PAPERS RELATING TO THE

INTERNATIONAL TIN CONTROL SCHEME

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PAPERS RELATING TO THE INTERNATIONAL TIN CONTROL SCHEME.

I.—League of Nations Monetary and Economic Conference.

(*a*).—(*i*) *Tin: Report adopted by the Sub-Commission:*—

" 1. The Sub-Committee has examined the existing international scheme for the control of tin, to which it is suggested that such countries as now produce the metal in appreciable quantities, and are not at present participants in the scheme, should adhere. Discussion did not elicit any substantive criticisms of that scheme; no suggestions were made for its amendment; no alternative methods of control were proposed.

" 2. The Sub-Committee consider that the existing scheme of control is framed upon sound lines; that it is in accord with the principles which have been accepted by this Conference as those which should govern the framing of plans for the co-ordination of production and consumption; that it has worked smoothly in actual practice for a period of over two years; and that it has been largely successful in achieving its main objectives.

" 3. In the course of the discussion, the Chairman of the International Tin Committee which has been responsible for the working of the scheme (under the direction of the Governments signatory of it) emphasized that it had been consistently mindful of the interests of the consuming countries. It was no part of the Tin Committee's policy or the policy of the Governments they represent, to force up the price of tin unduly. The scheme does not attempt to regulate or control prices, except indirectly by adjusting production to demand, and by making a reasonable provision for the reduction of admittedly excessive stocks. The International Committee have, however, at hand two most powerful weapons which can be used to prevent prices from rising unduly. The first is the International Tin Pool, which works in close *liaison* with the International Tin Committee, and which held on July 1st a stock of 20,000 tons of tin (as compared with a total visible supply of tin of approximately 47,000 tons). Tin is released from this pool in accordance with a sliding scale of quantities and prices. This scale has been settled in accord with the signatory Governments, and cannot be changed except by agreement between the pool and these Governments. Releases of the quantities fixed by this scale, at the varying price levels, are obligatory.

" The second weapon is the power which the International Committee possesses, in agreement with the signatory Governments, of raising the quotas of production, as may appear from time to time necessary. The Committee has, it is understood, hitherto based its recommendations as to the suitable production quota at any given period solely with reference to the balance between production and consumption, and to the extent to which stocks were being drawn upon. But the Sub-Committee understand that the International Committee would be prepared to recommend an increase of the quotas, even where this was not justified by the considerations stated above, if they were of opinion that this was necessary in order to prevent an undesirable price rise. The Sub-Committee appreciate the force of the contention that pool releases, until the pool is liquidated and thereafter the power to adjust the quotas, provide a machinery which is adequate to protect the interests of consumers.

"They are satisfied, from statements made by the Chairman of the International Committee, that that Committee is fully aware of the undesirability of permitting the price to rise unduly, and that the signatory Governments are also in accord on this point. Moreover, it is the interest of the producing countries to increase their production quotas whenever the situation permits.

"4. The existing control scheme, in which the Governments of Bolivia, Nigeria, the Netherlands East Indies, Siam and the Federated Malay States participate, will probably terminate towards the end of 1933, and will, in any event, end early in August, 1934. Negotiations for the conclusion of a new three-year agreement, generally similar to that in force, are now taking place.

"5. One of the major factors in determining whether such an agreement can be effected will be the attitude of the countries which produce tin, but do not participate in the existing agreement. The Sub-Committee are impressed by the argument, advanced by the International Tin Committee (*a*) that it is equitable that all producing countries should join in the scheme of control, inasmuch as all benefit from the operation of that scheme and (*b*) that the breakdown of the control scheme would, in existing conditions, involve the very gravest difficulties, and might easily mean disaster for the industry, the potential producing capacity of which is at present roughly double the recent rate of consumption. All tin-producing countries are vitally interested in the continuance of the scheme of control until such time as consumption approximates closely to the potential production now in sight. Their adhesion to the scheme is desirable, not only in order to ensure the conclusion of the new agreement for three years, but also to prevent the imminent possibility that, owing to the probable effect of the recent rise of price in stimulating production in areas not now under control, the new agreement, even if concluded, may have to be abandoned owing to production in the non-controlled areas exceeding twenty-five per cent. of the estimated world production. A clause, on these lines, will, it is understood, be inserted in the new agreement which may be arrived at. When the uncontrolled production reaches that limit, any Government may abandon the scheme; and the other signatories may at once follow suit.

