium-range price with agreement
3) Price fluctuates between low and high without agreement.
4) High price without agreement

To illustrate these preferences of producers and consumers in a game matrix, we need to know more than the order of preferences; we have to know the payoffs, expressed in terms of utility, for each of the
possible eight outcomes that can occur for the two parties. The eight different outcomes will therefore be assigned numbers, or unit values of utility, representing the payoff of each outcome to the two parties. We will draw on our earlier analysis of tin agreements and the relative stakes of producers and consumers in tin trade to assign these utilities. The example, however, should be taken as illustrative rather than real. We may get the following matrix:

\[
\begin{pmatrix}
  & C_1 & C_2 \\
 P_1 & 5,3 & 0,5 \\
 P_2 & 10,0 & -10,-5
\end{pmatrix}
\]

**Matrix 1**: Subscript 1 -"cooperate"; Subscript 2 - "compete"

In the matrix above, we have collapsed the strategies available to producers (P) and consumers (C) into two: "cooperate", i.e., participate in a tin agreement, or "compete", i.e., give free reign to market forces operating on the price of tin. The payoffs for producers when they choose to cooperate are 5 units when consumers also choose to cooperate (i.e. Agreement at P_1, C_1), and 0 units when consumers choose not to cooperate (No Agreement at P_1, C_2). When producers choose to compete (No Agreement at P_2, C_1 and P_2, C_2), the payoffs are a positive 10 units or a negative 10 units, indicating that at times a very high
price may be maintained but at other times, it may plummet to equally low levels. For consumers, when they choose to cooperate, the payoffs are 3 units when producers also choose to cooperate (Agreement at $P_1$, $C_1$), and 0 units when producers choose to compete (No Agreement at $P_2$, $C_1$). When consumers choose not to cooperate (No Agreement at $P_1$, $C_2$ and $P_2$, $C_2$), that is, market forces are allowed free reign, the payoffs are a positive 5 units or a disutility also of 5 units, indicating price fluctuations between low and high. It should be evident that the difference in payoffs when 'Agreement' and 'No Agreement' obtain is always smaller for consumers (3-0 = 3, 5-3 = 2, and 3- (-5) = 8) than it is for producers (5-0 = 5, 10-5 = 5, and 5- (-10) = 15). The logic of this difference lies in the relative stakes of producers and consumers in tin trade. Since we found, in an earlier section, that producers have a higher stake in tin trade than consumers, it should follow that both the salutary and adverse effects that a tin agreement or market forces may have on the price of tin must necessarily register higher values for producers than for consumers. Stated differently, the utility of a high price is greater to producers than is the utility of a low price to consumers, and similarly, a stable middle-range price is of greater utility to producers than consumers. This proposition should be at once evident when one recalls that producing countries are Southern countries heavily dependent on the trade in tin for export earnings.

The bargaining problem involved in the negotiation of tin agreements can be further illustrated in a two-dimensional "negotiation
graph", in which the payoffs in Matrix 1 are plotted. (Figure 1). In
the graphical representation of Matrix 1, the special position of \( P_2, C_2 \),
when both producers and consumers choose not to cooperate, is immediately
apparent. For this outcome alone, the utility of both parties could be
increased by their choosing any of the other three outcomes. Among these
three outcomes \( (P_1, C_2; P_1, C_1; \text{ and } P_2, C_1) \), however, an increase in
the utility of one necessarily means a decrease in the utility of the
other. These outcomes are called Pareto optima, after the French econo­
mist Vilfredo Pareto, who first used the notion. For any point that is not
Pareto-optimal, another point can be found providing greater utility for
one party without decreasing the utility of the other party. Bargaining
"solutions" are therefore usually assumed to be arrived at a point on the
"utility frontier" which is the line drawn through all the pareto optima. 61

The preceding discussion tells us that it would be logical for
producers and consumers to agree to cooperate in stabilising the price of
tin. There is still the problem of negotiating the actual control price.
It is possible that the bargaining over the control price may develop
into a zero-sum game. Indeed, this might well be the case if one assumes
a one-to-one relationship between price and utility for the bargaining
parties, i.e., an increase in the price corresponds to an increase in
producers' utility while decreasing that of consumers, and a lowering of
the price corresponds to a decrease in producers' utility while increasing
that of consumers. In short, we have the classic zero-sum game where
the gain of one equals the loss of the other. We can illustrate this
FIGURE 1: GRAPHICAL ILLUSTRATION OF MATRIX 1
quite simply in a game matrix, where producers and consumers can either choose to increase or lower a given price, be it the existing control price as in the case of on-going tin agreements, or any proposed price as in the negotiation of new agreements. We may get the following matrix (again, basing the values on the assertion that producers have a heavier stake in tin agreements than consumers):

\[
\begin{bmatrix}
10 & 0 \\
0 & -5
\end{bmatrix}
\]

Matrix 2: Subscript 1 - "increase price"; Subscript 2 - "lower price".

We can see that the best outcome for producers is \( P_1, C_1 \) with a payoff of 10, i.e., when both sides agree to increase the price. The best outcome for consumers is \( P_2, C_2 \) with a payoff of 5, when both parties decide to decrease the price. If either side chooses an opposite strategy from the other, the payoff to both is 0, indicating that no agreement can be reached on fixing the price and therefore the status quo prevails, i.e., neither side gains nor loses. The game in fact has a saddlepoint, i.e., a point where a "stable solution" rests, if both players were rational. This is the point \( P_1, C_2 \) where if producers choose to increase the price, the worst that can happen to them is 0 utility.
Similarly, if consumers choose to decrease the price, the worst that can happen to them is a utility of 0. There is no sense in producers choosing $p_2$, thereby opening themselves to a disutility of -5 if the other side chooses $c_2$. Similarly, consumers will be foolish to choose $c_1$ and be vulnerable to a high negative payoff (-10).

Clearly the above game is an oversimplification, but it does illustrate the point that price bargaining if it becomes zero-sum will lead to non-agreement. The 1962 cocoa agreement negotiations foundered largely because price bargaining did become zero-sum. Similarly, the 1965 Tin Agreement may have collapsed if Malaysia and Bolivia were not finally granted the price increases they sought. However, for the most part, tin agreements have avoided, though not entirely eliminated, zero-sum bargaining by having a control price that fluctuates between a floor and a ceiling, instead of a single price. Flexible price arrangements increase the latitude of choice for the bargaining parties. Within limits, producers and consumers can now have their "own" price, as it were. Stated differently, consumers can devote all their energies in securing a low floor price and producers concentrate their efforts on securing a high ceiling price. However, the final floor and ceiling prices decided on must never be below the minimum dispositions of producers and consumers respectively, i.e., the minimum price producers will accept for their good and the maximum price consumers will pay for it.

The preceding discussion has attempted to focus on the broad
considerations that influence producers and consumers to negotiate tin accords. We tried to show that given the structural characteristics of tin trade, it is in the interests of both producers and consumers to participate in such accords. It is especially in the interests of Southern producing countries, heavily dependent on the income from tin trade, to conclude such agreements with the consuming countries. We suggested, also, that the final decision to participate in such agreements rests on the negotiation of the price range to be implemented by an agreement. However, the picture provided so far has been basically a static one. We have yet to probe into the "black box" of bargaining which involves the whole process of persuasion, communication, the use of threats and promises and the like, to secure favourable outcomes. For example, we introduced the notions of utility and minimum disposition as if they were fixed and unchangeable. Clearly this is not the case. Not only do utilities and minimum dispositions of bargaining parties change with time and circumstance, but what is more important, can be changed by the bargaining parties involved. Furthermore, new alternatives can become available in any bargaining situation, thereby changing the whole structure of the decision matrix and negotiation graph. It is this dynamic aspect of bargaining - the modification of utilities, minimum dispositions and alternatives - that I propose to examine in the next chapter, under the broadly defined rubric of "bargaining strategies".
CHAPTER III

SOUTHERN BARGAINING STRATEGIES: PAST USAGE AND FUTURE POSSIBILITIES

In this chapter, I propose to examine the kinds of bargaining strategies Southern producing countries have used and can use vis-à-vis Northern consumers in tin negotiations. A bargaining strategy is defined broadly to include any method or technique, verbal and non-verbal, that a party can bring to bear on the other party in influencing it to act in the first party's favour. Thus, bargaining strategies would encompass most of the activity involved in operational negotiation as we have defined it. More specifically, bargaining deals with the modification of utilities, minimum dispositions and the alternatives available to the bargaining parties. A bargaining strategy would therefore be a method by which such modification is effected to the advantage of the initiator. My intention is to provide something of a check-list of strategies that have been employed and can be employed by Southern producing countries in tin negotiations. Since this is an exploratory study, I have cast my nets rather wide in considering the strategies available to Southern producers, but despite this, I make no claim that all possibilities have been exhausted.

The strategies outlined and formulated should best be understood in terms of how a Southern country may bargain in tin negotiations, with the assumption that the greater the number of Southern producers acting in concert on any strategy, the greater would be the likelihood of success. There is some evidence, however, that Southern countries take reasonably similar bargaining positions on a number of issues, as shall
be seen. I have attempted to arrange the strategies on some kind of a "mild-to-strong" continuum, that is, they range from strategies of normative appeal and those employing "soft" persuasion techniques through to those employing "hard" techniques such as threats and *faits accomplis*. The problem of assessing the efficacy of these strategies and making recommendations for their future usage will be largely undertaken in a separate section after the strategies have been described and illustrated.

**Influencing the Opponent's Normative Position**

The group of strategies to be considered under this heading are among the more common and popular ones used in bargaining situations, although they are at the same time some of the more difficult to execute successfully. When one employs such strategies, one, in effect, tells the opponent, "If this is your normative position, you should do thus...". There are two broad ways of approaching such strategies: one could merely point out to the opponent that his normative position demands that he takes a particular course of action which is favourable toward one, or one could actually attempt to *shift* his normative position in such a way that he takes an action that is favourable toward one. The end result is essentially the same -- if one succeeds in convincing the opponent of the normative value (to him) of a particular course of action, he must necessarily want to pursue that course of action. In bargaining terms, one would have succeeded in modifying the opponent's utility (satisfaction) from an outcome. There are basically
three variants of this strategy that I wish to consider, two of which have been widely used in tin negotiations. The first may be called the "altruism approach", the second, the "democracy approach", and the third, "promoting empathy".

The altruism approach: Especially since the convening of UNCTAD, it is common, in tin negotiations, to hear Southern delegates talk of the new kind of ethic that has been fostered in the relations among nations. Some called it a "new morality" and related it to "social justice", an "ordered world", and "peace"; and others called it a "new orientation" for tin agreements. More specifically, this new ethic referred to the values engendered by the UNCTAD movement, which were based on the need for a more equitable international re-distribution of economic well-being. When Southern delegates refer to the UNCTAD ethic in tin negotiations, they are, in effect, attempting to persuade their Northern counterparts of the morality of certain courses of action; more specifically, they are appealing to Northern altruism. The line of reasoning generally goes as follows: Many Northern countries espouse the ideals fostered by UNCTAD if not explicitly, at least tacitly. As such, they should approach tin agreements from a "welfare" perspective. It follows too, that they should consider the question of price-fixing and contributions to the buffer stock on the principle, "From each according to his ability, to each according to his need."2

This strategy is used most often with respect to the buffer stock issue, in particular, with respect to the fact that consumers do not con-
tribute to the financing of the buffer stock. For example, the Thai
debate to the 1960 conference complained that the countries contrib-
uting to the buffer stock were the ones least able to do so. Similarly,
the Malaysian representative to the 1965 conference said that the burden
of maintaining the buffer stock was a matter of "grave concern" to the
producer countries:

It hurt none but the producer; the principle seems

  to be: "To him that hath, more shall be given;
  from him who giveth, more shall be taken away."

The producers' burden will not be lightened for
another five long years. Condemned to the same old
floor price, he would also be required to subsidize
the consumer by providing out of his own meagre earn­
ings the means with which to keep the price at or
below the ceiling.

The second part of the quote also indicates that Southern producers
employ the altruism approach or some form of moral persuasion in
bargaining for higher prices to be fixed in tin agreements. It is also
often used to persuade non-participating consumer countries to become
parties to tin agreements. The Bolivian representative to the 1965
negotiations thought that it was no longer possible to regard inter­
national trade from a purely commercial angle. Present-day morality
demanded "that prosperous countries should contribute to the economic
development of the less favoured countries, not only by providing as­
sistance, but also helping to establish fair and remunerative prices
for commodities exported by many of the developing countries." Using
the same approach, the Thai delegate argued that since countries like
the US, USSR, and Federal Republic of Germany were already cooperating
with the ITC, they should affirm their "sound moral intentions" by joining the agreement. Thus, the altruism bargaining strategy is a popular strategy among Southern producing countries.

The democracy approach: This is the second variant of the moral persuasion strategy and pertains particularly to the question of buffer stock contributions. Instead of altruism, this strategy uses as its point of departure democratic norms, especially the notions of equality and fairness. It is also to a large extent used independently of the UNCTAD 'ethos'. The line of argument usually takes the following progression:

"Tin agreements are no more the cartel-like restriction schemes they used to be in the pre-war days. From 1953 onwards, following the Havana Charter, it was agreed that consuming countries should have an equal say in the terms and operations of tin agreements. Such equal participation has been institutionalized in the Tin Council, where producing countries and consuming countries each have a thousand votes to cast in deciding the operations of tin agreements. Indeed, the principle of equal participation in decision-making has been adhered to despite the fact that the consuming countries represented in tin agreements account for a much smaller proportion of total tin consumption than producers account for total production. Thus, consuming countries have gained equal participation in tin agreements, which fact producing countries object strongly to the continuing anomaly that consumers do not contribute
equally to the maintenance and operations of tin agreements. Most importantly, consumers do not contribute to the financing of the buffer stock — the main instrument of control of tin agreements. Surely, this should not be if we all espouse the principle, "Equal participation entails equal sharing of costs!".

This is also a fairly common strategy employed by producing countries in tin negotiations. For instance, the Malaysian delegate said that contribution to the buffer stock by producers alone was "illogical" since producers reaped equally the benefits from tin agreements. In the Economic Committee meetings of the 1970 negotiations, the buffer stock issue dominated the sessions with prolonged debates between producers and consumers on the manner the stock should be financed. In general, Southern complaints centred around the inherent unfairness of the present method of financing, although they tended to couple this democracy approach with appeals to the self-interest of consumers, which, analytically speaking, is a differently kind of bargaining strategy, one we shall consider later on. The Indonesian delegate summed up the debate in the following terms:

The new agreement...should in greater measure reflect the principle of partnership between consumers and producers, yet the latter's efforts to persuade the consuming countries to shoulder part of the burden now borne entirely by the producing countries has been unsuccessful. Nevertheless, I have not given up hope that consuming countries will agree to share both in buffer stock financing and in borrowing by the buffer stock.

Since the issue ended in deadlock, a working party was set up to discuss
the forms of financial assistance, especially from the International Monetary Fund, that might be available for buffer stock financing. In fact, an IMF representative partook in the deliberations and outlined a number of ways in which the world body could help producers finance the buffer stock. So, the question of consumer participation in the buffer stock was bypassed in the face of strong objections from major consuming countries, especially the United Kingdom, Japan, US and Canada. There were a number of consuming countries, however, who were sympathetic toward equal financial responsibility with respect to buffer stock funding, notably France, the Netherlands and Australia. It is interesting to note that Southern countries such as India and the Philippines took no part in the buffer stock debate. These two countries are in the somewhat delicate position of being Southern countries while at the same time being consumers in tin agreements. Understandably, they did not speak out against their own direct interests as consumers, while presumably, to preserve Southern solidarity, neither did they oppose the Southern producing countries' attempts to have consumers contribute to the buffer stock.

Promoting empathy: This strategy attempts to change or shift the other party's normative position through the technique known to psychologists as "permissive therapy". In bargaining terms, it prescribes: "State the opponent's case for him so as to ensure his empathy with yours." Anatol Rapoport lists three steps in promoting such empathy:

1) Conveying to the opponent that he has been heard and understood;
2) Delineating the region of validity of the opponent's stand; and

3) Inducing the assumption of similarity.

Thus, what is suggested here is a reversal of the stereotype behaviour one often finds at the bargaining table where the parties are impatient and even unwilling to hear out their opposite numbers. The idea of this strategy is to convey to the opponent that one not only understands his values but that one appreciates the validity of his stand, thereby inviting the opponent to pay one the same compliment by showing his empathy for one's stand. I will now attempt to state the consumer's case in tin agreements in the manner one might expect of a Southern permissive therapist:

"The consuming countries' stake in tin agreements is not very large, if one measures this stake in terms of the percentage of total trade that tin represents for these countries. Therefore, one is led to believe that consumer interest in tin agreements is not very strong as compared to the interest of producing countries for whom tin forms a large percentage of trade. However, tin remains an important input in industrial production and consumers are therefore interested in acquiring the metal in sufficient quantities for their needs at fair prices on a regular basis. It is mainly for this reason that consuming countries have joined producing countries in implementing the mechanism of a commodity accord which aims at stabilising the price of tin and at the same time ensuring that adequate supplies are available. The more developed consuming countries have also expressed their interest in
helping the developing producing countries to stabilise their export earnings from tin. This is a noble objective, and commodity agreements are a pre-eminently effective way of pursuing such an aim so long as the participating countries cooperate in taking all reasonable steps to achieve this end. There is no reason to doubt that the parties to tin agreements have sincerely and conscientiously committed themselves to such a goal.

Now, let us consider the position of producing countries in tin agreements. It is often thought that our values are diametrically opposed to those of consuming countries. There is nothing further from the truth! Indeed, if this were the case, there could be no tin agreements. Quite on the contrary, the values of producing and consuming countries are in many ways very similar. Let us delineate the area of commonality, or shared values, among producers and consumers. First, producers and consumers alike are interested in an adequate supply of tin at all times; second, both sides agree that prices should be fair to consumers and renumerative to producers, and that, left to the working of market forces such a situation may not obtain; third, producing countries and consuming countries share the value of fostering a healthy growth of the tin industry; and last, but certainly not the least important, is the interest of both sides in promoting the economic development of the less favoured nations through tin accords."

