

price falls to the maximum price or until he has exhausted all the supplies at his disposal, whichever is earlier.

2. In making sales in accordance with paragraph 1, the Manager shall, in accordance with rules approved by the Council, sell through normal channels to firms and organizations in member countries, but mainly in importing member countries, engaged in the trade in or processing of cocoa for the purpose of future processing.

3. In making sales in accordance with paragraph 1, the Manager shall, subject to the acceptability of the price bid, give first refusal to purchasers in member countries before accepting bids from purchasers in non-member countries.

4. The Buffer Stock shall be stored in such locations as will facilitate immediate ex-store delivery to buyers referred to in paragraph 2.

Article 42

Withdrawal of Cocoa Beans from the Buffer Stock

1. Notwithstanding the provisions of Article 41, an exporting member which is unable to fulfil its quota during a quota year owing to a shortfall in its crop may apply to the Council for approval to withdraw all or part of its cocoa beans purchased by the Buffer Stock Manager during the preceding quota year and still held in stock unsold, to the extent of the amount by which its export quota in effect exceeds production for the quota year. The exporting member concerned shall pay to the Manager, on release of the cocoa beans, the costs incurred in respect of the cocoa beans covering the initial payment, the cost of transportation and insurance from the f. o. b. point into the buffer stock storage point, and storage and handling charges.

2. The Council shall establish the rules for the withdrawal of cocoa beans from the buffer stock under paragraph 1.

Article 43

Changes in the Exchange Rates of Currencies

1. A special session of the Council shall be called by the Executive Director either on his own initiative or at the request of members in accordance with paragraph 2 of Article 9, if conditions on the foreign exchange markets are such as to have important implications for the price provisions of this Agreement. Special sessions of the Council under this paragraph shall be convened within not more than four working days.

2. After calling such special session and pending its outcome, the Executive Director and the Buffer Stock Manager may take such minimum interim measures as they consider necessary to avoid serious disruption of the effective functioning of this Agreement on account of conditions on the foreign exchange markets. In particular they may, after consultation with the Chairman of the Council, temporarily restrict or suspend operations of the buffer stock.

3. After consideration of the circumstances, including a review of the interim measures that may have been taken by the Executive Director and the Manager and the potential effect that conditions on the foreign exchange markets mentioned above may have on the effective operation of this Agreement, the Council may, by special vote, take any necessary corrective measures.

Article 44

Liquidation of the Buffer Stock

1. If this Agreement is to be replaced by a new agreement which includes provisions relating to the buffer stock, the Council shall make such arrangements as it considers appropriate regarding the continued functioning of the buffer stock.

2. If this Agreement terminates without being replaced by a new agreement which includes provisions relating to the buffer stock, the following provisions shall apply:

(a) No further contracts shall be made for the purchase of cocoa beans for the buffer stock. The Buffer Stock Manager shall, in the light of current market conditions, dispose of the buffer stock in accordance with the rules laid down by the Council by special vote on the entry into force of this Agreement, unless, prior to the termination of this Agreement, the Council revises these rules by special vote. The Manager shall retain the right to sell cocoa beans at any time during liquidation to meet the costs thereof.

(b) The proceeds of sales and monies standing to the account of the buffer stock shall be used to pay, in the following order:

- (i) the costs of liquidation;
- (ii) any outstanding balance of, plus interest on, any loan incurred by or on behalf of the Organization in respect of the buffer stock;
- (iii) any outstanding complementary payments under Article 40.

(c) Any monies remaining after payments have been made under (b) shall be paid to the exporting members concerned in proportion to the contribution-paid exports of each such exporting member.

Article 45

Assurance of Supplies

1. Exporting members undertake to pursue sales and export policies in accordance with the provisions of this Agreement which will not artificially restrict offer for sale of available cocoa and which will ensure the regular supply of cocoa to importers in importing member countries.

2. In offering cocoa for sale when the price is above the maximum price, exporting members shall give preference to importers in importing member countries as against importers in non-member countries. When the indicator price is above the maximum price, exporting members, shall, where possible, endeavour to place a limitation on their exports to non-member countries.

Article 46

Diversion to Non-Traditional Uses

1. If the quantity of cocoa beans held in store by the Buffer Stock Manager under Article 40 exceeds the maximum capacity of the buffer stock, the Manager shall, under terms, and conditions laid down by the Council, dispose of such excess cocoa beans for diversion to non-traditional uses. Such terms and conditions shall, inter alia, be designed to ensure that the cocoa does not re-enter the normal cocoa market. Each member shall co-operate with the Council in this respect to the fullest extent possible.

2. Instead of selling cocoa beans to the Manager when the maximum capacity of the buffer stock has been reached, an exporting member may, - under the control of the Council, divert internally its surplus cocoa to non-traditional uses.

3. Whenever any case of diversion inconsistent with this Agreement is brought to the attention of the Council, including any case of re-entry into the market of cocoa diverted to non-traditional uses, the Council shall decide at the earliest opportunity what measures should be taken to remedy the situation.

CHAPTER VIII - REPORTING OF IMPORTS AND EXPORTS, RECORDS OF QUOTA PERFORMANCE AND CONTROL MEASURES

Article 47

Reporting of Exports and Record of Quota Performance

1. In accordance with rules to be established by the Council, the Executive Director shall maintain a record of the annual export quota and its adjustments in the case of each exporting member. Against the quota shall be recorded the