"6. In view of the preceding consideration, the Sub-Committee are of opinion that all the countries which now produce the metal in appreciable quantities not at present participating in the control scheme should be asked to enter into negotiations with the International Tin Committee in order to secure, if possible, the adhesion to the scheme on the basis of a flat rate quota, fixed with due regard to the special circumstances of each country. They suggest that, during these negotiations, the following broad general directives should be kept in view:

(*a*) In determining the initial flat rate, the basis of negotiation should normally be the level of production attained during the year 1932. It is recognized, however, that owing to special circumstances such a rate may operate inequitably, as for example, where the production in recent years has been steadily increasing, or where production has only begun recently, or where equipment has recently been installed which would result in a material increase in the output. In such cases, the flat rate would have to be increased, to some point to be determined by negotiation.

(*b*) Provision should be made for the increase of the original flat rate, from time to time, so as to correspond reasonably with such quota increases as may be agreed upon by the signatory countries to the control scheme.

(*c*) As a basis upon which to regulate such increases over the original flat rate, a standard tonnage should be fixed, for each country. The fixation of this tonnage will clearly be a matter for negotiation. It is suggested that the standard tonnage should not normally exceed the maximum production attained in any one year during the past ten years; but it is recognized that, in the class of cases mentioned in paragraph (*a*) above, this condition would be unsuitable, and a standard tonnage in excess of this would have to be adopted.

(*d*) It is suggested that when the initial flat rate has been fixed, the country should remain on that rate until the rate bore the same proportion to the standard tonnage as the then existing quotas for the signatory countries bore to their standard tonnages. Thereafter, with increases of the quotas for the latter, the rate for the adhering country would move up, relative to the standard tonnage, *pari passu* with that of the signatory countries.

"7. The Sub-Committee recommends that, in order to facilitate the discussions referred to in paragraph 3 above, the Governments of the Union of South Africa, Australia, Belgium, the United Kingdom, China, France, India, Japan, Mexico and Portugal, should be requested to nominate a representative who would be authorized to enter into negotiations with the International Tin Committee, or with the Chairman of that Committee, with the object of determining a suitable initial flat rate, a standard tonnage, and a method for the variation of the initial flat rate corresponding to quota increases in the signatory countries.

" 8. The Sub-Committee attach great importance to very early action being taken in this matter. The negotiations for the new three-year control agreement, upon the successful conclusion of which the future of the industry in all tin-producing countries so essentially depends, cannot be completed until the signatory countries are aware of the measure of support which they will receive from those Governments which do not at present participate in the scheme. On the other hand, the circumstances are such that any new agreement must be arrived at before the close of the current year. The matter is therefore urgent; and the Sub-Committee trust that each delegation will do all that lies in their power to expedite a rapid decision, in so far as their respective Governments are concerned."

(*b*).—*Extract from Report of Economic Sub-Commission II*:—

" 4. Tin.—It has been recommended that the countries which are not members of the International Tin Commission should enter into negotiations with that Commission."

(*c*).—*The Report of Economic Sub-Commission II* was adopted by the Economic Commission of the Conference on the 21st of July, 1933. The Report of the Economic Commission was adopted at the ninth plenary meeting of the Conference on the 27th of July, 1933.

II.—Agreement for the International Tin Control Scheme as Renewed on 27th October, 1933.

1. *Object.*—The Scheme is intended to secure a fair and reasonable relation between production and consumption with a view to prevent rapid and severe oscillations of price and to ensure the absorption of surplus stock.

2. *Period.*—The Scheme shall continue in operation for three years from the 1st January, 1934, and may be extended for a further period or periods if all the signatory Governments and the Government of Siam so decide. Any such extension shall be considered at least twelve months before the date on which the Scheme would otherwise cease to operate.