Such attempts at promoting empathy will not automatically guarantee producers a good price or consumer contribution to the buffer stock.
They merely prepare the ground for bargaining to be carried out in a "give-and-take" spirit. The value of promoting empathy lies in making the opponent more open to suggestions, where antagonising him may make him solidify his bargaining position. In promoting empathy, one therefore hopes to shift the opponent's normative position in one's favour. There is little use of this strategy in tin agreements. We noted earlier that the Thai delegate in 1965 urged US, USSR and West Germany to affirm their "sound moral intentions" by joining the agreement, and Nigerian representative also appealed to the "conscience" of non-participating countries, which to some extent, may be seen as attempts at promoting responsiveness, but by and large, delegates tend to base their appeal on the UNCTAD ethos and on altruism.

Influencing the Opponent's Perception of his Utility from an Outcome

The previous group of strategies were primarily based on normative considerations. For the most part, they were premised on the idea that the opponent should want to take a certain course of action if he became convinced of its normative value. The strategies to be considered now are largely amoral in nature. The first to be considered appeals directly to the self-interest of the other party. The appeal to self-interest is a durable notion in bargaining and negotiation, and is by no means a novel concept. As early as 1716, during what has been nostalgically dubbed the Golden Age of Diplomacy, de Callieres had enjoined diplomats to

...make each proposition which you put forward as
In short, the suggestion is that one should always point out to the opponent that he has a direct interest in doing something that one wants done. By suggesting to the opposing party that something directly benefits him, and convincing him of it, one would have, in effect, influenced his perception of gain from a particular outcome. The second method of influencing the opponent's perception of gain, which I will consider, involves modifying his minimum disposition, i.e., the least favourable terms he would accept in a bargain.\(^{16}\) The strategy essentially entails telling (and convincing) the opponent that the terms were actually more favourable to him than he had originally thought. The third strategy may be called explaining away a misperception which essentially involves modifying the opponent's perception of gain by telling him that he has in fact misperceived the utility from a particular outcome.\(^{17}\)

**The direct appeal to self-interest:** Quite simply, this bargaining strategy entails telling the opponent, "You should want to do this for its direct benefit, which you possibly do not fully perceive."\(^{18}\) Such a bargaining strategy can be applied in tin negotiations particularly with respect to the buffer stock question. It is generally recognised
that the buffer stock maintained by tin agreements is not sufficiently large to withstand drastic price movements, especially those in the upper levels.\textsuperscript{19} For example, an econometric study of the tin market over the period 1948-61\textsuperscript{20} found that the most successful size was 35,000 tons, which is 15,000 tons more than the stock usually maintained by tin agreements. More importantly, increasing the size of the buffer stock would tend to be more of a check on prices rising above the ceiling than a check on the floor price, as the latter can already be buttressed by export control measures if buffer stock operations prove inadequate. In short, increasing the size of the buffer stock would be in the intrinsic interest of consuming countries. A larger buffer stock is, of course, also to the benefit of producers as it would mean that the floor price can be defended effectively with a minimum or even without export control and its concomitant undesirable domestic repercussions for producing countries.

Southern producing countries can therefore argue that it would be in consuming countries' direct self-interest to contribute to a larger buffer stock. As we noted earlier, the question of buffer stock financing came to a deadlock in the 1970 negotiations. The main bone of contention, however, was the principle of consumer contribution to the buffer stock and buffer stock size was not discussed to any large extent. At one stage, however, the buffer stock manager was asked by the Indonesian delegate if a buffer stock twice the present size would eliminate the need for export control, to which the manager replied that
if export control were to truly be an instrument of last resort, the buffer stock holdings would have to be increased. The Indonesian delegate did not pursue the point. There are two examples, nevertheless, of producing countries suggesting that a larger buffer stock is in the intrinsic interest of consumers. The Thai delegate commented that one way of overcoming tin shortages was to increase the buffer stock size, and that "the consuming countries can help to defend the ceiling by contributing to the financing of the buffer stock". The Malaysian delegate also made a similar suggestion although he felt that "the only true remedy" of combating tin shortage was to have "realistic and remunerative" prices. (This represents an appeal to intrinsic interest with respect to price bargaining.)

To my knowledge, there has really been no thorough-going bargaining strategy used by Southern countries in arguing for a larger buffer stock. Admittedly, their efforts have so far been mainly concerned with establishing the principle of consumer participation, and they perhaps feel that to pursue the question of a larger buffer stock before consumer participation is obtained in principle is premature. However, if producers were to argue, as they have, that consumers should contribute to a buffer stock of the present size, they would be hard put to show what intrinsic interest this could be to the consumers. This explains why they have relied primarily on the altruism and democracy approaches with respect to the buffer stock issue. Consumer contribution to a buffer stock of the present size is also, in a sense, more
appealing to producers because it could reduce their contributions by half, while contribution to a buffer stock twice the present size will result in no reduction of their present contributions.

On the question of financial burden, there is room for producing countries to buttress this bargaining strategy with the argument that consumer contribution to the buffer stock will only represent a relatively tiny drain on their resources, as Rogers has shown. Assuming that consumers were to contribute to a buffer stock twice the present size, with the price of tin valued at the floor price of £1,280 per ton, Rogers calculated this burden as presented in Table XII. For the highest contributors, Japan and United Kingdom, the amount is about $15.5 million. (This amount would be appreciably reduced if the US were to be a participant in tin agreements). This contribution represented only 0.02 per cent of the two countries' national income, or about 4.8 per cent of total foreign aid in Japan's case and 1.9 per cent in Britain's. The percentages in fact over-emphasise the burden of such contributions as they are not due annually but are paid in instalments (two or more) over the duration of five years -- the period of a tin agreement. Perhaps, then, a division of the percentages by five would be a more accurate assessment of burden. This procedure (see figures in brackets in table) makes the contributions appear minuscule. For example, Japan and Britain's contributions as a percentage of foreign aid would be only 0.57 per cent and 0.39 per cent respectively, and as a percentage of national income, the figure is 0.004 per cent for both countries.
# TABLE XII

**ASSUMED BURDEN OF CONSUMEES\(^1\) IN CONTRIBUTING TO**

**THE TIN BUFFER STOCK**

<table>
<thead>
<tr>
<th>Country</th>
<th>Votes</th>
<th>Contributions (US $ millions)</th>
<th>Contributions as percent of aid</th>
<th>Contributions as percent of Nat. Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>54</td>
<td>3.9</td>
<td>3.17 (0.63)(^2)</td>
<td>0.02 (0.004)(^2)</td>
</tr>
<tr>
<td>Austria</td>
<td>11</td>
<td>0.8</td>
<td>-</td>
<td>0.01 (0.002)</td>
</tr>
<tr>
<td>Belgium-Luxembourg</td>
<td>35</td>
<td>2.5</td>
<td>1.39 (0.28)</td>
<td>0.01 (0.002)</td>
</tr>
<tr>
<td>Canada</td>
<td>62</td>
<td>4.5</td>
<td>2.75 (0.55)</td>
<td>0.01 (0.002)</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>36</td>
<td>2.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Denmark</td>
<td>12</td>
<td>0.9</td>
<td>9.56 (1.91)</td>
<td>0.01 (0.002)</td>
</tr>
<tr>
<td>France</td>
<td>121</td>
<td>8.7</td>
<td>0.76 (0.15)</td>
<td>0.01 (0.002)</td>
</tr>
<tr>
<td>India</td>
<td>44</td>
<td>3.2</td>
<td>-</td>
<td>0.02 (0.004)</td>
</tr>
<tr>
<td>Israel</td>
<td>6</td>
<td>0.4</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>71</td>
<td>5.1</td>
<td>2.96 (0.59)</td>
<td>0.01 (0.002)</td>
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<tr>
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<td>15.5</td>
<td>4.86 (0.57)</td>
<td>0.02 (0.004)</td>
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<tr>
<td>Korea</td>
<td>9</td>
<td>0.6</td>
<td>-</td>
<td>0.03 (0.006)</td>
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<tr>
<td>Mexico</td>
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<td>1.4</td>
<td>-</td>
<td>0.01 (0.002)</td>
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<tr>
<td>Netherlands</td>
<td>48</td>
<td>3.5</td>
<td>2.09 (0.42)</td>
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</tr>
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<td>25</td>
<td>1.8</td>
<td>-</td>
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<td>-</td>
<td>0.02 (0.004)</td>
</tr>
<tr>
<td>U.K.</td>
<td>214</td>
<td>15.4</td>
<td>1.96 (0.39)</td>
<td>-</td>
</tr>
</tbody>
</table>

Total 1,000 72.0

\(^1\) Consumers listed are the participants of the 1965 Tin Agreement.

\(^2\) Figures in brackets (added) indicate a division of the percentage by five. See explanation in text.

Such an argument has not, to my knowledge, been used by Southern countries in tin agreement negotiations, although there are constant references by delegates that the consumers are also the richer ones and should therefore contribute to the buffer stock (the altruism approach). Perhaps, Southern delegates may just have overlooked the impact of showing the major consuming countries just how rich they are.

Modifying the Opponent's Minimum Disposition: As noted, this involves arguing that the terms are more favourable to the opponent than he had originally thought. If one succeeds in convincing the opponent that such was in fact the case, he would have to re-assess his minimum disposition since the terms he thought were the worst he was willing to accept have now become "better". This strategy is best used and illustrated with respect to price bargaining. We will take consumer's minimum disposition to be the highest ceiling and floor prices that they are prepared to offer producers. The strategy therefore entails producing countries arguing that the price range offered by consumers is far too favourable to consumers. The ability of producing countries to argue thus will depend to a very large extent on the specific conditions affecting tin trade and price at the time of negotiation or the conditions forecast for the period of agreement, if this could in fact be assessed.

A particularly propitious time to employ such a strategy would be in a period of tin shortage or impending shortage. For in such a period, Southern producing countries could argue that the tin price is likely to rise higher than a ceiling that consumers may have proposed.
Similarly, they could argue that the floor price proposed is unrealistically low because the price could hardly fall to anywhere near that level. In more ordinary times, Southern countries may be able to base their bargaining on past record that price ranges had been artificially low. That is the evidence? The record is inconclusive. We saw in the last chapter that the price sank below the floor in 1959 under the First Agreement, and it shot past the ceiling twice in 1963 and 1970; but as we pointed out there are a number of reasons why the tin agreements were unable to defend the range in these instances. Thus, rather than rely on past record, Southern producers would be better advised to argue in terms of impending market conditions.

There is evidence that Southern producing countries have employed this strategy in tin negotiations. In the 1965 conference, both the Bolivian and Malaysian delegates said that the price range established by the conference was "unrealistic". The Bolivian delegate hoped that during the term of the agreement, it would be possible to revise tin prices "to adapt them to the prevailing situation in the world market." The Malaysian delegate was more explicit, and warrants quoting at some length. (His argument can also be seen as an example of appealing to intrinsic interest in price bargaining.)

My delegation had proposed adopting a realistic approach to the price-range problem -- taking account of the shortage of tin at present and in the foreseeable future -- by establishing a higher floor price that would help production to keep pace with demand and by encouraging more intensive mining.
...the consuming countries have not demonstrated the understanding which had been hoped for; it appears that they are willing to see demand outstrip supply and often to pay an excessive price rather than provide an incentive for mining more metal and thereby assure themselves of a reasonable price over a given period. It has been demonstrated that the present price range is harmful to consumer and producer alike and is totally unrealistic. Current market prices tell the same tale.27

Another method of showing consumers that the terms are more favourable to them than to producers may be based on certain more permanent features of tin trade. Southern producing countries could make a reasonably good case at most times that consuming countries’ minimum disposition is lower than what they make it out to be, for the following two reasons: (i) tin forms such a small percentage of their total trade, and (ii) although it constitutes only a small input in industrial production, it is a fairly vital raw material. In short, Southern producers could tell consumers quite simply that they could and should pay much more for the tin they buy, in effect, calling consumers’ ‘bluff’ that such and such a price was the worst terms consumers could accept. The danger of such a strategy is that Southern producers may have in fact misperceived a genuine position for a faked one. It is vital, therefore, that producers know what the upper limit of the tin price is for consumers. For want of a better yardstick, this limit would presumably be the point when substitutes for tin begin to be used extensively as the tin price rises. Consumers have been known to caution producers of the danger of substitutes, but the Malaysian delegate in 1965 thought that substitutes for tin was "an enemy that is very remote, if not non-existent."28 We
also noted earlier that despite the scare of the mid-1960's when prices soared to the upper limit and many US industries were beginning to develop substitutes, the demand for tin has not declined to any degree. Taking a wide slice of time, the tin price has climbed rather steadily, indicating a continuing demand for the commodity. (See Appendix B) Thus, it appears that Southern producers still have some mileage with this strategy.

**Explaining away a misperception:** This is basically the method of psychoanalysis:

...you point out to the "patient" that it is "natural" for him to have the mistaken idea, because here is how he happened to pick it up, and here is why he is hanging on to it. 29

A bargaining strategy employing this technique would therefore be based on the condition that the opponent holds a mistaken belief about how certain courses of action affect him, and that this belief is held on so strongly that it often becomes a self-fulfilling prophecy. For my example, I will take the widespread belief among Northern consuming countries that tin agreements operate primarily in the interests of producers, which usually leads them to argue that producers should therefore rightly be the ones bearing the cost of buffer stock financing. For instance, the US position, premised on the idea that tin agreements do not give sufficient protection to the ceiling price and that the buffer stock therefore operated in producers' favour, 30 is a view shared, if not explicitly, at least implicitly, by the majority of consuming countries. Perhaps what belies such an attitude is that consumers are nevertheless
eager participants in the operations of tin agreements, unless, like
the US, they have an enormous stockpile to protect themselves. There
is certainly no gainsaying the fact that producers, because they have
a greater stake in tin trade, would thereby have a greater interest in
tin agreements, as has been argued throughout this study. However, it
is still conceivable that the Northern perception of their gains from
tin agreements may be unduly played down, and possibly distorted by
constant emphasis of Southern gains from such agreements. The uncon-
cious "images" may be further reinforced by the fact that tin control
schemes started out in the pre-war days as cartels.31

If this proposition is correct, Southern producing countries
could attempt to explain away such an image by showing consumers that
they had in fact misperceived the role of present-day tin agreements.
To imply that they are still the tools of producer governments
to jack up the tin price is simply not true. For, in the present-day
tin agreements, consumers have an equal say in their operations and
terms. If consumers feel that tin agreements do not adequately
operate in their favour, they had an equal voice in modifying both the
terms and operations of such agreements.

To my knowledge, there has been no real use of the "explaining
away a misperception" strategy. In the 1965 negotiations, the
Nigerian representative said something vaguely resembling such a
strategy. He talked of a new positive view of commodity accords sug-
geresting that they serve the interests of all participants rather than
sectarian interests. However, for the most part, his statement alluded to the UNCTAD spirit and is probably more an example of the altruism strategy than the one enunciated here.

Influencing the Opponent's Perception of One's Utility from an Outcome

While the previous category of strategies were concerned with influencing the opponent's perception of his gain from an outcome, the strategy to be considered under this heading is concerned with influencing the opponent's perception of one's gain from an outcome. The strategy to be considered is based on the notion of "commitment", or "binding oneself", or the more popular idea of "burning bridges". Success in bargaining sometimes depends on who commits himself to a position first. This is particularly true for bargaining situations with no saddlepoints, or stable solutions. Such "pure" bargaining, as Schelling notes,

...rests on the paradox that the power to constrain an adversary may depend on the power to bind oneself; that, in bargaining, weakness is often strength; freedom may be freedom to capitulate, and to burn bridges behind one may suffice to undo an opponent.

In non-militaristic terms, Schelling's idea suggests that one could force the opponent to re-estimate one's minimum disposition by sticking firmly to a position that the opponent may have thought was flexible. The opponent, seeing that one will not move, will therefore have to alter his own position accordingly -- if he believes that one means business.

The burning bridges approach: The use of this bargaining strategy is best illustrated in tin negotiations in terms of price bargaining. Essentially, it would entail producers demonstrating that they could not and will not accept terms other than those they proposed. For example,
Southern producers could argue that to go below a certain price range would be tantamount to courting economic disaster for themselves — many mines will be closed, workers retrenched, export earnings will plummet, bringing in its tide untold hardships. In a word, they will not accept a lower price. Whatever the reasons advanced, the important point is to convey the image of unbending commitment to a particular position, because the success of this strategy rests ultimately on whether the opponent believes one or not.

There are few examples of Southern producing countries using such a bargaining strategy in tin negotiations, although producers often point out their dependence on tin for their economic well-being. However, more often than not, they point out their dependence on tin as a point of departure for appealing to consumers' altruism. This is Bolivia's typical bargaining position, its delegates never failing to point out that their country not only depended heavily on its earnings from tin but that its production costs were the highest in the world and its miners received "bare subsistence wages and worked under conditions which represented a real sacrifice." 135 I would suggest that such dependence on the commodity could well be used as a point of departure for demonstrating commitment as well. Ultimately, of course, commitment may have to be demonstrated by the use of threat, as Bolivia and Malaysia did after the 1965 negotiations, when they said they would not accede to the agreement. However, the use of threat involves, perhaps, a qualitative change of strategy for it not only involves changing the opponent's perception of one's gain,
it also presents him with a possibility of a real loss as well.

**Promising the Opponent a Real Gain from an Outcome**

Promises are *conditional statements* of the type, "I will (or won't) do this if you do (or don't do) that." When one makes a promise in bargaining, one is telling the other party that one will do something favourable toward it, if it does something in one's favour. It should be immediately apparent that promises appeal to self-interest like most bargaining strategies. However, unlike the ones considered so far, the appeal is *indirect*, or *conditional*, i.e., it is based on a *quid pro quo*. In one sense, promises go beyond merely modifying the utility or satisfaction of the other party from an outcome; they involve presenting the opponent with *new alternatives* which alter the nature of the outcome. I will consider promises used as a bargaining strategy first in terms of *quid pro quos* offered in the same issue-area, i.e., matters pertaining solely to tin agreements and tin trade, and second, in other issue-areas, i.e., matters strictly outside the province of tin agreements.