3. *Administration.*—(*a*) The Scheme shall be administered by a Committee representing the signatory Governments and Siam, to be known as the International Tin Committee.

(*b*) The following are the signatory Governments:

(1) Bolivia.
(2) The Malay States.
(3) The Netherlands East Indies.
(4) Nigeria.

4. *Additional participants.*—It shall be competent for the Committee to invite any Government or Association to join the Scheme and to admit it as a participant on such terms as the Committee deem equitable.

5. *Composition of Committee.*—(*a*) Each signatory Government and the Government of Siam shall appoint a delegation consisting of not more than three members to represent it on the Committee, but each delegation shall act as a single unit. The Composition of each delegation may be changed from time to time.

(*b*) The Committee may invite any participating Government or Association to appoint not more than two representatives to the Committee.

6. *Advisers.*—Each signatory Government and the Government of Siam may associate with its delegation such advisers not exceeding two in number as it may consider desirable and may change such advisers from time to time. The Committee may invite such other persons as it may think fit to attend its meetings in an advisory capacity.

7. *Chairman and Vice-Chairman.*—The Committee shall appoint a Chairman and a Vice-Chairman for such period as it may think fit. The Chairman and Vice-Chairman shall not be chosen from the same delegation.

8. *Language.*—The proceedings of the Committee shall be conducted in English.

9. *Expenditure.*—The Committee may engage such secretarial, clerical or other assistance as it may require and may incur other necessary expenditure. Expenditure incurred by the Committee shall be divided equally amongst the signatory Governments and Siam, less any amounts which other participating Governments or Associations may agree to contribute. Each Government shall be responsible for the expenditure incurred by its delegation and advisers.

10. *Standard tonnages and quotas.*—(*a*) Each signatory Government shall be allotted a standard tonnage in terms of metallic tin and a quota based thereon.

(*b*) The agreed standard tonnages are as follows :—

	Tons.
Bolivia	46,490
The Malay States	71,940
The Netherlands East Indies	36,330
Nigeria	10,890
Total	165,650

(c) The Government of Siam agrees that its annual export of metallic tin, calculated on the basis that the ore exported contains 72 per cent. of metal, shall not exceed 9,800 tons; provided that, if and when the export quotas of the signatory Governments reach 65 per cent. of the agreed standard tonnages, any percentage increase in the export quotas over the said 65 per cent. shall be applicable to Siam, *pari passu*, as a percentage of 9,800 tons.

(d) *Quota period.*—A quota period shall be a quarter (i.e. three calendar months) commencing on the 1st day of January, April, July and October of each year.

(e) *Fixation of quota.*—The Committee shall, from time to time, recommend to the signatory Governments the percentage of standard tonnages, that is to say, the quotas, which may be produced and exported during a quota period provided that no change in the quotas shall normally be made until at least three months have elapsed from the date of the immediately preceding change. Changes in the quotas shall be made as seldom as possible.

(f) *Unanimity respecting quota.*—All recommendations of the Committee regarding changes in the quotas must represent the unanimous decision of the delegations present representing the signatory Governments.

11. *Unit of production.*—(a) All figures shall be expressed in tons of metallic tin, one ton equalling 2,240 lb. avoirdupois.

(b) *Basis of calculation.*—Except as provided in Clause 10 (c) above the basis to be used in calculating exports of tin in the form of ore shall be the " true tin assay " of the tin ore exported. By " true tin assay " is meant the assay before any deductions are made by the smelters.

The value of the assay shall be adopted to the nearest one-tenth of a unit. If the figure in the second decimal place is a 5, the adoption shall be made by taking the first decimal figure.

(c) The tonnage of metallic tin exported in that form shall be calculated by converting the ore from which the tin was derived into metallic tin on the basis of the " true tin assay ".

12. *Control of production.*—Each signatory and participating Government and Association agrees to control its production so that it shall correspond as closely as possible throughout the year to its permitted export.

13. *Control of export.*—Each signatory and participating Government and Association agrees in principle that:—

(a) Its exports for any year, calculating from the 1st January, shall not exceed its permitted export for the year;

(*b*) Its exports shall be distributed as uniformly as possible throughout the year;

(*c*) Its exports at the end of each quota period and the running total of exports for all the quota periods which have elapsed shall not exceed its permitted export.

14. *Correction of over-export.*—Each signatory and participating Government and Association agrees that if, in any quota period, its export quota is exceeded, due to any cause other than change in the "true tin assay" of the ore exported, it will liquidate such excess in the next quota period.

15. *Distribution of quota.*—Each signatory and participating Government and Association shall be responsible for allotting its quota among its individual producers, for effectively controlling its production accordingly, and for limiting and effectively controlling its export in accordance with its quota.

16. *Legislation.*—Each signatory Government other than the Netherlands East Indies Government will legislate to enable it to exercise the necessary control over production and export. In the special circumstances in the Netherlands East Indies the steps necessary to control production and export will be taken by executive order without legislation. The Netherlands East Indies Government guarantees that it will enforce effective control of production and export by executive orders. Copies of all such legislation and in the case of the Netherlands East Indies of executive orders shall be furnished to the Committee.

17. *Statistics.*—(*a*) Each signatory and participating Government and Association agrees to telegraph, within 15 days of the end of each month, its figures of production and export and of the assay value used in their determination.

(*b*) Each signatory and participating Government (except the Government of Siam), and each Association, agrees to furnish the average "true tin assay" of the ore exported (or in the case of metallic tin of the ore from which such tin was derived) during each half-year commencing 1st January and 1st July; such figures shall be furnished not later than six months after the expiry of each half year.

(*c*) Each signatory and participating Government and Association agrees to provide such additional statistics as will enable the Committee to estimate world's production and stocks.

18. *Excesses due to change in assay value.*—On receipt of the detailed figures specified in Clause 17 (*b*) the excesses, due to change in assay value, shall be determined, and each signatory and

participating Government (except the Government of Siam) and each Association agrees that it will liquidate any excess so determined in not more than nine months after the end of the period under review.

19. *Extension of present scheme. Determination of balances at end of present scheme.*—(*a*) The signatory Governments and Siam agree that the present Scheme shall continue in force until 31st December, 1933, and that within six months from that date the total export of each signatory Government for the whole period of the present scheme, shall be calculated finally in metallic tin on the true assay basis.

The total exports so determined shall be compared with the permissible exports and any excesses or shortages shall be brought forward for adjustment.

(*b*) *Adjustment.*—Excesses whether due to changes in the assay value or to any other cause shall be adjusted during the first year of this Scheme. Shortages may be adjusted during the same period.

20. *Outside production.*—If all the signatory Governments and Siam are satisfied that the estimated production of all other countries has, over a period of six consecutive months, exceeded 25 per cent. of the estimated world production during that period, or fifteen thousand tons of metallic tin, whichever is the less amount, it shall be competent for any signatory Government or Siam to give six months' notice of its intention to withdraw from the Scheme. In the event of such a withdrawal the other signatory Governments and Siam may immediately abandon the Scheme.

21. *Withdrawal.*—If no change was made in the quotas at the beginning of a current quota period and if the total visible supply as determined by the Statistical Bureau of the International Tin Committee at the end of the last quota period differs from the visible supply at the beginning of the quota period immediately preceding the last quota period by at least 5,000 tons, any one of the signatory Governments may propose an increase or decrease of the quotas by an amount which during two quota periods shall not exceed such determined difference in the visible supply, and if within three months unanimous agreement is not reached with regard to such a proposal the Government which made the proposal shall be at liberty to withdraw from the Scheme. In the event of such a withdrawal the other signatory Governments and Siam may immediately abandon the Scheme.

22. *Research.*—The signatory Governments agree that the continuance of international co-operation in research into problems

connected with the tin industry and the stimulation of consumption of tin is a most desirable adjunct to this Scheme.