**Promising reward in the same issue-area:** When one makes a promise, one, in effect, says: "If you do this, I will do something you like." Southern producing countries could well use such a strategy in price bargaining. For example, in exchange for a high price range, or one that is more than the consumers' minimum disposition, producers could offer to take a number of measures to ensure adequate supplies to consumers. Such a strategy would be particularly germane in a period of impending shortage.
There is some evidence that producing countries have employed such a bargaining strategy, going by some of the statements of Southern delegates. The Malaysian delegate, for example, argued that if consumers had agreed to a higher floor price, this would have helped production keep pace with demand. However, as noted earlier, this may be more in the nature of an appeal to intrinsic (direct) interest rather than one in which a positive quid pro quo was offered. The main difficulty with this strategy is credibility. It is doubtful that producers could really promise that adequate supplies could be met at all times, given the inelastic nature of the supply of tin. Thus, there are obvious limits on the use of such a strategy in price bargaining.

**Promising reward in other issue-areas:** Like the previous strategy, positive trade-offs are required here, except, in this strategy, promises of reward are made for matters strictly outside the purview of tin agreements and tin trade. There are a variety of benefits, Southern producing countries could offer Northern consuming countries in exchange for a higher price range. These include reducing tariffs on various products that Northern consuming countries may export, increasing or improving investment opportunities for Northern countries which have other interests besides tin, increasing responsiveness toward military and defense arrangements for Northern countries and so forth. Many such courses of action are perhaps more feasible in bilateral bargaining than in multilateral situations such as tin negotiations. In order to be credible in tin negotiations, such courses of action must be able to distribute benefit
more or less equally among all consuming countries. In short, one has
to be wary that in pleasing a United Kingdom, one does not alienate a
Soviet Union, or any of the other consumers for that matter. Never­
theless, it may be possible for Southern producers to cultivate, on a
bilateral basis, responsiveness with major consumers by employing
tactics such as the above, with the hope that these countries may
reciprocate by being responsive to Southern demands in tin agreements.

I know no instance of the use of such a strategy, but examples
would by nature be difficult to locate since tacit reciprocity is in­
volved, not explicit quid pro quos.

Threatening the Opponent with a Real Loss from an Outcome

Threats, like promises, are conditional statements of the type,
"I will (or won't) do this if you do (or don't do) that". Unlike making
a promise, however, the threatening party says to the other party that
he would do something unfavourable to it if it does not do something that
the threatener wants done. Threats and promises are therefore logically
similar in that a quid pro quo is involved, except that in a threat,
instead of attempting to increase the other party's choice, one attempts
to circumscribe it. Again, as with promises, one could threaten action
in the issue-area in which bargaining occurs, or in other non-related
issue-areas.

Threatening deprivation in the same issue-area: In bargaining,
employing a threat is saying to the opponent: "If you don't do this,
I will do something you won't like." Again, such a strategy is best
illustrated with respect to price bargaining. There are a number of
actions Southern countries could threaten in tin negotiations. The most obvious is to threaten "no agreement". As we have argued throughout this study, tin agreements are of greater benefit to producers than consumers, so to threaten "no agreement" may perhaps be cutting off one's note to spite one's face -- in short, the threat may not be credible. However, while it may be true that consumers have a relatively lesser interest in tin agreements, there is, nevertheless, an interest. We noted, for example, that tin is a vital input in industrial production. Moreover, if there were no tin agreements, producers may well revert to the cartel-like arrangements of the past. This would not be too difficult, considering that a small number of countries, six, to be exact, produce some ninety per cent of all the world's tin. As such, the threat of "no agreement" may prove to be credible after all.

In fact, Bolivia and Malaysia did not employ such a threat, following the 1965 negotiations. Bolivia threatened to withdraw from the agreement if a higher price range were not fixed, while Malaysia, for the same reason, said it would not sign the agreement. Had, both or either of these countries made good their threat, there could have been no tin agreement, given Bolivia and Malaysia's preponderance of votes (based on their exports) on the Tin Council. Both these countries, however, withdrew their threats, Malaysia, "out of deference to the wishes of Malaysia's friends, Thailand, Nigeria, Bolivia and other tin producing countries, and in the spirit of international cooperation and goodwill."38 The Malaysian government appeared to be pretty serious in
its threat not to sign the agreement, the Prime Minister proclaiming at one stage that, if necessary, his country would build its own stockpile of tin to protect "the national interest". The immediate quid pro quo appeared to be a demand that the price range Malaysia proposed at the conference be established. It was not, however, until the subsequent Council meeting held, following Malaysia's quick volte-face, that the consuming countries conceded to a higher price range. It seems odd that a threat was made and withdrawn before the concession sought was made, but, quite possibly, promises to reconsider the price range must have been extracted from the major consumers before the threat was withdrawn.

Although the price range was raised from £1,000 and £1,200 to £1,100 and £1,400 per ton which represents a substantial increase, it is not known what the actual ranges proposed by Malaysia or Bolivia were. At any rate, one may say that the use of threat in this instance had the desired impact on consuming countries, and, in this sense, was successfully executed. The Bolivian-Malaysian episode is also an example of the commitment or burning bridges strategy, or more correctly, the use of threat in such a strategy.

The logical progression from a threat of "no agreement" is a threat to form a tin cartel, which, in turn, could lead to the logical possibility of threatening to cut off all exports to consumers, each of these possibilities representing increasing severity of the threat used. In the final analysis, the use of threats must be premised on credibility. Besides the threat of "no agreement", which in Malaysia's case was buttressed by the expressed intention to build its own stockpile, neither
the threat to form a tin cartel nor to cut off exports have been employed by producing countries. Cutting off exports to consumers is clearly not a viable threat, given that producers are so dependent on the earnings from tin exports. The formation of a tin cartel, on the other hand, demands that producers act in concert, although, as I have argued, this is not an impossibility.

Southern producers have also been known to use threats on the other end of the continuum of severity. By this, I mean threats of a "mild" form and particularly with respect to the buffer stock issue. In the protracted debate over buffer stock financing in the 1970 negotiations, there was an attempt by the producers to deny consumers a voice in the matter of borrowing by the buffer stock. They argued that consumers should have no right in deciding such matters if they would not contribute to the buffer stock. For example, the Bolivia representative remarked,

Some countries have indicated their opposition, on grounds of principle, to contribute to the buffer stock. Similarly, my country considers on grounds of principle that only those countries which have contributed to the buffer stock have the right to lay down rules in regard to buffer stock borrowing.⁴²

Similarly, the Indonesian delegate thought that if producing countries alone were to contribute to the buffer stock and bear the responsibility for borrowing by the stock, he saw no reason why the consuming countries insisted on taking part in the decision-making process.⁴³ Needless to say, the consumers objected to such attempts to deprive them of decision-making power, and, as it invariably happens in deadlocks, the existing terms prevailed -- a distributed two-thirds majority is still required
to make such borrowings. (See Appendix A, Article 24.)

**Threatening deprivation in other issue-areas:** As in the case of promises, such action requires that one moves outside the province of tin agreements and tin trade proper. The deprivations that Southern producing countries may threaten range from raising tariffs on the goods of consuming countries (of tin accords), imposing stringent laws and procedures for those consumers who may have investment interests in producing countries, through to breaking diplomatic and/or military ties. These tactics are, again, up against the problem of credibility as with the use of promises in such issue-areas. In fact, credibility is a more serious business when threats are involved; if they are not commensurate with the *quid pro quo* demanded, they may well tempt retaliation, and, needless to say, in a tariff war, for example, Southern producing countries will hardly be a match for their Northern adversaries.

It is conceivable, nevertheless, that in certain specific cases, bilateral threats may have the desired effects, if employed warily. To take a hypothetical example, supposing Britain, during a tin conference, took a position that was very unfavourable toward producers. It may be possible in such a situation for Malaysia and Nigeria, for example, to threaten Britain privately with a withdrawal of British Commonwealth preferences in trade, or with certain measures unfavourable toward British investment interests in these two countries. The example, is, of course, purely hypothetical, but who is to say that private threats such as these are never employed. In the tin negotiations examined,
however, there was no evidence or even a hint that threats outside the tin issue-area were ever employed.

Presenting the Opponent with a Real Change in His Utility from an Outcome

When one tells the opponent, "I have done this, so you can now only do the following", one is, in effect, presenting the opponent with a real change in his utility from an outcome. Such is the nature of the *fait accompli*. Whether the opponent likes it or not, he cannot alter the situation. The *fait accompli* is therefore qualitatively different from the promise or threat, for while the latter are conditional in nature, it is *pre-emptory* in nature. Unlike the promise which attempts to circumscribe it, the *fait accompli* actually reduces choice. In this sense then, it is the "hardest" type of bargaining technique to be considered.

**Presenting faits accomplis:** The *fait accompli* is difficult to employ in tin negotiations because the subject of negotiation, price, is such an ephemeral phenomenon, that is, producers could not tell consumers that they have fixed such and such a price range and that there is nothing the latter can do about it. However, producers could conceivably carry out certain actions on the domestic front which may be something akin to the *fait accompli*. For example, they could say that tin production has been curbed because of a programme of export diversification, or that a number of tin mines had been plagued by prolonged strikes, the logic of which would be to convey to consumers that there will be an impending shortage that will make the maintaining of a price range below a certain level impossible. In practice, however, such pronouncements may not be
accepted as \textit{faits accomplis}, that is, it is doubtful if consumers will take them at face value, and will therefore remain hopeful that the buffer stock mechanism will still be able to cope with the alleged shortage that producers forecast. We saw how the Malaysian delegate at the 1965 negotiations lamented his failure to convince consumers of an impending tin shortage.

Although the Bolivian delegates consistently allude to the fact of their country's high cost of production and the difficulty of mining tin in that country, I know no example of a producing country actually stating in tin negotiations that production had been curbed as a conscious government policy and that consumers had no choice but to fix the price range at a certain level. Perhaps, the nature of the \textit{fait accompli} is such that it discourages usage. As Sawyer and Guetzkow note,

The pre-emptory nature of the \textit{fait accompli} may to such an extent antagonise its target...that punishing the other (even at one's own loss) becomes attractive -- if only to discourage repetition.\cite{Sawyer1968}

Assessment and Recommendations

Having gone through the gamut of bargaining strategies that Southern producing countries have employed and could employ in tin negotiations, the task remains to assess the efficacy of these strategies and to make some recommendations about their future usage. Of the seven groups of bargaining strategies examined, the overwhelming impression is that Southern countries rely most heavily on strategies of normative appeal, which were based on persuading the other party of the normative value of certain courses of action. In particular, the altruism and
democracy approaches were most popular. Clearly, this heavy reliance on such strategies is a direct reflection of the impact of the "UNCTAD Movement". The third group of strategies, and specifically, the appeal to intrinsic interest, is perhaps the next most used. There was one major example of the use of threat, while the other strategies outlined were characterised by a general dirth of examples. I would hesitate to suggest, however, that they have never or seldom been used. The lack of examples is in large part due to the general unavailability of secondary material on tin negotiations and the low publicity that the subject generally commands in international affairs.

How effective have Southern bargaining strategies been? I would suggest that they have not been very effective. Following UNCTAD I when Southern esprit de corps was roused to a peak, intensive use of the altruism and democracy approaches led to two "significant" additions to the objectives of tin agreements -- that aimed at increasing the export earnings of Southern producers, and that relating to the disposal of non-commercial stocks. However, these two new objectives did not alter the operations of tin agreements to any extent. The most urgent issue with respect to such operations -- buffer stock contributions -- remains unresolved, with Southern countries still having to bear the brunt of financing the stock. Albeit, some facilities of the IMF will now be made available to them. Admittedly, the chief concern of tin agreements is the question of price. Have Southern countries, then, been able to obtain "remunerative" prices? If upward price revisions indicate
anything, one would be led to believe that Southern producers have, indeed, had a "good deal". To date, there is yet to be a downward revision of the price range. However, such assessment is far too gross. The fact that price revisions have always been upward may merely reflect the steady growing demand for the metal in the world market in general, and is more a function of underlying market forces rather than the bargaining skills of Southern producing countries.

Indeed, in the 1965 negotiations, there was deep dissatisfaction with the price range fixed, to the extent that the two major producers were willing, or so they threatened, to withdraw from the agreement. While the use of threat was successful in that instance, I would not go to on to suggest that Southern producers have been eminently successful in obtaining the price ranges that they want. However, one point is clear with respect to the price goal; Southern producing countries are still better off with tin agreements than without them, unless they can act together to form a cartel-like producers' club. All in all, tin agreements are quite effective in controlling the floor price, which, ultimately is the chief concern of producing countries.

Clearly not all the strategies outlined are mutually applicable and some are possible only under certain conditions and circumstances, which were specified when each of the strategies was described and illustrated. On the question of mutual applicability, the first group of strategies is clearly based on different rationales than those that employ threats or faits accomplis, for example. One could hardly pretend
to be a permissive therapist and threaten the opponent at the same time. How, then, would the bargaining strategist prescribe? In the final analysis, prescription will be based not only on expediency but on moral considerations, as well. For my part, I would not hesitate to urge that all strategies of normative appeal be exhausted before one resorts to the harder bargaining strategies. In any case, there is no gainsaying the employment of the first category of strategies since, in a real sense, they harm no one, whether it be oneself or the opponent. However, as one approaches the harder strategies, the risk of injury to oneself and the opponent becomes greater. Again, how one prescribes ultimately rests on one's perception of the situation as well as one's moral position. Let me, therefore, offer one such line of prescription -- from a perception of the situation, and from one moral standpoint.

There are three main issues that Southern producing countries are concerned with in tin agreements -- price, buffer stock contributions, and non-participation of major consumers like the US and West Germany. On the last two issues, Southern countries are perhaps limited to the softer bargaining strategies, because, ultimately, the decision to contribute to the buffer stock or participate in tin agreements rests with the consumers. Here the appeal to altruism and democratic norms must remain important bargaining strategies. I would suggest, further, that the other strategy of normative appeal -- promoting empathy -- should be used to supplement the first two approaches. To my knowledge, it has been little used. In addition, I think Southern countries should not
forget the time-tested appeal to intrinsic interest, which could be brought
to bear especially potently in regard to the buffer stock issue. My im­
pression is that Southern countries have neglected this strategy in the
flood of enthusiasm created by UNCTAD.

On the question of price bargaining, I think there is greater room
for the harder strategies. Again there is too much reliance so far on
the altruism and democracy approaches here as well. I would suggest that
more attention should be paid to the commitment or "burning bridges" ap­
proach, which, if need be, should be buttressed by credible threats. We
saw that in the Malaysian-Bolivian episode -- unfortunately the only ex­
ample we have -- that the threat of "no agreement" proved to be suffi­
ciently credible. Threats across issue-areas, however, may not be
credible. To use another of Ikle and Leites' terms, there may exist
certain "negotiation mores" in bargaining between basically friendly
parties that circumscribe the use of threats across issue-areas. But it may be pointed out that credibility would depend on the magnitude
and severity of the threat. While this may be true, how does one decide
in threats across issue-areas, what is severe and what is not? Perhaps
we would be well advised to take note of Schelling's notion of "promi­
nence" (although he used it in a different context). As he pointed out,
what could have been more unambiguous for the belligerents in the Second
World War than to tacitly agree on "No Gas" as they were deciding on the
range and scope of weapons to be used. Perhaps, in a similar sense,
"No Agreement" is the ultimate threat that could be employed in tin
negotiations because other threats may not be so clearly unambiguous. Southern producing countries, to my mind, will be less able to employ strategies based on promises and *faits accomplis* in tin negotiations. Given the structural characteristics of tin production and tin trade, promises may be difficult to fulfill and *faits accomplis* even harder to carry out. This makes them fault badly on the question of credibility, which is all-important in bargaining.

To sum up, Southern countries have typically relied on bargaining strategies based on the UNCTAD ethos and would therefore be well advised to turn more to other strategies of normative and intrinsic appeal. In regard to price bargaining, they could be considerably more effective by showing strong commitment to bargaining positions, and, if need be, to demonstrate this by threatening "no agreement".

**Some Concluding Observations**

By way of conclusion, I would like to turn to the broader questions with which this study started out to examine -- namely, the dynamics of North-South interactions in the trade issue-area. It should be emphasised that the study was less concerned with deriving empirical propositions about the dynamics of North-South trade interactions than with exploring in a liberal and heuristic manner the range of bargaining strategies that are available to Southern countries in one sub-issue-area of North-South trade relations. Nevertheless, let me venture a few preliminary observations about the nature of Southern bargaining in tin negotiations, with a view that these may serve as possible foci for
future investigation in the same area and also with respect to bargaining in other commodity agreements and issue-areas of North-South trade.

Observation 1: Southern bargaining tends to centre around a narrow range of bargaining strategies typically based on the ethos created by UNCTAD of the need for an economically more equitable world. (As noted earlier, this observation may be more apparent than real because of low publicity and general lack of materials on negotiation in tin agreements.)

Observation 2: Southern bargaining has tended to be more vigorous, though not necessarily more creative following UNCTAD.

Observation 3: In spite of Observation 2, Southern bargaining has not changed in any significant sense the terms and especially the operations of tin agreements.

Observation 4: Southern bargaining, as a rule, tends to rely more heavily on "soft" strategies rather than the "hard" strategies.

Observation 5: There appears to be an absence of the use of threats (or promises) across issue-areas.

Observation 6: In general, there is little use of threats.

Observation 7: The above three observations may be due to (i) the restraining effect of negotiation mores on the use of the hard bargaining strategies and/or (ii) Southern realization of its heavy stake and greater interest in tin trade.

Observation 8: In spite of Observation 7 (ii), if threats are employed, they are likely to be used by the countries which are most
dependent on tin trade.

(The only evidence of this is the one example of the use of threat by Malaysia and Bolivia in 1965.)

Observation 9: The reason for Observation 8 is that those countries which are most dependent on tin trade will automatically be most affected by terms which are unfavourable toward producing countries.