Signed on behalf of Bolivia,

A. PATINO, R.,
R. MARTINEZ VARGAS,
ALBERTO ROMERO OVANDO,
Bolivian Delegation.

Signed on behalf of the Malay States,

J. CAMPBELL,
VICTOR A. LOWINGER,
H. W. THOMSON,
The Malay States Delegation.

Signed on behalf of the Netherlands East Indies,

A. GROOTHOFF,
HOUWERT,
J. v. D. BROEK,
Netherlands East Indies Delegation.

Signed on behalf of Nigeria,

F. M. BADDELEY,
J. A. CALDER,
J. CAMPBELL,
Nigerian Delegation.

Signed on behalf of Siam as a participating Government.

SUBARN SOMPATI,
Siamese Minister in London on behalf of Siamese Delegation.

Signed at London on the 27th day of October, 1933.

III.—Supplementary Agreement to the Agreement for the International Tin Control Scheme.

1. It is agreed that the Netherlands East Indies may in the year 1934, export 355 tons of metallic tin more than its quota under the scheme and that in the year 1934 Bolivia will export 300 tons of metallic tin less, and Nigeria 55 tons of metallic tin less, than their respective quotas. These tonnages are not to be treated as excesses and shortages in terms of the scheme.

2. It is agreed that to give effect to the above adjustments and to facilitate the regulation of the excesses referred to in Clause 19 a special fixed quota of 6,626 tons shall be allotted to the four

signatory Governments for production and export in equal monthly quantities during the year 1934, in the following proportions:—

	Tons.
Bolviia	1,559
The Malay States	2,878
The Netherlands East Indies	1,808
Nigeria	381
	6,626

3. In order to determine the amount of the special fixed quota which each signatory Government may produce and export there shall be deducted from the above tonnages all excesses, however caused, that may be outstanding at 31st December, 1933, on the termination of the present Scheme.

Signed on behalf of Bolivia,

A. PATINO, R.,
R. MARTINEZ VARGAS,
ALBERTO ROMERO OVANDO,
Bolivian Delegation.

Signed on behalf of the Malay States,

J. CAMPBELL,
VICTOR A. LOWINGER,
H. W. THOMSON,
The Malay States Delegation.

Signed on behalf of the Netherlands East Indies,

A. GROOTHOFF,
HOUWERT,
J. V. D. BROEK,
Netherlands East Indies Delegation.

Signed on behalf of Nigeria,

F. M. BADDELEY,
J. A. CALDER,
J. CAMPBELL,
Nigerian Delegation.

Signed on behalf of Siam as a participating Government.

SUBARN SOMPATI,
Siamese Minister in London on behalf of Siamese Delegation.

Signed at London on the 27th day of October, 1933.

IV.—Agreement for the Tin Buffer Stock Scheme.

1. The Governments of Bolivia, the Malay States, the Netherlands East Indies and Nigeria (hereinafter described as the signatory Governments) agree to form a buffer stock and to place their contributions of tin at the disposal of the International Tin Committee, upon the understanding that such stock will be used as an adjunct to the International Tin Control Scheme, and will be operated upon by a buffer stock committee appointed for this purpose by the delegations of the signatory Governments.

2. Each delegation shall have the right to nominate a member of the Buffer Stock Committee, which shall consist of four members. One of these shall be the Chairman of the International Tin Committee, who shall be Chairman of the Buffer Stock Committee.

3. When operating on the buffer stock, and when dealing with the proceeds derived from the sale of tin from the buffer stock, the Buffer Stock Committee shall act in accordance with such general instructions as the International Tin Committee may, from time to time, issue for their guidance.

4. All decisions of the Buffer Stock Committee must represent the unanimous decision of the four members.

5. The Buffer Stock Committee shall have authority to incur such expenditure, and to appoint such staff, as it may consider necessary.

6. The buffer stock shall be contributed by means of a special quota (hereinafter called the buffer quota) which shall be apportioned among the signatory Governments in the proportion of their standard tonnages.

7. The buffer stock shall be 8,282 tons of metal. This total shall be divided among the signatory Governments in proportion to their standard tonnages. The buffer stock shall be produced and delivered as metal to the International Tin Committee as soon as possible. Delivery shall be made not later than the 31st December, 1934, unless it can be shown that non-delivery has been caused by circumstances beyond the control of the signatory Government.

8. All tin contributed to the buffer stock shall be of a quality which complies with the requirements of the London Metal Exchange as specified in Class A of the "Special Rules for Standard Tin" as follows :—

(1) Straits, Australian, Banca, Billiton or English refined Tin of Good Merchantable quality.

(2) Other Refined Tin of Good Merchantable quality, assaying not less than 99·75 per cent.

9. Subject to the provisions of Clause 8, any signatory Government or contributor shall have the right to contribute to the buffer stock either tin of its own particular brand *ex* local smelter or warehouse (at Singapore, Penang, Batavia, Amsterdam, Arnhem, Liverpool or London) or London Metal Exchange warrants for Standard Tin.

10. Any signatory Government or contributor shall have the right at any time to exchange such part of its original contribution as may remain in the buffer stock for London Metal Exchange warrants for Standard Tin.

11. The Buffer Stock Committee is empowered to sell any tin for the time being in the buffer stock and to employ the proceeds for the purchase of tin, but the net proceeds derived from any particular brand over and above the comparable price for Standard Tin shall be paid on realization to the signatory Government or contributors who produced it.

12. The Scheme shall expire on 31st December, 1935, unless the signatory Governments unanimously agree to continue it.

13. Any signatory Government may, after the 31st March, 1935, give three months' notice of withdrawal from the Scheme. In the event of withdrawal all tin and/or cash representing its contribution to the buffer stock (after deducting or making provision for its share of the agreed working expenses) shall be released to the withdrawing Government or contributors.

14. On the expiration of the Scheme, or in the event of notice of withdrawal being given by any signatory Government, or by Siam under articles 20 or 21 of the Control Agreement, all tin and/or cash representing the buffer stock (after deducting or making provision for its share of the agreed working expenses) shall immediately be released to the signatory Governments or contributors in the proportions in which the buffer stock was contributed.

15. All tin released under clauses 13 and 14 shall be "free" tin: *i.e.*, such tin may be freely marketed.

16. The Buffer Stock Committee shall report to the International Tin Committee, from time to time, regarding its operations;

normally, it will report to the International Tin Committee once a month.

Signed on behalf of Bolivia,

A. Patino, R.,
R. Martinez Vargas,
Alberto Romero Ovando,
Bolivian Delegation.

Signed on behalf of the Malay States,

J. Campbell,
V. A. Lowinger,
H. W. Thomson,
The Malay States Delegation.

Signed on behalf of the Netherlands East Indies,

A. Groothoff,
Houwert,
J. v. d. Broek,
Netherlands East Indies Delegation.

Signed on behalf of Nigeria,

F. M. Baddeley,
J. A. Calder,
J. Campbell,
Nigerian Delegation.

Signed at The Hague on the 10th day of July, 1934.

V.—Extract from communiqué issued by the International Tin Committee on 10th July, 1934.

The following countries have adhered to the international control scheme, on the flat rates shown below :—

(i) *French Indo-China*

for the year 1934 1,700 tons metal per annum.
for the year 1935 2,500 tons metal per annum.
for the year 1936 3,000 tons metal per annum.

(ii) *Belgian Congo and Ruanda-Urundi*, for the twelve companies now operating :

for the year 1934 4,500 tons metal per annum.
for the year 1935 6,000 tons metal per annum.
for the year 1936 7,000 tons metal per annum.

Should the quotas of the signatory countries be increased above 65 per cent. of the standard tonnages, the tonnages given above will be raised by 25 tons for each one per cent. of the percentage over 65 per cent. so that, with the quota at 100 per cent., an additional 875 tons would be allowed.

(iii) *Portugal*

for the years 1934-6 650 tons metal per annum.

(iv) *Cornwall,* for the three important producers (East Pool & Agar, Geevor, and South Crofty) :

for the years 1934-6 1,700 tons metal per annum.

The flat rates for Portugal and Cornwall will remain in force so long as the quotas of the signatory countries do not exceed 65 per cent. of the standard tonnages under the control agreement. The standard tonnages for these two countries have been agreed at 800 tons and 2,615 tons respectively. A proportionate increase will be made in the flat rates given above if the quotas of the signatory countries exceed 65 per cent.

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