Finally, it must be said that North-South negotiations in the trade issue-area are highly amenable to analysis in terms of bargaining behavior. It would be a sufficient payoff for this writer if this relevance has been demonstrated in the study.
NOTES

Introduction

1 The voluminous literature on non-alignment and neutralism is proof of this assertion. Some of the better known works in this area include, Cecil V. Crabb, The Elephants and the Grass: A Study of Non-alignment. (New York: Frederick A. Praeger, 1965); Peter Lyon, Neutralism (Leicester: Leicester Univ. Press, 1964); and Laurance Martin, ed., Neutralism and Non-alignment: The New States in World Affairs, (New York: Praeger, 1962). There are of course numerous articles on the subject as well.


Chapter 1

Ibid., p. 44. Cox suggests, for example, that UNCTAD may be regarded as the functional equivalent of the "single party" for LDC's, acting as their pressure group in the world trade issue-area.

James N. Rosenau, "Pre-theories and Theories of Foreign Policy" in R. Barry Farell, ed., Approaches to Comparative and International Politics (Evanston: Northwestern Univ. Press, 1966), p. 81. Rosenau goes on to identify four basic issue-areas — territorial, status, human resources, and nonhuman resources — each of which encompasses "distinctive motives, actions and interactions...", pp. 82-83. In a subsequent article, "Toward the Study of National-International Linkages" in J.N. Rosenau, ed., Linkage Politics (New York: The Free Press, 1969), he identifies six "subenvironments" in the international system, viz., the contiguous, regional, cold war, racial, resource, and organizational environments. Trade, in his taxonomy, would fall under the resource environment, or in the nonhuman resources issue-area. I feel, however, that the issues in trade are sufficiently distinctive for it to be treated as an autonomous issue-area.

This is David Easton's well-worn phrase. See A Framework for Political Analysis (New York: Praeger, 1965), p. 50 et passim.

See, for example, Rudolf J. Rummel, "Some Empirical Findings on Nations and their Behavior", World Politics, 1969, Vol. 21, No. 2. One finding (3.2.2) states that "economic development is the single most important determinant of UN voting behavior", which if nothing more, is an indication of the LDC's using their numerical strength in the UN to press issues of their concern. Another finding (5.1.4) states that "dissimilarities in size and economic development are the most important determinants of the variation in behavior of nations toward each other, explaining 85 per cent of the variance". Such findings suggest to me that the North-South cleavage may be a more important determinant of international interactions than has hitherto been thought. Russett's voting studies also suggest that North-South issues were prominent even in the 1947, 1952, 1957 and 1961 UN assemblies. He found them to be next in prominence to East-West issues. See Trends in World Politics, op. cit., p. 70.


My depiction of the UNCTAD "group system" will draw largely on Gosovic's excellent account. See pp. 14-30.

Yugoslavia identified itself with the "Group of 77", although in a strict sense, it cannot be considered an LDC.

Robertson, op. cit., pp. 261-262.
Partners..., p. 87.

27Ibid., p. 87.

28Ibid.


30Ibid.


32Ibid., p. 6.


34Cutajar and Franks, op. cit., p. 158.


36Isaiah Frank, op. cit., p. 57.

37Part IV came into being on June 27, 1966, after the endorsement by the necessary two-thirds majority. The most important article relates to an undertaking by developed countries to refrain from increasing barriers to imports of interest to LDC's. See Cutajar and Franks, op. cit., p. 143.

38Pincus, op. cit., p. 267.


40Proceedings..., Vol. I, p. 27.

41Pincus, op. cit., p. 278.

42Ibid.

43Ibid.
Commodity trade also exhibits some asymmetry, especially when one considers that petroleum exporters take the lion’s share of about 34 per cent of the LDC total share of the Northern market. (See Table II) However, in general, there is a more even spread of gains in commodity trade among LDC's simply because many more LDC's are engaged in commodity trade than in manufactures trade.

There is strong evidence to suggest that this is in fact what happens. For instance, in 1964, the top ten LDCs in manufactures trade had accounted for 70.9 per cent of exports to the North, with the two top countries -- Hong Kong and India -- accounting for close to half (44%) of the total (see Cutajar and Franks, op. cit., p. 73). My figures show that the top ten accounted for somewhat less in 1967 (67%), with changes in both the order of and in those LDCs included in this group. Moreover, the two top countries -- Hong Kong and Chile (India fell to No. 4) -- accounted for only 26.3 per cent of the total (see Table III).
Chapter 2

1International Tin Study Group, Statistical Year Book 1949, Appendix, p. 217. See also, Klaus E. Knorr, Tin Under Control (Stanford: Stanford Univ. Press, 1945) for a well-documented history and analysis of these schemes.

2ITSG, Statistical Year Book 1949, loc. cit.


6Such a view is expressed, for example, by Siew, op. cit.


8Ibid., p. 13 and p. 18.

9Third International Tin Agreement, Article 1, subsections (c) and (d), United Nations Tin Conference, 1965. Summary of Proceedings, UN Doc. TD/TIN.3/5, p. 29. These two objectives continued to be part of the Fourth International Tin Agreement. See Appendix A, Article 1.


13It should be remembered, however, that tin products in different stages of processing -- from tin metal through to tin-plate and tin cans -- are imports of both Northern and Southern countries. The statement, therefore, refers only to primary production and consumption.

14See Rogers, op. cit., p. 123.

"Troubled Tin: Metal's Shortage, High Demand Inflate World Prices; Consumers, Seeing No Downturn, Switch to Substitutes", The Wall Street Journal, Nov. 12, 1964, p. 28.

Ibid.

Lim Chong Yah, "A Re-appraisal of the 1953 International Tin Agreement", Malayan Economic Review, Vol. 5, No. 1, April 1960, sums up the 1953 objectives as four: 1) the employment objective, 2) the economic production objective, 3) the supply objective, and 4) the price objective. These correspond to the first four objectives I have identified. The other two objectives were included only after the 1965 Agreement.

See Appendix A, Article 21 and Article 22.


See Appendix A, Article 25.

Ibid., Article 30.

Ibid., Article 33.

Ibid., Article 37.

Ibid., Article 40.


Rogers, loc. cit.

UN Tin Conference, 1970, Economic Committee Meetings, loc. cit.


Economic Committee Meetings, p. 81.

Ibid., p. 80.


Rogers, op. cit., p. 118 and pp. 121-122.

Economic Committee Meetings, pp. 76-77.


37 Ibid.

38 Lim, op. cit.

39 Ibid., p. 17.

40 Ibid.

41 See, for example, the Bolivian delegate's statement at the UN Tin Conference, 1965, op. cit., p. 13-14.

42 Rogers, op. cit., p. 121.

43 Ibid.


45 Ibid.


49 It may not be necessary to follow all of these steps if the situation is sufficiently urgent and adequate information is available. See Ibid., p. 115.

50 Ibid.

51 Ibid., p. 116.

52 Ibid., p. 118.

53 Ibid.
Mixed interests games are those that involve both competition and cooperation. They are distinguished from identical interests, or purely cooperative, games, and opposite interests, or purely competitive, games, also called zero-sum games. See, John C. Harsanyi, "Game Theory and the Analysis of International Conflict" in James N. Rosenau, ed., International Politics and Foreign Policy, Revised Edition (New York: The Free Press, 1969), pp. 370-380, for a succinct discussion of these distinctions.

Utility is not necessarily transferable, as representation by numbers may lead one to believe. In other words, 2 units of utility for producers are not necessarily 2 units of utility for consumers as well. The numbers only indicate that the utility of each side is measured on an interval scale. See Anatol Rapoport, Fights, Games and Debates (Ann Arbor, Mich.: Univ. of Mich. Press, 1960), pp. 180-186 for an explication of this point.

The 0 utility indicates that the act of consumers choosing not to cooperate does not itself affect the outcome as such; it is rather the market forces ("chance") which operate under the condition of "no agreement" that affect the price. Such effects of market forces are indicated by producers' outcomes 10 and -10 and consumers outcomes 5 and -5 in the three cells where "no agreement" obtains. The two sets of utilities for producers and consumers here also indicate that over a long period, they tend to cancel out to zero, as market forces become randomized.

The same reasoning in Note 59 applies for the 0 utility here.

For simplicity, we have drawn the utility frontier as the dotted line joining our three Pareto optima. In reality, there could be an indeterminate number of such optima, for example, there could be different degrees of "cooperate" and "compete", and points plotted accordingly, although we can assume that the frontier will follow the same rough shape. See Sawyer and Guetzkow for further elaboration on this point, op. cit., pp. 476-477.

In a zero-sum game matrix, only Row's payoffs need be entered, as Row's gains are always Column's losses and vice versa. As such, a negative sign indicates a gain for Column.

This includes the highly improbable situation where producers
choose to decrease the price and consumers to increase it! For purposes of game theory, however, all possible outcomes have to be specified.

Ghana, the leading cocoa producer, was unwilling to accept the price range proposed by consumers, who could not accept Ghana's proposal either. See United Nations Commodity Survey, 1968, p. 91 and Cutajar and Franks, op. cit., p. 71 for the failure of producers and consumers to agree on a floor price in a number of cocoa conferences.

This is a term introduced by Fred C. Ikle and Nathan Leites, "Political Negotiation as a Process of Modifying Utilities", Journal of Conflict Resolution, Vol. 6, 1962. It has also been called "threat point" in economics, R.L. Bishop, "Game Theoretical Analysis of Bargaining", Quarterly Journal of Economics, Vol. 77, 1963; and "resistance point" in labour relations, R.E. Walton and R.B. McKersie, A Behavioral Theory of Labor Negotiations (New York: McGraw-Hill, 1965). Ikle and Leites define minimum disposition as "the least favorable terms at which each negotiator would prefer agreement to no agreement, op. cit., p. 20. We shall use their definition in this study.


Chapter 3


2The statement of the Thai delegate at the 1960 Conference was similar to this. He referred to the fact that the buffer stock was financed by those least able to do so, UN Tin Conference, 1960, op. cit., p. 14.

3See Note 2.

4UN Tin Conference, 1965, p. 19 and p. 26. (The text is in the reported tense, which I have altered to the present tense when cited as quotes.)

5Ibid., p. 14.

6Ibid., p. 15.
7Ibid., p. 19.

8UN Tin Conference, 1970, Economic Committee Meetings, especially the 9th, 10th, 11th, 13th, 15th, 16th, 19th, and 23rd meetings.

9Ibid., 16th Meeting, p. 157.

10Ibid., see especially 19th and 23rd Meetings.

11See Ibid. passim.

12The chief proponent is Carl R. Rogers. See, for example, his Client-centered Therapy (Boston: Houghton Mifflin Co., 1951).


15F.C. de Callieres, On the Manner of Negotiating with Princes; On the uses of Diplomacy; the choice of Ministers and Envoys; and the Personal Qualities Necessary for Success in Missions Abroad (Paris: Michel Brunet, 1716) translated by A.F. Whyte (New York: Houghton Mifflin, 1919), pp. 122-123, cited by Sawyer and Guetzkow, op. cit., p. 481. It seems logical to expect that in negotiations between basically friendly countries/parties, the appeal to self-interest is quite widespread, if only because the use of hard techniques such as threats, are, in such situations circumscribed. The observation has been made, for example, of Canadian-US negotiations on a wide range of issues. See Kal J. Holsti, "The United States and Canada" in Steven L. Spiegel and Kenneth N. Waltz, eds., Conflict in World Politics (Cambridge, Mass.: Winthrop Publishers, 1971), p. 384.

16Ikle and Leites, op. cit., p. 23.

17Rapoport, op. cit., p. 280.

18Sawyer and Guetzkow, op. cit., p. 480.


21Economic Committee Meetings, 10th Meeting, pp. 84-85.

22Ibid., 13th Meeting, p. 115.

23Ibid., p. 117.
24 Rogers, *op. cit.*, p. 120 and p. 126.


28 *Ibid*.

29 Rapoport, *loc. cit*.

30 See *Economic Committee Meetings*, 9th Meeting, p. 72.

31 This might be especially true of the U.S., which in the pre-war days was particularly concerned about the tin control schemes, which in fact prompted it to accumulate its huge stockpile. See Siew, *op. cit*.


33 Schelling, *op. cit.*, pp. 21-52.


38 "The Tunku's Tin Trouble", *op. cit.*, p. 89.


41 *Economic Committee Meetings*, 15th and 19th Meetings, pp. 136-140 and pp. 178-181.


44 Sawyer and Guetzkow, op. cit., p. 485.

45 Ibid.

46 Negotiation mores are defined by Ikle and Leites as "the conceptions as to the 'proper' conduct in negotiations that are held by negotiators, their governments, their domestic public, etc....", op. cit., p. 23.

47 There is some evidence to suggest that there may be such negotiation mores among basically friendly countries. For example, K.J. Holsti, loc. cit., notes that few threats are made in Canadian-US negotiations, and perhaps, more importantly, that if made, threats do not cross issue-areas.
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APPENDIX A:

THE FOURTH INTERNATIONAL TIN AGREEMENT, 1970

Preamble

The Contracting Governments, recognizing:

(a) That commodity agreements, by helping to secure stabilization of prices and steady development of export earnings and of primary commodity markets, can significantly assist economic growth, especially in developing producing countries;

(b) The value of continued co-operation between producing and consuming countries, within the framework of the basic principles and objectives of the United Nations Conference on Trade and Development by means of an international commodity agreement, to help to resolve problems relevant to tin;

(c) The exceptional importance of tin to numerous countries whose economy is heavily dependent upon favourable and equitable conditions for its production, consumption or trade;

(d) The need to protect and foster the health and growth of the tin industry, especially in the developing producing countries, and so to ensure adequate supplies of tin to safeguard the interests of consumers in the importing countries;

(e) The importance to tin producing countries of maintaining and expanding their import purchasing power; and

(f) The desirability of achieving the expansion of tin consumption in both developing and industrialized countries;

Have agreed as follows:

CHAPTER I — OBJECTIVES

Article 1

OBJECTIVES

The objectives of this Agreement are:

(a) To provide for adjustment between world production and consumption of tin and to alleviate serious difficulties arising from surplus or shortage of tin;

(b) To prevent excessive fluctuations in the price of tin and in export earnings from tin;

(c) To make arrangements which will help to increase the export earnings from tin, especially those of the developing producing countries, thereby helping to provide such countries with resources for accelerated economic growth and social development, while at the same time taking into account the interests of consumers in importing countries;

(d) To ensure conditions which will help to achieve a dynamic and rising rate of production of tin on the basis of a remunerative return to producers, which will help to secure an adequate supply at prices fair to consumers and to provide a long-term equilibrium between production and consumption;

(e) To prevent widespread unemployment or underemployment and other serious difficulties which may result from maladjustments between the supply of and the demand for tin;

(f) In the event of a shortage of supplies of tin occurring or being expected to occur, to take steps to secure an increase in the production of tin and a fair distribution of tin metal in order to mitigate serious difficulties which consuming countries might encounter;

(g) In the event of a surplus of supplies of tin occurring or being expected to occur, to take steps to mitigate serious difficulties which producing countries might encounter;

(h) To review disposals of non-commercial stocks of tin by Governments and to take steps which would avoid any uncertainties and difficulties which might arise;

(i) To keep under review the need for the development and exploitation of new deposits of tin and for the promotion, through, inter alia, the technical and financial assistance resources of the United Nations and other organizations within the United Nations system, of the most efficient methods of mining, concentration and smelting of tin ores; and

(j) To continue the work of the International Tin Council under the First, Second and Third International Tin Agreements.
CHAPTER II — DEFINITIONS

Article 2

Definitions

For the purposes of this Agreement:

Tin means tin metal, any other refined tin or the tin content of concentrates or tin ore which has been extracted from its natural occurrence. For the purposes of this definition, "ore" shall be deemed to exclude (a) material which has been extracted from the ore body for a purpose other than that of being dressed and (b) material which is discarded in the process of dressing.

Tin metal means refined tin of good merchantable quality assaying not less than 97.75 per cent.

Buffer stock means the buffer stock established and operated in accordance with the provisions of chapter VIII of this Agreement.

Tin metal held means the metal holding of the buffer stock, including metal which has been bought for the buffer stock but not yet received, and excluding metal which has been sold from the buffer stock but not yet delivered, by the Manager of the buffer stock.

Ton means metric ton, i.e. 1,000 kilogrammes.

Net exports means the amount exported in the circumstances set out in part one of annex C to this Agreement less the amount imported as determined in accordance with part two of the same annex.

Participating country means a country whose Government has ratified, approved or accepted this Agreement, or given notification of intention to ratify, approve or accept this Agreement under article 49 or as the context may require, the Government of such country or of such territory or territories themselves.

Producing country means a participating country which the Council has declared, with the consent of that country, to be a producing country.

Consuming country means a participating country which the Council has declared, with the consent of that country, to be a consuming country.

Contributing country means a participating country which has contributions in the buffer stock.

Simple majority means a majority of the votes cast by participating countries counted together.

Simple distributed majority means a majority of the votes cast by producing countries and a majority of the votes cast by consuming countries, counted separately.

Two-thirds distributed majority means a two-thirds majority of the votes cast by producing countries and a two-thirds majority of the votes cast by consuming countries, counted separately.

Entry into force means, except when qualified, the initial entry into force of this Agreement, whether such entry into force is provisional in accordance with article 47 or definitive in accordance with article 46.

Control period means a period which has been so declared by the Council and for which a total permissible export tonnage has been fixed.

Quarter means a calendar quarter beginning on 1 January, 1 April, 1 July or 1 October.

Financial year means a period of one year beginning on 1 July and ending on 30 June of the next year.

CHAPTER III — MEMBERSHIP IN THE COUNCIL

Article 3

Participation in the Council

Each Contracting Government shall constitute a single member of the Council, except as otherwise provided in article 49.

Article 4

Categories of participants

(a) Each member of the Council shall be declared by the Council, with the consent of the country concerned, to be a producing or a consuming country, as soon as possible after receipt by the Council of notice from the depositary Government that such member has deposited its instrument of ratification, approval, acceptance or accession under article 45 or 48, or notification of intention to ratify, approve or accept this Agreement under article 47.

(b) The membership of producing countries and consuming countries shall be based respectively on their domestic mine production and their consumption of tin metal provided that:

(i) The membership of a producing country which is a substantial consumer of tin metal derived from its own domestic mine production shall with the consent of the country be based on its exports of tin;

(ii) The membership of a consuming country which produces from its own domestic mines a substantial proportion of the tin it consumes shall with the consent of the country be based on its imports of tin.

(c) In its instruments of ratification, approval, acceptance or accession or in its notification of intention to ratify, approve or accept this Agreement, each Contracting Government may state the category of participating countries to which it considers that it should belong.

(d) At the first meeting of the Council after the entry into force of the Agreement, the Council shall take the decisions necessary for the application of this article by a majority of votes cast by the participating countries listed in annex A and by a majority of votes cast by the participating countries listed in annex B, the votes being counted separately and voting rights being in conformity with annexes A and B to this Agreement.
Article 5

CHANGE OF CATEGORY

(a) Where the position of a participating country has changed from that of a consuming to that of a producing country, or vice versa, the Council shall, on the request of that country or on its own initiative with the country's consent, consider the new position and determine the tonnages or percentages applicable.

(b) The Council shall determine the date when the tonnages and/or percentages, as the case shall require, which it has arrived at under paragraph (a) of this article shall come into effect.

(c) From the date of coming into effect determined by the Council under paragraph (b) the Contracting Government concerned shall cease to hold any of the rights and privileges in, or to be bound by any of the obligations under, this Agreement which pertain to countries in its previous category and shall acquire all the rights and privileges in, and shall be bound by all of the obligations under, this Agreement which pertain to countries in its new category:

Provided that:

(i) If the change of category is from a producing country to a consuming country, the country which has changed shall nevertheless retain its rights to the refund at the termination of this Agreement of its share in the liquidation of the buffer stock in accordance with articles 30, 31 and 32; and

(ii) If the change of category is from a consuming country to a producing country, the conditions laid down by the Council for the country which has changed shall be equitable as between the country and the other producing countries already participating in the Agreement.

CHAPTER IV — ORGANIZATION AND ADMINISTRATION

Article 6

THE INTERNATIONAL TIN COUNCIL

(a) The International Tin Council (hereinafter called the Council), established by the previous International Tin Agreements, shall continue in being for the purpose of administering the Fourth International Tin Agreement, with the membership, powers and functions provided for in this Agreement.

(b) The seat of the Council shall be in London, unless the Council decides otherwise.

Article 7

COMPOSITION OF THE INTERNATIONAL TIN COUNCIL

(a) The Council shall be composed of all the participating countries.

(b) (i) Each participating country shall be represented in the Council by one delegate. Each country may designate alternates and advisers to attend sessions of the Council;

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

Article 8

POWERS AND FUNCTIONS OF THE COUNCIL

The Council:

(a) Shall have such powers and perform such duties as may be necessary for the administration and operation of this Agreement.

(b) Shall establish its own rules of procedure.

(c) Shall receive from the Executive Chairman, whenever it may request, such information with regard to the holdings and operations of the buffer stock as it considers necessary to fulfil its functions under this Agreement.

(d) May request participating countries to furnish any necessary data concerning production, consumption, international trade and stocks and any other information necessary for the satisfactory administration of this Agreement not inconsistent with the national security provisions as laid down in article 41, and the countries shall furnish to the fullest extent possible the information so requested.

(e) Shall, at least once in every quarter, estimate the probable production and consumption of tin during the following quarter, and it may consider the influence of such other factors as are relevant to the total statistical tin position for that period.

(f) Shall make arrangements for the continuing study of the short-term and long-term problems of the world tin industry; to this effect it shall undertake or promote such studies on problems of the tin industry as it deems appropriate.

(g) Shall keep itself informed of new uses of tin and the development of substitute products which might replace tin in its traditional uses.

(h) Shall encourage wider participation in organizations devoted to research aimed at promoting the consumption of tin.

(i) Has the power to borrow for the purposes of the Administrative Account established under article 15.

(j) (i) Shall publish after the end of each financial year a report of its activities for that year;

(ii) Shall publish after the end of each quarter (but not earlier than three months after the end of that quarter, in the absence of a contrary decision by the Council) a statement showing the tonnage of tin metal held at the end of that quarter.

(k) May appoint such committees as it considers necessary to assist it in the performance of its functions, and may draw up their terms of reference; these committees may, unless the Council otherwise decides, establish their own rules of procedure.
(f) (i) May at any time, by a two-thirds distributed majority, delegate to any committee any power which the Council may exercise by a simple distributed majority, other than those relating to:

- assessment of contributions under article 16,
- floor and ceiling prices under articles 19 and 29,
- assessment of export control under article 33,
- action in the event of a tin shortage under article 37;

(ii) Shall, by a two-thirds distributed majority, fix the membership and terms of reference of any such committee;

(iii) May by a simple majority revoke at any time any delegation of powers to any such committee of the appointment of any such committee.

(m) Shall make whatever arrangements are appropriate for consultation and co-operation with:

(i) The United Nations, its appropriate organs (particularly the United Nations Conference on Trade and Development), the specialized agencies, other organizations within the United Nations system and appropriate inter-governmental organizations; and

(ii) Non-participating countries which are Members of the United Nations or of its specialized agencies or which were parties to the previous International Tin Agreements.

Article 9

EXECUTIVE CHAIRMAN AND VICE-CHAIRMEN OF THE COUNCIL

(a) The Council shall, by a two-thirds distributed majority and by ballot, appoint an independent Executive Chairman, who may be a national of one of the participating countries. The appointment of the Executive Chairman shall be considered at the first session of the Council after the entry into force of this Agreement.

(b) The Executive Chairman shall not have been actively engaged in the tin industry or in the tin trade during the five years preceding his appointment and shall comply with the conditions set out in article 13.

(c) The Executive Chairman shall hold office for such period and on such other terms and conditions as the Council may determine.

(d) The Executive Chairman shall preside over meetings of the Council; he shall have no vote.

(e) The Council shall elect annually a first Vice-Chairman and a second Vice-Chairman, chosen alternately each financial year from among the delegates of the producing countries and the delegates of the consuming countries.

(f) If the Executive Chairman is temporarily absent, he shall be replaced by the first Vice-Chairman, or if necessary by the second Vice-Chairman, who shall only have the duty to preside over meetings unless the Council decides otherwise. If the Executive Chairman resigns or is permanently unable to perform his duties, the Council shall appoint a new Executive Chairman.

(g) When a Vice-Chairman performs the duties of the Executive Chairman he shall have no vote; the right to vote of the country he represents may be exercised in accordance with the provisions of paragraphs (b) (ii) of article 7 and (c) of article 12.

Article 10

SESSIONS OF THE COUNCIL

(a) The Council shall hold at least four sessions a year.

(b) The depositary Government shall call the first meeting of the Council under this Agreement in London. This meeting shall begin within eight days after entry into force of the Agreement.

(c) Meetings shall be convened, at the request of any participating country or as may be required by the provisions of this Agreement, by the Executive Chairman or, after consultation with the first Vice-Chairman, and on his behalf, by the Secretary in the event of the incapacity of the Executive Chairman. Meetings may also be convened by the Executive Chairman at his discretion.

(d) Meetings shall, unless otherwise decided by the Council, be held at the seat of the Council. Except in the case of meetings convened under article 29, at least seven days' notice of each meeting shall be given.

(e) Delegates holding two-thirds of the total votes of all producing countries and two-thirds of the total votes of all consuming countries shall together constitute a quorum at any meeting of the Council. If for any session of the Council, there is not a quorum as defined above, a further session shall be convened after not less than seven days, at which delegates holding more than 1,000 votes shall together constitute a quorum.

Article 11

VOTES

(a) The producing countries shall together hold 1,000 votes which shall be distributed among them so that each producing country receives five initial votes and, in addition, a proportion as nearly as possible equal to the proportion which the percentage of that country as listed in annex A or as published from time to time in accordance with paragraph (q) of article 33 bears to the total of the percentages of all producing countries.

(b) The consuming countries shall together hold 1,000 votes, which shall be distributed among them so that each consuming country receives five initial votes and, in addition, a proportion as nearly as possible equal to the proportion which the tonnage of that country as listed in annex B bears to the total of the tonnages of all consuming countries:

Provided that:

(i) If there are more than thirty consuming countries, the initial vote for each consuming country shall be
Article 12

VOTING PROCEDURE OF THE COUNCIL

(a) Each member of the Council shall be entitled to cast the number of votes it holds in the Council. When voting, a delegate shall not divide his votes. When abstaining, a delegate shall be deemed not to have cast his votes.

(b) Decisions of the Council shall, except when otherwise provided, be taken by a simple distributed majority.

(c) Any participating country may, in a form satisfactory to the Council, authorize any other participating country to represent its interests and to exercise its voting rights at any meeting of the Council.

Article 13

THE STAFF OF THE COUNCIL

(a) The Executive Chairman appointed under article 9 shall be responsible to the Council for the administration and operation of this Agreement in accordance with the decisions of the Council.

(b) The Executive Chairman shall also be responsible for the administration of the secretariat services and staff at the Council’s seat.

(c) The Council shall appoint a Secretary of the Council and a Manager of the Buffer Stock (hereinafter called the Manager) and shall determine the terms and conditions of service of those two officers.

(d) The Council shall give instructions to the Executive Chairman as to the manner in which the Manager is to carry out the duties laid down in this Agreement as well as such additional duties as the Council may determine.

(e) The Executive Chairman shall be assisted by the staff considered necessary by the Council. All staff, including the Secretary of the Council and the Manager, shall be responsible to the Executive Chairman. The method of appointment and the conditions of employment of the staff shall be approved by the Council.

(f) The Executive Chairman and the staff of the Council may, or shall cease to hold, any financial interest in the tin industry or in the tin trade; they shall not seek or receive instructions regarding their work or their duties from any Government or person or authority other than the Council or a person acting on behalf of the Council under the terms of this Agreement.

(g) No information concerning the operation or administration of this Agreement shall be revealed by the Executive Chairman, the Manager or other staff of the Council, except as may be authorized by the Council or as is necessary for the proper discharge of their duties under this Agreement.

CHAPTER V — PRIVILEGES AND IMMUNITIES

Article 14

PRIVILEGES AND IMMUNITIES

(a) The Council shall be accorded in each participating country such currency exchange facilities as may be necessary for the discharge of its functions under this Agreement.

(b) The Council shall have legal personality. It shall in particular have the capacity to contract, acquire and dispose of movable and immovable property and to institute legal proceedings.

(c) The Council shall have in each participating country, to the extent consistent with its law, such exemption from taxation on the assets, income and other property of the Council as may be necessary for the discharge of its functions under this Agreement.
(d) The member in whose territory the headquarters of the Council is situated (hereinafter referred to as “the host member”) shall, as soon as possible after the entry into force of the Agreement, conclude with the Council an agreement to be approved by the Council relating to the status, privileges and immunities of the Council, of its Executive Chairman, its staff and experts and of representatives of members while in the territory of the host member for the purpose of exercising their functions.

(e) The agreement envisaged in paragraph (d) of this article shall be independent of this Agreement and shall prescribe the conditions for its own termination.

(f) The host member shall grant exemption from taxation on remuneration paid by the Council to its employees other than those employees who are its nationals.

CHAPTER VI — FINANCE

Article 15

FINANCE

(a) (i) There shall be kept two accounts—the Administrative Account and the Buffer Stock Account—for the administration and operation of this Agreement;

(ii) The administrative expenses of the Council, including the remuneration of the Executive Chairman, the Secretary, the Manager and the staff, shall be brought into the Administrative Account;

(iii) Any expenditure which is solely attributable to buffer-stock transactions or operations, including expenses for borrowing arrangements, storage, commission and insurance, shall be borne by the buffer-stock contributions payable by contributing countries under this Agreement and shall be brought by the Manager into the Buffer Stock Account. The liability on the Buffer Stock Account for any other type of expenditure shall be decided by the Executive Chairman.

(b) The Council shall not be responsible for the expenses of delegates to the Council or the expenses of their alternates and advisers.

Article 16

THE ADMINISTRATIVE ACCOUNT

(a) The Council shall, at its first session after the entry into force of this Agreement, approve the budget of contributions and expenditure on the Administrative Account for the period between the date of entry into force of the Agreement and the end of the financial year. Thereafter it shall approve a similar annual budget for each financial year. If at any time during any financial year, because of unforeseen circumstances which have arisen or are likely to arise, the balance remaining in the Administrative Account is likely to be inadequate to meet the administrative expenses of the Council, the Council may approve a necessary supplementary budget for the remainder of that financial year.

(b) Upon the basis of such budgets the Council shall assess in sterling the contribution to the Administrative Account of each participating country, which shall be liable to pay its full contribution to the Council upon notice of assessment. Each participating country shall pay in respect of each vote which it holds in the Council upon the day of assessment one two-thousandth of the total amount required, provided that no country shall contribute less than £200 sterling in any financial year.

Article 17

PAYMENT OF CASH CONTRIBUTIONS

(a) Cash payments to the Administrative Account by participating countries under articles 16 and 53, cash payments to the Buffer Stock Account by contributing countries under articles 21, 22 and 23, cash payments from the Administrative Account to participating countries under article 53 and cash payments from the Buffer Stock Account to contributing countries under articles 21, 22, 23, 31 and 32 shall be made in sterling or, at the option of the country concerned, in any currency which is freely convertible into sterling on the London foreign exchange market.

(b) Any participating country which fails to pay its contribution to the Administrative Account within six months of the date of notice of assessment may be deprived by the Council of its right to vote. If such a country fails to pay its contribution within twelve months of the date of notice of assessment, the Council may deprive it of any other rights under this Agreement, provided that the Council shall, on receipt of any such outstanding contribution, restore to the country concerned the rights of which it has been deprived under this paragraph.

Article 18

AUDIT AND PUBLICATION OF ACCOUNTS

The Council shall, as soon as possible after the end of each financial year, publish the independently audited Administrative and Buffer Stock Accounts, provided that such Buffer Stock Accounts shall not be published earlier than three months after the end of the financial year to which they relate.

CHAPTER VII — FLOOR AND CEILING PRICES

Article 19

FLOOR AND CEILING PRICES

(a) For the purposes of this Agreement there shall be floor and ceiling prices for tin metal.
(b) The initial floor and ceiling prices shall be those which were in force under the Third Agreement at the date of the termination of that Agreement.

c) The range between the floor and ceiling prices shall be divided into three sectors. The Council may at any meeting decide the extent of each or any of these sectors.

d) (i) The Council shall, at its first session after the entry into force of this Agreement and from time to time thereafter or in accordance with the provisions of article 29, consider whether the floor and ceiling prices are appropriate for the attainment of the objectives of this Agreement and may revise either or both of them;

(ii) In so doing, the Council shall take into account the short-term developments and medium-term trends of tin production and consumption, the existing capacity for mine production, the adequacy of the current price to maintain sufficient future mine production capacity and other relevant factors.

(e) The Council shall publish as soon as possible any revised floor and ceiling price, including any provisional or revised price determined under article 29 and any revised division of the range.

CHAPTER VIII — THE BUFFER STOCK

Article 20

Establishment of the buffer stock

(a) A buffer stock shall be established.

(b) (i) Contributions to the buffer stock shall be made by producing countries in accordance with the provisions of article 21;

(ii) Any country invited to the United Nations Tin Conference, 1970, may also make a voluntary contribution to the buffer stock in accordance with article 22.

(c) For the purposes of this article any part of a contribution made in cash shall be deemed to be equivalent to the quantity of tin metal which could have been purchased at the floor price in effect on the date of entry into force of this Agreement.

Article 21

Compulsory contributions

(a) (i) Producing countries shall make contributions to the buffer stock amounting in the aggregate to the equivalent of 20,000 tons of tin metal.

(ii) The equivalent of 7,500 tons of this aggregate contribution in sub-paragraph (i) shall be due on the entry into force of the Agreement and, subject to the provisions of sub-paragraph (iii), shall be made on the date of the first meeting of the Council under this Agreement.

(iii) The Council shall decide what portions of the contributions to be made under sub-paragraphs (i) or (ii) shall become due in cash or in tin metal. The producing countries shall make the payment of the cash portion on the date determined by the Council and the payment of the portion in tin metal not later than three months from the date of such decision.

(iv) At any time the Council may determine by which date or dates and in what installments the whole or part of the balances of the aggregate contribution shall be made. However, the Council may authorize the Executive Chairman to request payment of installments of these balances at not less than fourteen days' notice.

(v) If at any time the Council holds cash assets in the Buffer Stock Account, in excess of the contributions made under sub-paragraph (ii) and of any voluntary contribution made under article 22, the Council may authorize refunds out of such excess to the producing countries in proportion to the contributions they have made under this article. The balances referred to as due under sub-paragraph (iv) shall be increased by the amount of such refunds. At the request of a producing country, the refund to which it is entitled may be retained in the buffer stock.

(b) Contributions due in accordance with paragraph (a) of this article may, with the consent of the contributing country concerned, be made by transfer from the buffer stock held under the Third Agreement.

(c) The contributions referred to in paragraph (a) of this article shall be apportioned among the producing countries according to the percentages in annex A, as reviewed and redetermined at the first session of the Council in accordance with paragraph (m) of article 33.

(d) (i) If on or after the entry into force of this Agreement a country listed in annex A ratifies, approves or accepts, or gives notification of intention to ratify, approve or accept, or accedes to, this Agreement, or if a consuming country has changed its category to that of a producing country in accordance with article 5, the contribution of that country shall be determined by the Council with reference to its percentage in annex A;

(ii) Contributions determined under sub-paragraph (i) shall be made on the date of the deposit of the instrument or on the date determined by the Council under paragraph (b) of article 5;

(iii) The Council may direct refunds, not exceeding in the aggregate the amount of any contribution received under sub-paragraph (i), to be made to the other producing countries or consuming countries. If the Council decides that such refunds or parts of such refunds are to be made in tin metal, it may attach to these refunds such conditions as it deems necessary. At the request of a producing country, the refund to which it is entitled may be retained in the buffer stock.
(e) (i) A producing country which for the purpose of making a contribution under this article wishes to export tin from stocks lying within that country may apply to the Council to be permitted to export the tonnage so desired in addition to its permissible export tonnage, if any, determined under article 33;

(ii) The Council shall consider any such application and may approve it subject to such conditions as it deems necessary. Subject to these conditions being satisfied and to the furnishing of such evidence as the Council may require to identify the metal or concentrates exported with the tin metal delivered to the buffer stock, paragraphs (a), (o) and (p) of article 33 shall not apply to such exports.

(f) Contributions in tin metal may be accepted by the Manager in warehouses officially approved by the London Metal Exchange or at such other place or places as are determined by the Council. The brands of tin so delivered shall be brands registered with and recognized by the London Metal Exchange.

**Article 22**

**VOLUNTARY CONTRIBUTIONS**

(a) Any country invited to the United Nations Tin Conference, 1970, may, with the consent of the Council and upon conditions which shall include conditions as to refund, make voluntary contributions to the buffer stock in cash or in tin metal or in both. Such voluntary contribution shall be additional to the contributions shown in paragraph (a) of article 21.

(b) The Executive Chairman shall notify the participating countries and any non-participating country which has made a contribution under paragraph (a) of this article of the receipt of any such voluntary contribution.

(c) Notwithstanding the conditions which shall have been imposed under paragraph (a) of this article, the Council may refund to any country which has made a voluntary contribution to the buffer stock under paragraph (a) of this article the whole or any part of such contribution. If such refund or part of such refund is made in tin metal the Council may attach to these refunds the conditions which it deems necessary.

**Article 23**

**PENALTIES**

(a) The Council shall determine penalties to be applied to countries which fail to meet their obligations under paragraph (a) (iv) of article 21.

(b) If a producing country does not fulfil its obligations under article 21 the Council may deprive it of any or all of its rights and privileges under this Agreement and may also require the remaining producing countries to make good the deficit in cash or in tin metal or in both.

(c) If a part of the deficit is to be made good in tin metal, the producing countries which are making good that deficit shall be permitted to export the amounts required of them in addition to any permissible export amounts that may have been determined under article 33. Subject to the furnishing of such evidence as the Council may require to identify the metal or concentrates exported with the tin metal delivered to the buffer stock, paragraphs (n), (o) and (p) of article 33 shall not apply to such exports.

(d) The Council may at any time and on such conditions as it may determine:

(i) Declare that the default has been remedied;

(ii) Restore the rights and privileges of the country concerned; and

(iii) Refund the additional contributions made by the other producing countries under paragraph (b) of this article together with interest at a rate which shall be determined by the Council, taking into account prevailing international interest rates, provided that, in respect of that part on the additional contribution which has been made in tin metal, such interest shall be calculated on the basis of the cash equivalent at the settlement price for tin metal on the London Metal Exchange on the date of the decision of the Council under paragraph (b) of this article. If such refunds or parts of such refunds are made in tin metal the Council may attach to these refunds the conditions which it deems necessary.

**Article 24**

**BORROWING FOR THE BUFFER STOCK**

(a) The Council may borrow for the purposes of the buffer stock and upon the security of tin warrants held by the buffer stock such sum or sums as it deems necessary provided that the maximum amount of such borrowing and the terms and conditions thereof shall have been approved by the majority of the votes cast by consuming countries and all the votes cast by producing countries.

(b) The Council may by a two-thirds distributed majority make any other arrangements it thinks fit for borrowing for the purposes of the buffer stock.

(c) No obligation shall be laid upon any participating country under this article without the consent of that country.

**Article 25**

**OPERATION OF THE BUFFER STOCK**

(a) The Manager shall, in conformity with article 13 and within the provisions of the Agreement and the framework of instructions of the Council, be responsible to the Executive Chairman for the operation of the buffer stock.

(b) For the purposes of this article, the market price of tin shall be the price of cash tin on the London Metal Exchange or such other price or prices as the Council may from time to time determine.
(c) If the market price of tin:

(i) Is equal to or greater than the ceiling price the Manager shall, unless otherwise instructed by the Council, if he has tin at his disposal and subject to articles 26 and 27, offer tin for sale on the London Metal Exchange at the market price, until the market price of tin falls below the ceiling price or the tin at his disposal is exhausted;

(ii) Is in the upper sector of the range between the floor and ceiling prices, the Manager may operate on the London Metal Exchange at the market price if he considers it necessary to prevent the market price from rising too steeply, provided he is a net seller of tin;

(iii) Is in the middle sector of the range between the floor and ceiling prices, the Manager may buy and/or sell tin only on special authorization by the Council;

(iv) Is in the lower sector of the range between the floor and ceiling prices, the Manager may operate on the London Metal Exchange at the floor price if he considers it necessary to prevent the market price from falling too steeply, provided he is a net buyer of tin;

(v) Is equal to or less than the floor price, the Manager shall, unless otherwise instructed by the Council, if he has funds at his disposal and subject to articles 26 and 27, offer to buy tin on the London Metal Exchange at the floor price until the market price of tin is above the floor price or the funds at his disposal are exhausted.

(d) When under the provisions of paragraph (c) of this article the Manager may buy (or sell, as the case may be) tin on the London Metal Exchange, he may buy (or sell, as the case may be) tin on any other established market for tin, provided that he may not engage in forward transactions unless these will be completed before the termination of this Agreement.

Article 26

RESTRICTION OR SUSPENSION OF BUFFER-STOCK OPERATIONS: ACTION BY THE COUNCIL

(a) Notwithstanding the provisions of sub-paragraphs (ii) and (iv) of paragraph (c) of article 25, the Council may restrict or suspend forward transactions of tin when the Council considers it necessary to achieve the purposes of this Agreement.

(b) Notwithstanding the provisions of sub-paragraphs (i) and (v) or paragraph (c) of article 25, the Council, if in session, may restrict or suspend the operations of the buffer stock if, in its opinion, the discharge of the obligations laid upon the Manager by those sub-paragraphs will not achieve the purposes of this Agreement.

(c) The Council may confirm any restriction or suspension under paragraph (a) of article 27 or, where a restriction or suspension has been revoked by the Executive Chairman under paragraph (b) of article 27, may restore such restriction or suspension. If the Council does not come to a decision, buffer-stock operations shall be resumed or continue without restriction, as the case may be.

(d) So long as any restriction or suspension of the operations of the buffer stock determined in accordance with this article or article 27 remains in force, the Council shall review this decision at intervals of not longer than six weeks. If at a meeting to make such a review the Council does not come to a decision in favour of the continuation of the restriction or suspension, buffer-stock operations shall be resumed.

Article 27

RESTRICTION OR SUSPENSION OF BUFFER-STOCK OPERATIONS: ACTION BY THE EXECUTIVE CHAIRMAN

(a) At such times as the Council is not in session, the power to restrict or suspend operations under paragraph (b) of article 26 shall be vested in the Executive Chairman.

(b) The Executive Chairman may at any time revoke a restriction or suspension which he has decided by virtue of the power vested in him under paragraph (a) of this article.

(c) Immediately after a decision by the Executive Chairman to restrict or suspend the operations of the buffer stock under the powers vested in him under paragraph (a) of this article, he shall convene a meeting of the Council to review such decision. Such meeting shall be held within fourteen days after the date of the restriction or suspension.

Article 28

OTHER OPERATIONS OF THE BUFFER STOCK

(a) The Council may, under given circumstances, authorize the Manager to buy tin from, or sell tin to or for the account of, a governmental non-commercial stock in accordance with the provisions of article 40. The provisions of paragraph (c) of article 25 shall not apply to tin metal for which such authorization has been given.

(b) Notwithstanding the provision of articles 25, 26 and 27 the Council may authorize the Manager, if his funds are inadequate to meet his operational expenses, to sell sufficient quantities of tin at the current price to meet expenses.

Article 29

THE BUFFER STOCK AND CHANGES IN EXCHANGE RATES

(a) The Executive Chairman may convene, or any participating country may request him to convene, a meeting of the Council immediately to review the floor and ceiling prices if the Executive Chairman or the participating country, as the case may be, considers that changes in exchange rates make such a review necessary. Meetings may be convened under this paragraph by less than seven days' notice.
In the circumstances set forth in paragraph (a) of this article, the Executive Chairman may, pending the meeting of the Council referred to in that paragraph, provisionally restrict or suspend the operations of the buffer stock if such a restriction or suspension is in his opinion necessary to prevent buying or selling of tin by the Manager to an extent likely to prejudice the purposes of this Agreement.

(c) The Council may restrict or suspend or confirm the restriction or suspension of buffer-stock operations under this article. If the Council does not come to a decision, buffer-stock operations, if provisionally restricted or suspended, shall be resumed.

(d) Within thirty days of its decision to restrict or suspend or to confirm the restriction or suspension of buffer-stock operations under this article, the Council shall consider the determination of provisional floor and ceiling prices and may determine these prices.

(e) Within ninety days from the establishment of provisional floor and ceiling prices, the Council shall review these prices and may determine new floor and ceiling prices.

(f) If the Council does not determine provisional floor and ceiling prices in accordance with paragraph (d) of this article, it may at any subsequent meeting determine what the floor and ceiling prices shall be.

(g) Buffer-stock operations shall be resumed on the basis of such floor and ceiling prices as are determined in accordance with paragraphs (d), (e) or (f) of this article, as the case may be.

Article 31

LIQUIDATION PROCEDURE

(a) As soon as possible after the termination of this Agreement, the Manager 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 is in his opinion sufficient to meet such expenses. Should the balance remaining in the Buffer Stock Account be inadequate to meet such expenses, the Manager shall sell a sufficient quantity of tin metal to provide the additional sum required.

(b) 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.

(c) (i) The share of each contributing country shall be ascertained in accordance with annex H;

(ii) Upon the request of all contributing countries, the Council shall revise annex H.

Article 32

ALLOCATION AND PAYMENT OF PROCEEDS OF LIQUIDATION

(a) Subject to the provisions of paragraph (a) of article 31 the share of each contributing country in the cash and tin metal available for distribution in accordance with annex H shall be allocated to it, provided that if any contributing country has forfeited the whole or part of its rights to participate in the proceeds of the liquidation of the buffer stock by virtue of articles 17, 23, 33, 42, 43 or 52, it shall to that extent be excluded from the refund of its share and the resulting residue shall be apportioned between the other contributing countries in the manner laid down in clause (iv) of annex H for the apportionment of a deficit.

(b) The ratio of tin metal to cash allocated to each contributing country under the provisions of paragraphs (b) and (c) of article 31 and (a) of this article shall be the same.

(c) Each contributing country shall be repaid the cash allocated to it as the result of the procedure set out in annex H. To this effect, either:

(i) The tin metal 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 twenty-four months; or

(ii) At the option of any contributing country any such instalment may be sold and the net proceeds of such sale paid to that country.
(d) When all the tin metal has been disposed of in accordance with paragraph (c) of this article, the Manager shall distribute among contributing countries any balance remaining of the sum set aside under paragraph (a) of article 31 in the proportions allocated to each country in accordance with paragraph (c) of article 31 and annex H.

CHAPTER IX — EXPORT CONTROL

Article 33

ASSESSMENT OF EXPORT CONTROL

(a) In the light of its examination of the estimates of production and consumption made under paragraph (e) of article 8 and taking account of the quantity of tin metal and cash held in the buffer stock, the quantity, availability and probable trend of other stocks, the trade in tin, the current price of tin metal and any other relevant factors, the Council may from time to time determine the quantities of tin which may be exported from producing countries in accordance with the provisions of this article and may declare a control period and shall, by the same resolution, fix a total permissible export tonnage for that control period. In fixing such tonnage, it shall be the duty of the Council to adjust supply to demand so as to maintain the price of tin metal between the floor and ceiling prices. The Council shall also aim to maintain available in the buffer stock tin metal and cash adequate to rectify any discrepancies between supply and demand which may arise through unforeseen circumstances.

(b) The control periods shall correspond to the quarters, provided that, on any occasion when the limitation of exports is being introduced for the first time during the currency of this Agreement or is being reintroduced after an interval during which no limitation of exports, the Council may declare as the control period any period not being greater than five months or less than two months, ending on 31 March, 30 June, 30 September or 31 December.

(c) The limitation of exports under this Agreement in each control period shall depend on the decision of the Council, and no such limitation shall operate in any period unless the Council has declared it to be a control period and fixed a total permissible export tonnage in respect of it.

(d) A control period already declared may be revoked before, or terminated during, the currency of that period by the Council and the period so revoked or terminated shall not be regarded as a control period for the purposes of paragraph (i) and sub-paragraphs (ii), (iii), and (iv) of paragraph (p) of this article.

(e) The Council shall not declare a control period unless it finds that at least 10,000 tons of tin metal are likely to be held in the buffer stock at the beginning of that period, provided that:

(i) If a control period is declared for the first time after an interval during which no limitation of exports was in force, the figure for the purposes of this paragraph shall be 5,000 tons, applicable from the effective date of the control period already declared or as from and to such date or dates as the Council shall decide; and

(ii) The Council may by a two-thirds distributed majority reduce in respect of any control period the required tonnage of 10,000 tons or 5,000 tons, as the case may be.

(f) A total permissible export tonnage which has become effective shall not cease to be effective during the course of the period to which it relates by reason only of the fact that the buffer-stock holding has fallen below the minimum tonnage of tin metal required under paragraph (e) of this article or any other tonnage substituted therefor under the same paragraph.

(g) The Council may declare control periods and fix total permissible export tonnages, notwithstanding the restriction or suspension of buffer-stock operations in accordance with the provisions of articles 26, 27 or 29.

(h) A total permissible export tonnage previously fixed under paragraph (a) of this article may be revised by the Council, provided, however, that a total permissible export tonnage may not be decreased during the control period to which it relates.

(i) When, under the provisions of paragraph (a) of this article, the Council has declared a control period and has fixed a total permissible export tonnage in respect of that period the Council may at the same time call upon any country invited to the United Nations Tin Conference, 1970, which is also a producer of tin from mines within its territory or territories to put into effect for that period such a limitation of its exports of tin derived from such production as may be agreed to be appropriate between the Council and the country concerned.

(j) Notwithstanding the provisions of this article, if, under the Third International Tin Agreement, a total permissible export tonnage has been fixed in respect of the last quarter of that Agreement and is still effective at the termination of that Agreement:

(i) A control period, commencing upon the entry into force of this Agreement, shall be deemed to have been declared under this Agreement; and

(ii) The total permissible export tonnage for such control period shall be at a rate proportionate to that fixed by the Third Agreement for the last quarter of that Agreement unless and until revised by the Council in accordance with the provisions of this article:

Provided that, if at the time of the first session of the Council under this Agreement less than 10,000 tons of tin metal are held in the buffer stock, the Council shall consider the position at its first session and, if a decision to continue the limitation of exports is not reached, the period in question shall cease to be a control period.

(k) The total permissible export tonnage for any control period shall be divided among producing countries in proportion to their percentages in annex A or in proportion to their percentages in any revised table of percentages which may be published in accordance with this Agreement, and the quantity of tin so computed in respect
of any country for any control period shall be the permissible export tonnage of that country for that control period.

(i) If, after the entry into force of this Agreement, any country ratifies, approves or accepts, or gives notification of intention to ratify, approve or accept, or accedes to it, as a producing country, or has been approved by the Council for a change in its category from that of a consuming country to that of a producing country in accordance with article 5, the Council, having determined the percentage of that country, shall re-determine the percentages of all the other participating countries in proportion to their current percentages.

(m) (i) The Council shall review the percentages of the producing countries and redetermine them in accordance with the rules of annex G. Except for the first redetermination, which shall take place at the first session of the Council, the percentage of a producing country shall not, during any period of twelve months, be reduced by more than one-tenth of its percentage at the commencement of that period.

(ii) In any action which it may propose to take in accordance with the rules of annex G, the Council shall give due consideration to any circumstances stated by any producing country as being exceptional and may, by a two-thirds distributed majority, waive or modify the full application of those rules.

(iii) The Council may, from time to time, by a two-thirds distributed majority revise the rules of annex G, and any such revision shall have effect as if it were included in that annex.

(iv) The percentages resulting from the procedure set out in this paragraph shall be published and shall take effect upon the first day of the quarter following the date of the decision of the Council in replacement of the percentages listed in annex A.

(n) (i) Notwithstanding the provisions of paragraph (k) of this article, the Council may, with the consent of a producing country, reduce its share in the total permissible export tonnage and redistribute the tonnage of the reduction among the other producing countries in proportion to the percentages of those countries or, if circumstances so require, in some other manner.

(ii) If, notwithstanding the provisions of sub-paragraph (i) of this paragraph, the aggregate net exports of tin from a producing country in any control period exceed its permissible export tonnage for that control period by more than five per cent, the Council may require the country concerned to make an additional contribution to the buffer stock not exceeding the tonnage by which such exports exceed its permissible export tonnage. Such a contribution shall be in tin metal or in cash or in such proportions of tin metal and cash and before such date or dates as the Council may decide. That part, if any, of the contribution which is to be paid in cash shall be calculated at the floor price in effect on the date of entry into force of this Agreement. That part, if any, of the contribution which is to be made in tin metal shall be included in and shall not be additional to the permissible export tonnage of the country in question for the control period in which such contribution is made.

(o) (i) It shall be the duty of any producing country which believes itself unlikely to be able to export in any control period as much tin as it would be entitled to export in accordance with its permissible export tonnage for that control period to make to the Council, as soon as possible but in any case not later than two calendar months after the date upon which such permissible export tonnage has become effective, a declaration to that effect.

(ii) If the Council has received such a declaration or is of the opinion that any producing country is unlikely to be able to export in any control period as much tin as it would be entitled to export in accordance with its permissible export tonnage, the Council may increase the total permissible export tonnage for that control period by such a tonnage as will in its opinion ensure that the total permissible export tonnage required will in fact be exported.

(p) (i) The net exports of tin from each producing country for each control period shall be limited, except as otherwise provided in this article, to the permissible export tonnage for that country for that control period.

(ii) If, notwithstanding the provisions of sub-paragraph (i) of this paragraph, the net exports of tin from a producing country in any control period exceed its permissible export tonnage for that control period by more than five per cent, the Council may require the country concerned to make an additional contribution to the buffer stock not exceeding the tonnage by which such exports exceed its permissible export tonnage. Such a contribution shall be in tin metal or in cash or in such proportions of tin metal and cash and before such date or dates as the Council may decide. That part, if any, of the contribution which is to be paid in cash shall be calculated at the floor price in effect on the date of entry into force of this Agreement. That part, if any, of the contribution which is to be made in tin metal shall be included in and shall not be additional to the permissible export tonnage of the country in question for the control period in which such contribution is made.

(iii) If, notwithstanding the provisions of sub-paragraph (i) of this paragraph, the aggregate net exports of tin from a producing country in any four successive control periods including, if appropriate, the control period referred to in sub-paragraph (ii) of this paragraph exceed by more than one per cent the aggregate of its permissible export tonnages for those periods, the permissible export tonnages of that country during each of the four subsequent control periods may be reduced by one-quarter of the aggregate tonnage so over-exported or, if the Council so decides, by any greater fraction not exceeding one-half. Such reduction shall take effect in and from the control period next following that in which the decision was taken by the Council.

(iv) If, after any such four successive control periods (during which the aggregate net exports of tin from a country have exceeded its permissible export tonnage as mentioned in sub-paragraph (iii) of this paragraph), the aggregate net exports
of tin from that country in any four further successive control periods (which shall not include any control period covered by sub-paragraph (ii)) exceed the aggregate of the permissible export tonnages for those four control periods, the Council may, in addition to reducing the total permissible export tonnage of that country in accordance with the provisions of sub-paragraph (iii), declare that the country shall forfeit a part, which shall on the first occasion not exceed one-half, of its rights to participation on liquidation of the buffer stock. The Council may at any time restore to the country concerned the portion of its rights so forfeited on such terms and conditions as it may determine.

(v) It shall be the duty of a producing country which has exported a tonnage of tin in excess of its permissible export tonnage and of any tonnage permitted by other provisions of this article to take effective steps to correct its breach of this Agreement at the earliest possible opportunity. The Council, when deciding the action to be taken under this paragraph, shall take account of any failure to take steps or delay in doing so.

(q) When, by reason of the determination or alteration of the percentage of a producing country or of the withdrawal of a producing country, the total of percentages is no longer one hundred, the percentage of each other producing country shall be proportionately adjusted so that the total of percentages is restored to one hundred. The Council shall then publish as soon as possible the revised table of percentages which shall come into force for the purposes of export control with effect from the first day of the control period following that in which the decision to revise percentages was taken.

(r) Each producing country shall take such measures as may be necessary to maintain and enforce the provisions of this article so that its exports shall correspond as closely as possible to its permissible export tonnage for any control period.

(s) For the purposes of this article, the Council may decide that exports of tin from any producing country shall include the tin content of any material derived from the mineral production of the country concerned.

(t) Tin shall be deemed to have been exported if, in the case of a country named in annex C, the formalities set out in that annex opposite the name of that country have been completed, provided that:

(i) The Council may, from time to time, with the consent of the country concerned, revise annex C and any such revision shall have effect as if it were included in that annex;

(ii) If any tin shall be exported from any producing country by any method which is not provided for by annex C, the Council shall determine whether such tin shall be deemed to have been exported for the purposes of this Agreement and, if so, the time at which such export shall be deemed to have taken place.

(u) For the purposes of sub-paragraphs (ii), (iii) and (iv) of paragraph (p) of this article, control periods for which total permissible export tonnages have been fixed and penalties imposed under article VII of the Third Agreement shall be deemed, as from the entry into force of this Agreement, to have been fixed or imposed under this article.

Article 34

SPECIAL EXPORTS

(a) At any time when it has declared a control period, the Council, if it considers that the conditions in annex D are satisfied, may by a two-thirds distributed majority permit the export (hereinafter called a special export) of a specified quantity of tin in addition to the permissible export amount referred to in paragraph (k) of article 33.

(b) The Council may by a two-thirds distributed majority impose such conditions upon a special export as it deems necessary.

(c) If the provisions of article 36 and the conditions imposed by the Council under paragraph (b) of this article are fulfilled, a special export shall not be taken into account when the provisions of paragraphs (n), (o) and (p) of article 33 are being applied.

(d) The Council may by a two-thirds distributed majority at any time revise the conditions in annex D, provided that any such revision shall be without prejudice to anything done by a country in pursuance of permission given and conditions already imposed under paragraph (b) of this article.

Article 35

SPECIAL DEPOSITS

(a) A producing country may at any time with the consent of the Council make special deposits of tin metal with the Manager. A special deposit shall not be treated as part of the buffer stock and shall not be at the disposal of the Manager.

(b) A producing country which has informed the Council of its intention of making a special deposit of tin metal originating within that country shall, subject to furnishing such evidence as the Council may require to identify the metal or the concentrates exported with the tin metal which is the subject of the special deposit, be permitted to export such metal or concentrates in addition to any permissible export amount that may have been allocated to that country under article 33 and, subject to the compliance by the producing country with the requirements of article 36, paragraphs (n), (o) and (p) of article 33 shall not apply to such exports.

(c) Special deposits may be accepted by the Manager only at such place or places as may be convenient to him.

(d) The Executive Chairman shall notify the participating countries of the receipt of any such special deposit, but not sooner than three months after the date of receipt.

(e) A producing country which has made a special deposit of tin metal may withdraw the whole or part of that special deposit in order to fulfil the whole or part of
its permissible export amount in any control period. In such a case the amount withdrawn from the special deposit shall be regarded as having been exported for the purposes of article 33 in the control period in which the withdrawal was made.

(f) In any quarter which has not been declared a control period any special deposit shall be at the disposal of the country which has made the deposit, subject only to the provisions of paragraph (h) of article 36.

(g) All charges incurred in connexion with any special deposit shall be borne by the country making the deposit and no charges shall be borne by the Council.

CHAPTER X — STOCKS

Article 36

STOCKS IN PRODUCING COUNTRIES

(a) (i) The stocks of tin within any producing country which have not been exported within the definition for that country contained in annex C shall not at any time during a control period exceed the tonnage shown against that country in annex E;

(ii) Such stocks shall not include tin in the course of transport between the mine and the point of export as defined in annex C;

(iii) The Council may revise annex E but, if in doing so it has increased the tonnage listed in annex E against any country, it may impose conditions, including conditions as to period and subsequent export, in relation to any such addition.

(b) Any increase in the proportion approved under paragraph 2 of article XIV of the Third Agreement and still operative at the termination of this Agreement shall not be deemed to have been approved or imposed under this Agreement unless the Council otherwise decides within six months after the entry into force of the Agreement.

(c) Any special deposit made under article 35 shall be deducted from the amount of stocks permitted under this article to be held during a control period within the producing country concerned.

(d) (i) Where in a producing country mentioned in annex F tin ore is unavoidably extracted from its natural occurrence in the mining of the other minerals mentioned in that annex and for that reason the limitation of stocks prescribed in paragraph (a) of this article would unreasonably restrict the mining of those other minerals, additional stocks of tin-in-concentrates may be held within that country to the extent that these are certified by the Government of that country as having been won exclusively in association with those other minerals and actually retained in that country, provided that the proportion which such additional stocks bear to the total amount of the other minerals mined shall not at any time exceed the proportion stated in annex F;

(ii) Except with the consent of the Council, the export of such additional stocks shall not commence until after the liquidation of all the tin metal in the buffer stock and the rate of export thereafter shall not exceed one-fortieth of the whole or 250 tons, whichever is the greater, in each quarter.

(e) Countries listed in annex E or annex F shall, in consultation with the Council, make regulations governing the maintenance, protection and control of such additional stocks.

(f) The Council may, with the consent of the producing country concerned, revise annex E and annex F.

(g) Each producing country shall forward to the Council at such intervals as the Council may require statements as to the stocks of tin within its territory which have not been exported in accordance with the definition for that country in annex C. Such statements shall not include tin in course of transport between the mine and the point of export as defined in annex C. These statements shall show separately the stocks held under paragraph (d) of this article.

(h) A country which holds special deposits under article 35 or is permitted to increase tonnages in accordance with the provisions of paragraph (a) of this article shall, not later than twelve months before the termination of this Agreement, inform the Council of its intention to increase tonnages in accordance with this article and shall consult with the Council as to the best means of taking such action without avoiding disruption of the tin market and in harmony with the provisions for the liquidation of the buffer stock under article 30. The producing country concerned shall give due consideration to the recommendations of the Council.

CHAPTER XI — TIN SHORTAGE

Article 37

ACTION IN THE EVENT OF A TIN SHORTAGE

(a) If at any time the Council concludes that a serious shortage of supplies of tin has developed or is likely to develop, the Council shall make whatever inquiries are necessary in order to enable it to estimate total requirements and availability of tin for such periods as it shall determine.

(b) If studies and inquiries, together with pertinent factors, confirm the danger of a tin shortage, the Council:

(i) Shall recommend to the participating countries that they initiate action to ensure as rapid an increase as possible in the amount of tin which they may be able to make available;
(ii) May invite the participating countries to enter into such arrangements with it as may assure consuming countries an equitable distribution of the available supplies of tin; and

(iii) Shall observe the behaviour of the market at all times with a view to preventing any tin shortage.

CHAPTER XII — MISCELLANEOUS PROVISIONS

Article 38

FAIR LABOUR STANDARDS

The participating countries declare that, in order to avoid the depression of living standards and the introduction of unfair competitive conditions in world trade, they will seek to ensure fair labour standards in the tin industry.

Article 39

GENERAL PROVISIONS

(a) Participating countries shall during the currency of this Agreement use their best endeavours and co-operate to promote the attainment of its objectives.

(b) The participating countries undertake to accept as binding all decisions of the Council under this Agreement.

(c) Without prejudice to the general scope of paragraph (a) of this article, participating countries shall in particular observe the following:

(i) They shall not, so long as sufficient quantities of tin are available to meet their full requirements, prohibit or limit the use of tin for specified end-uses except in circumstances in which such prohibition or limitation would not be inconsistent with other international agreements on trade;

(ii) They shall create conditions which would promote the transfer of tin production from less efficient to more efficient enterprises; and

(iii) They shall encourage the conservation of the natural resources of tin by preventing the premature abandonment of deposits.

Article 40

DISPOSAL OF TIN FROM NON-COMMERCIAL STOCKPILES

(a) A participating country desiring to dispose of tin from non-commercial stockpiles shall, at adequate notice, consult with the Council concerning its disposal plans.

(b) At the time a participating country gives notice of a plan to dispose of tin from non-commercial stockpiles, the Council shall promptly enter into official consultations on the plan with that country for the purpose of assuring adequate fulfilment of the provisions of paragraph (d) of this article.

(c) The Council shall from time to time review the progress of such disposals and may make recommendations to the disposing participating country.

(d) The disposals shall be made with due regard to the protection of producers, processors and consumers against avoidable disruption of their usual markets. Account shall also be taken of the consequences of such disposals on the investment of capital in exploration and development of new supplies and the health and growth of tin mining in the producing countries. The disposals shall be in such amounts and over such periods of time as will not interfere unduly with production and employment in the tin industry in the producing countries and as will avoid creating hardships to the economies of the participating producing countries.

Article 41

NATIONAL SECURITY PROVISIONS

(a) Nothing in this Agreement shall be construed:

(i) To require a participating country to furnish any information the disclosure of which it considers contrary to its essential security interests;

(ii) To prevent a participating country from taking, either singly or with other countries, any action which it considers necessary for the protection of its essential security interests where such action relates to traffic in arms, ammunition or implements of war, or to traffic in other goods and materials carried on directly or indirectly for the purpose of supplying a military establishment of any country, or is taken in time of war or other emergency in international relations;

(iii) To prevent a participating country from entering into or carrying out any inter-governmental agreement (or other agreement on behalf of a country for the purpose specified in this paragraph) made by or for a military establishment for the purpose of meeting essential requirements of the national security of one or more of the countries participating in such agreements; or

(iv) To prevent a participating country from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

(b) Participating countries shall notify the Executive Chairman as soon as possible of any action they take respecting tin in consequence of sub-paragraph (ii) or (iv) of paragraph (a) of this article and the Executive Chairman shall so notify other participating countries.

(c) Any participating country which considers its economic interests under this Agreement seriously injured by action taken by any other participating country or countries, other than action taken in time of war, under the provisions of paragraph (a) of this article, may complain to the Council.
(d) On receipt of such a complaint the Council shall review the facts of the situation and shall by a majority of the total votes held by all consuming countries and a majority of the total votes held by all the producing countries decide whether the complainant country is justified in its complaint and shall, if it so decides, permit the complainant country to withdraw from this Agreement.

CHAPTER XIII — COMPLAINTS AND DISPUTES

Article 42

Complaints

(a) Any complaint that any participating country has committed a breach of this Agreement for which a remedy is not provided elsewhere in this Agreement shall, at the request of the country making the complaint, be referred to the Council for a decision.

(b) Save where otherwise provided in this Agreement, no participating country shall be found to have committed a breach of this Agreement unless a resolution to that effect is passed. Any such finding shall specify the nature and extent of the breach.

(c) If the Council finds under this article that a participating country has committed a breach of this Agreement, the Council may, unless some other penalty is provided elsewhere in this Agreement, deprive the country concerned of its voting and other rights until it has remedied the breach or has otherwise fulfilled its obligations.

(d) For the purposes of this article the expression “breach of this Agreement” 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.

Article 43

Disputes

(a) Any dispute concerning the interpretation or application of this Agreement which is not settled by negotiation shall, at the request of any participating country, be referred to the Council for decision.

(b) Where a dispute has been referred to the Council in accordance with this article a majority of participating countries or any participating countries holding not less than one-third of the votes in the Council may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph (c) of this article on the issues in dispute before giving its decision.

(c) (i) Unless the Council, by a unanimous decision of votes cast, agrees otherwise, the panel shall consist of:

Two persons nominated by the producing countries;

Two such persons nominated by the consuming countries; and

A chairman selected unanimously by the four persons nominated above or, if they fail to agree, by the Executive Chairman.

(ii) Persons appointed to the advisory panel shall act in their personal capacity and without instructions from any Government;

(iii) The expenses of the advisory panel shall be paid by the Council.

(d) The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

CHAPTER XIV — FINAL PROVISIONS

Article 44

Signature

This Agreement shall be open for signature in London with the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as “the depositary Government”) from 1 July 1970 to 29 January 1971 inclusive, on behalf of countries participating in the Third International Tin Agreement and on behalf of Governments of independent States represented at the United Nations Tin Conference, 1970.

Article 45

Ratification, approval, 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 depositary Government.

Article 46

Definitive entry into force

(a) This Agreement shall, for the Governments which have deposited instruments of ratification, approval or acceptance, enter into force definitively as soon after 30 June 1971 as such instruments have been deposited on behalf of Governments representing at least six producing countries as set out in annex A holding together at least 950 of the votes set out in that annex and at least nine consuming countries as set out in annex B holding together at least 300 of the votes set out in that annex.

(b) For the signatory Government which has deposited an instrument of ratification, approval or acceptance after the definitive entry into force of this Agreement, this Agreement shall enter into force definitively on the date of the deposit of such instrument.
(c) If this Agreement has entered into force provisionally under paragraph (a) of article 47, then as soon as instruments of ratification, approval or acceptance have been deposited on behalf of Governments representing countries satisfying the conditions laid down in paragraph (a) of this article, it shall enter into force definitively for those Governments.

(d) If this Agreement has entered into force definitively under paragraph (a) or paragraph (c) of this article, and if any Government which has given a notification of intention to ratify, approve or accept has failed to deposit an instrument of ratification, approval or acceptance within a period of ninety days from the date of definitive entry into force, that Government shall cease to participate in this Agreement, provided that the Council may extend the period aforesaid if so requested by that Government, and further provided that that Government may cease to participate in the Agreement before the expiry of the period aforesaid or any extension thereof by giving to the depositary Government at least thirty days' notice.

Article 47

PROVISIONAL ENTRY INTO FORCE

(a) (i) If the conditions for the definitive entry into force of this Agreement laid down in paragraph (a) of article 46, have not been satisfied, this Agreement shall, for the Governments which have deposited instruments of ratification, approval or acceptance or have given notification of intention to ratify, approve or accept, enter into force provisionally on the date following the date of termination of the Third Agreement, provided that such instruments or notifications have been deposited with the depositary Government:

By 30 June 1971 or, if the Third Agreement is extended, by the date of termination of that Agreement; and

On behalf of Governments representing at least six producing countries as set out in annex A holding together at least 950 of the votes set out in that annex, and at least nine consuming countries as set out in annex B holding together at least 300 of the votes set out in that annex.

(ii) For each signatory Government which has deposited an instrument of ratification, approval or acceptance of, or has given notification of intention to ratify, approve or accept, this Agreement while it is provisionally in force, the Agreement shall enter into force provisionally on the date of the deposit of such instrument or notification.

(b) If, within six months after the termination of the Third Agreement, this Agreement has entered into force provisionally but not definitively as laid down in article 46, the Executive Chairman shall as soon as possible convene a meeting or meetings of the Council to consider the position. If, however, the entry into force remains provisional the Agreement shall be terminated not later than one year after the provisional entry into force.

Article 48

ACCESSION

(a) Any Government represented at the United Nations Tin Conference, 1970, or any participating country in the Third International Tin Agreement shall have the right to accede to this Agreement upon conditions to be determined by the Council.

(b) Any other Government not represented at the United Nations Tin Conference, 1970, which is a Member of the United Nations or a member of its specialized agencies may upon conditions to be determined by the Council accede to this Agreement.

(c) The conditions laid down by the Council shall be equitable, in respect of voting rights and financial obligations, as between the countries seeking to accede and other countries already participating.

(d) Upon the accession of a producing country to this Agreement the Council (i) shall fix, with the consent of that country, the tonnages and proportions to be shown against that country in annexes E and F where appropriate and (ii) shall also fix the circumstance for the purpose of export control to be shown against the name of that country in annex C, part one. The tonnage, proportion or description so fixed shall have effect as though it were included in such annexes.

(e) Accession shall be effected by the deposit of an instrument of accession with the depositary Government, which shall notify all interested Governments and the Council of such accession.

Article 49

SEPARATE PARTICIPATION

A Contracting Government may, at the time of depositing its instrument of ratification, approval, acceptance or accession, or giving notification of intention to ratify, approve or accept or at any time thereafter, propose the separate participation as a producing or as a consuming country, as may be appropriate, of any territory or territories, interested in the production or consumption of tin, for whose international relations the Contracting Government is responsible and to which the Agreement applies or will apply when the Agreement enters into force. Such separate participation shall be subject to the consent of the Council and to the conditions which the Council may determine.

Article 50

An inter-governmental organization having responsibilities in respect of the negotiation of international Agreements may participate in the International Tin Agree-
ments. Such an organization shall not itself have the right to vote. On matters within its competence the voting rights of its member States may be exercised collectively.

Article 51

Amendments

(a) The Council may, by a two-thirds majority of the total votes held by all producing countries and a two-thirds majority of the total votes held by all consuming countries, recommend to Contracting Governments amendments to this Agreement. The Council shall, in its recommendation, fix the time within which each Contracting Government shall notify the depositary Government whether or not it ratifies, approves or accepts the amendment.

(b) The Council may extend the time fixed by it under paragraph (a) of this article for notification of ratification, approval or acceptance.

(c) If, within the time fixed under paragraph (a) of this article or extended under paragraph (b) of this article, an amendment is ratified, approved or accepted by all participating countries it shall take effect immediately on the receipt by the depositary Government of the last ratification, approval or acceptance.

(d) If, within the time fixed under paragraph (a) of this article or extended under paragraph (b) of this article, an amendment is not ratified, approved or accepted by participating countries holding all of the votes of producing countries and by participating countries holding two-thirds of the total votes of all consuming countries, it shall not take effect.

(e) If, by the end of the time fixed under paragraph (a) of this article or extended under paragraph (b) of this article, an amendment is ratified, approved or accepted by participating countries holding all of the votes of producing countries and by participating countries holding two-thirds of the total votes of all consuming countries:

(i) The amendment shall, for the participating countries by which ratification, approval or acceptance has been signified, take effect at the end of three months next following the receipt by the depositary Government of the last ratification, approval or acceptance necessary to comprise all of the votes of producing countries and two-thirds of the total votes of all consuming countries;

(ii) Any Contracting Government which does not ratify, approve or accept an amendment by the date of its coming into effect shall as of that date cease to participate in the Agreement, unless any such Contracting Government satisfies the Council at its first meeting following the effective date of the amendment that its ratification, approval or acceptance could not be secured in time by reason of constitutional difficulties, and the Council decides to extend for such Contracting Government the period fixed for ratification, approval or acceptance until these difficulties have been overcome.

(f) If a consuming country considers that its interests will be adversely affected by an amendment it may, before the date of its coming into effect, give notice to the depositary Government of withdrawal from the Agreement. Withdrawal shall become effective on the effective date of the amendment. The Council may, at any time, on such terms and conditions as it considers equitable, permit such country to withdraw its notice of withdrawal.

(g) Any amendment to this article shall take effect only if it is ratified, approved or accepted by all participating countries.

(h) The provisions of this article shall not affect any power under this Agreement to revise any annex to this Agreement.

Article 52

Withdrawal

A participating country which withdraws from this Agreement during its currency, except

(i) In accordance with the provisions of paragraph (d) of article 41 or paragraph (f) of article 51; or

(ii) Upon at least twelve months' notice being given to the depositary Government not earlier than one year after the entry into force of this Agreement, shall not be entitled to any share of the proceeds of the liquidation of the buffer stock under the terms of article 31 or 32 nor shall it be entitled to a share of the other assets of the Council under the terms of article 53 on the termination of this Agreement.

Article 53

Duration, extension and termination

(a) The duration of this agreement shall, except as otherwise provided in this article or in paragraph (b) of article 47, be five years from the date of entry into force.

(b) The Council may, by a two-thirds majority of the total votes held by all producing countries and a two-thirds majority of the total votes held by all consuming countries, extend the duration of this Agreement by a period or periods not exceeding twelve months in all.

(c) The Council, in a recommendation to the Contracting Governments, not later than four years after the entry into force of this Agreement, shall inform them whether it is necessary and appropriate that this Agreement should be renewed and, if so, in what form; it shall at the same time consider what the relationship between the supply of and demand for tin is likely to be at the expiration of this Agreement.

(d) (i) A Contracting Government may at any time give notice in writing to the Executive Chairman that it intends to propose at the next meeting of the Council the termination of the Agreement;

(ii) If the Council, by a two-thirds majority of the total votes held by all producing countries and by all consuming countries, adopts the proposal
to terminate, it shall recommend to the Contracting Governments that this Agreement shall terminate;

(iii) If Contracting Governments holding two-thirds of the total votes of all producing countries and two-thirds of the total votes of all consuming countries notify the Council that they accept that recommendation, this Agreement shall terminate on the date the Council shall decide, being a date not later than six months after the receipt by the Council of the last of the notifications from those Contracting Governments.

(e) The Council shall remain in being for as long as may be necessary for the carrying out of paragraph (f) of this article, for the supervision of the liquidation of the buffer stock and any stocks held in producing countries in accordance with article 36 and for the supervision of the due performance of conditions imposed under this Agreement by the Council or under the Third Agreement; the Council shall have such of the powers and functions conferred on it by this Agreement as may be necessary for the purpose.

(f) On termination of this Agreement:

(i) The buffer stock shall be liquidated in accordance with the provisions of articles 30, 31 and 32;

(ii) The Council shall assess the obligations into which it has entered in respect of its staff and shall, if necessary, take steps to ensure that, by means of a supplementary estimate to the Administrative Account raised in accordance with articles 15 and 16, sufficient funds are made available to meet such obligations;

(iii) 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 laid down in this article.

(g) If the Council is continued or if a body is created to succeed the Council, the Council shall transfer its archives, statistical material and any other documents as the Council may determine to such successor body and may by a distributed two-thirds majority transfer all or any of its remaining assets to such successor body.

(h) If the Council is not continued and no successor body is created:

(i) The Council shall transfer its archives, statistical material and any other documents to the Secretary-General of the United Nations or to any international organization nominated by him or, failing such nomination, as the Council may determine;

(ii) The remaining non-monetary assets of the Council shall be sold or otherwise realized in such a manner as the Council may direct; and

(iii) The proceeds of such realization 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 15.

Article 54

NOTIFICATIONS BY THE DEPOSITARY GOVERNMENT

The depositary Government shall notify all Governments represented at the United Nations Tin Conference, 1970, all Governments members of the Third International Tin Agreement, all Governments which have acceded to this Agreement in accordance with the provisions of article 48, the Secretary of the Council and the Secretary-General of the United Nations of the following:

(i) Signatures, ratifications, approvals, acceptances and notifications of intention to ratify, approve or accept, in accordance with articles 44, 45 or 47;

(ii) The entry into force of this Agreement, both definitive and provisional in accordance with article 46 or 47;

(iii) Accessions and notifications of separate participation, in accordance respectively with article 48 or 49;

(iv) Notifications of ratification, approval or acceptance of amendments and dates of their entry into force, in accordance with article 51;

(v) Notifications of withdrawal and of cessation of participation; and

(vi) Notifications of the termination of this Agreement, in accordance with article 53.

Article 55

CERTIFIED COPY OF THE AGREEMENT

As soon as possible after the definitive entry into force of this Agreement, the depositary Government shall send a certified copy of this Agreement in each of the languages mentioned in article 56 to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations. Any amendments to this Agreement shall likewise be communicated.

Article 56

AUTHENTIC TEXTS OF THE AGREEMENT

The texts of this Agreement in the English, French, Russian and Spanish languages are all equally authentic, the originals being deposited with the Government of the United Kingdom of Great Britain and Northern Ireland, which shall transmit a certified copy thereof to each signatory and acceding Government and to the Secretary of the Council.

In witness whereof the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signatures.
ANNEXES

ANNEX A

Percentages and votes of producing countries

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<tr>
<th>Country</th>
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Note — The countries, percentages and votes listed in this annex are those arrived at during the United Nations Tin Conference, 1970, at which the Fourth International Tin Agreement was drawn up. The list of names and the figures are subject to revision from time to time in accordance with the operation of the provisions of the Agreement.

ANNEX B

Tonnages and votes of consuming countries

<table>
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<tr>
<th>Country</th>
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<th>Votes</th>
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<th>Additional</th>
<th>Total</th>
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<td>5</td>
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<td>5</td>
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<td>5</td>
<td>10</td>
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<td>5</td>
<td>93</td>
<td>98</td>
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<td>58 970</td>
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<td>310</td>
<td>315</td>
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<td>13</td>
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<td><strong>TOTAL</strong></td>
<td>167 580</td>
<td></td>
<td>880</td>
<td>1000</td>
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</table>

Note — The countries, tonnages and votes listed in this annex are those arrived at during the United Nations Tin Conference, 1970, at which the Fourth International Tin Agreement was drawn up. The list of names and the figures are subject to revision from time to time in accordance with the operation of the provisions of the Agreement.
ANNEX C

Part one

Circumstances in which tin shall be deemed to have been exported for the purposes of export control

The text of annex C of this Agreement shall be the revised text of annex C in force at the date of termination of the Third International Tin Agreement.

In the case of Australia tin shall be deemed to be exported on the date of shipment shown in the Restricted Goods Export Permit issued under the Customs (Prohibited Exports) Regulations, provided that actual shipment takes place within fourteen days of that date.

Part two

Imports into producing countries

For the purpose of determining net exports of tin under article 33, imports deductible from exports during a control period shall be the amount imported into the producing country concerned during the quarter immediately preceding the declaration of the control period in question, provided that tin imported for smelting and exported shall not be taken into account.

ANNEX D

Conditions for special exports

The conditions referred to in article 34 are that the proposed special export is destined to form part of a governmental stockpile and unlikely to be used for any commercial or industrial purpose during the currency of this Agreement.

ANNEX E

Stocks in producing countries under article 36

<table>
<thead>
<tr>
<th>Country</th>
<th>Tonnage metric tons</th>
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<tbody>
<tr>
<td>Australia</td>
<td>2 200</td>
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<tr>
<td>Bolivia</td>
<td>7 511</td>
</tr>
<tr>
<td>Congo (Democratic Republic of)</td>
<td>2 000</td>
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<tr>
<td>Indonesia</td>
<td>4 126</td>
</tr>
<tr>
<td>Malaysia</td>
<td>18 331</td>
</tr>
<tr>
<td>Nigeria (Federal Republic of)</td>
<td>2 185</td>
</tr>
<tr>
<td>Thailand</td>
<td>5 298</td>
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</tbody>
</table>

ANNEX F

Additional stocks won unavoidably

<table>
<thead>
<tr>
<th>Country</th>
<th>Other mineral</th>
<th>Tin content of concentrates permitted to be stocked additionally for each ton of other mineral mined (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Tantalocolumbite</td>
<td>1.5</td>
</tr>
<tr>
<td>Congo (Democratic Republic of)</td>
<td>Tantalocolumbite</td>
<td>1.5</td>
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<tr>
<td>Nigeria (Federal Republic of)</td>
<td>Columbite</td>
<td>1.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>Wolframitescheelite</td>
<td>1.5</td>
</tr>
</tbody>
</table>
ANNEX G

Rules for the redetermination of the percentages of the producing countries

Rule 1

The first redetermination of the percentages of the producing countries shall be made at the first meeting of the Council under this Agreement. This redetermination shall be made on the basis of the last four quarters for which figures of the production of tin in each of the producing countries are available.

Rule 2

Further redetermination of the percentages shall be made at yearly intervals following the first redetermination, provided that no period subsequent to the quarters referred to in rule 1 shall have been declared to be a control period.

Rule 3

Should any period be declared to be a control period, no further redetermination of the percentages shall be made until a further four consecutive quarters have not been declared to be control periods; a further redetermination shall then be made as soon as figures for the production of tin in each of the producing countries in such four consecutive quarters are available; and subsequent redeterminations shall be made at yearly intervals thereafter for as long as no period is declared to be a control period. A similar procedure shall be followed if any subsequent period is declared to be a control period.

Rule 4

For the purpose of rules 2 and 3 redeterminations shall be deemed to have been made at yearly intervals if they are made in the same quarter of the calendar year as were the preceding redeterminations.

Rule 5

At the first redetermination, made under rule 1, new percentages for the producing countries shall be determined in direct proportion to the production of tin in each of them during the four quarters referred to in rule 1.

Rule 6

In subsequent redeterminations, made under rule 2, the new percentages shall be calculated as follows:

(i) The percentages in the second redetermination shall be in direct proportion to the production of tin in each of the producing countries in the latest twenty-four consecutive calendar months for which figures are available; and

(ii) The percentages in the third redetermination, and all later redeterminations, shall be in direct proportion to the production of tin in each of the producing countries in the latest thirty-six consecutive calendar months for which figures are available.

Rule 7

In subsequent redeterminations, made under rule 3, the new percentages shall be calculated as follows:

(i) The percentages in the first subsequent redetermination shall be in direct proportion to the sum of the production of tin in each of the producing countries in the latest twelve consecutive calendar months for which figures are available and in the four quarters immediately preceding that control period; and

(ii) The percentages in the next following redeterminations, provided that no period shall have been declared to be a control period, shall be in direct proportion to the production of tin in each of the producing countries in the latest periods of twenty-four and thirty-six consecutive calendar months respectively for which figures are available.

Rule 8

For the purposes of the foregoing rules, if any producing country has failed to make available to the Council its production figures for any period of twelve consecutive calendar months within one month of the date by which four producing countries have made their figures available, the production of that country for such period of twelve months shall be calculated by multiplying by twelve the average monthly rate of production during the period as shown by such figures as are available and deducting five per cent from the amount so calculated.

Rule 9

Figures of the production of tin in any producing country for any period earlier than forty-two months before the date of any redetermination shall not be employed in that redetermination.

Rule 10

Notwithstanding the provisions of the foregoing rules, the Council may reduce the percentage of any producing country which has failed to export the whole of its permissible export tonnage as determined under paragraph (k) of article 33 or any greater amount accepted by it under paragraph (n) of that article. In considering its decision, the Council shall regard as mitigating circumstances that the producing country concerned surrendered under paragraph (n) of article 33 a part of its permissible export tonnage in time for effective steps to be taken by the other producing countries to make good the deficit or that the producing country concerned which has failed to export the amount determined under paragraph (o) of article 33 has exported the whole of its permissible export amount as determined under paragraph (k) or (n) of article 33.

Rule 11

If a reduction in the percentage of any producing country is made in accordance with rule 10, the percentage so made available shall be distributed among the other producing countries in proportion to their percentages current at the date of the decision to make the reduction.

Rule 12

If, by the application of the foregoing rules, the percentage of a producing country is reduced to less than the minimum figure permitted by the operation of the proviso to paragraph (m) (i) of article 33, then the percentage of that country shall be restored to such minimum figure and the percentages of the other producing countries shall be proportionately reduced so that the total of the percentages is restored to one hundred.

Rule 13

For the purposes of paragraph (m) (ii) of article 33, the following circumstances inter alia may be regarded as exceptional: a national disaster, a major strike which has paralyzed the tin mining industry for a substantial period, a major breakdown of power supplies or of the main line of transport to the coast.

Rule 14

For the purposes of these rules, the calculation for producing countries which are substantial consumers of tin derived from their domestic mine production shall be based on their exports of tin and not on mine production of tin. In the first redetermination of annex A under rule 1 the calculation in the case of Australia shall be on the basis
of the last four quarters for which export figures of tin are available provided that the percentage figure arrived at shall be equivalent to a tonnage figure not less than 4,572 tons.

Rule 13

In this annex the expression “the production of tin” shall be deemed to refer exclusively to mine production, and smelter production shall accordingly be ignored.

Annex H

Procedure for ascertaining shares in the buffer stock

For the purpose of ascertaining the share of each contributing country in the buffer stock, the Manager shall adopt the following procedure:

(i) The contributions of each contributing country to the buffer stock (excluding any voluntary contribution or part of a voluntary contribution which has been made under paragraph (a) of article 22 and which has been refunded under paragraph (c) of article 22) shall be evaluated, and for this purpose any contributions or portion of any contribution made by a contributing country in metal shall be calculated at the floor price in effect on the date of entry into force of this Agreement and shall be added to the total contributions made by that country in cash.

(ii) All the tin metal held by the Manager on the date of termination of this Agreement shall be valued on the basis of the settlement price of tin on the London Metal Exchange 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 (a) of article 31.

(iii) If the total arrived at under clause (ii) of this annex is greater than the sum total of all the contributions made to the buffer stock by all the contributing countries (calculated in accordance with clause (i) of this annex), the surplus shall be apportioned among the contributing countries in proportion to the total contributions to the buffer stock of each contributing country multiplied by the number of days that such contributions have been at the disposal of the Manager up to the termination of this Agreement. For this purpose contributions in tin metal shall be calculated in accordance with clause (i) of this annex and each individual contribution (in metal or in cash) shall be multiplied by the number of days that it has been at the disposal of the Manager, and for the purpose of calculating the number of days that a contribution has been at the disposal of the Manager 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 so apportioned to each contributing country shall be added to the total of the contributions of that country (calculated in accordance with clause (i) of this annex); 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 Manager during the period of forfeiture.

(iv) If the total arrived at under clause (ii) of this annex is less than the sum of all the contributions made to the buffer stock by all the contributing countries, the deficit shall be apportioned among the contributing countries in proportion to their total contribution. The amount of the deficit so apportioned to each contributing country shall be deducted from the total of the contributions of that country. The contribution referred to in this clause shall be calculated in accordance with clause (i) of this annex.

(v) The result of the foregoing calculation shall in the case of each contributing country be treated as its share of the buffer stock.
APPENDIX B:

CHART 1: World Tin Position

CHART 2: Production of Tin-in-Concentrates: Main Producing Countries

CHART 3: Consumption of Tin Metal: Main Countries

CHART 2

PRODUCTION OF TIN-IN-CONCENTRATES

MAIN PRODUCING COUNTRIES

[Graph showing production of tin-in-concentrates from various countries over a period from 1950 to 1980. Each country is represented by a line on the graph.]
CHART 3  CONSUMPTION OF TIN METAL: MAIN COUNTRIES

1956-1960

Long tons