

Article 93 : Consultation and Arbitration

Paragraph 1 sets out the grounds upon which the procedures of Chapter VIII may be invoked. A Member may initiate the procedures if it considers that a benefit accruing to it under the Charter is being **nullified or impaired**,—

- (a) By action of another Member contrary to the Charter ; or
- (b) By action by a Member not in conflict with the Charter ; or
- (c) By the existence of any situation.

In such a case the affected Member may make an approach to any other Members it considers concerned in the nullification or impairment, and consultations with a view to settlement will follow.

Paragraph 2 provides for settlement of such disputes by reference to arbitration where the parties so desire.

Members concerned are bound by the provisions of paragraph 3 to keep the Organization informed of the progress of action taken in accordance with this Article.

Article 94 : Reference to the Executive Board

In cases where the provisions of Article 93 do not enable a satisfactory settlement of a dispute the matter may be referred in accordance with paragraph 1 of this Article to the Executive Board.

Paragraph 2 provides that the Executive Board must first decide whether any nullification or impairment does in fact exist. If it determines that this is the case, it may adopt any one of five courses of action as follows :—

- (1) Decide that no action is called for ;
- (2) Refer the matter back to the Members concerned for further consultation ;
- (3) Refer the matter to arbitration ;
- (4) Where the nullification has been caused by action in conflict with the Charter, request the Member taking such action to conform with the provisions of the Charter ; or
- (5) Where the nullification is not caused by action contrary to the Charter, recommend to the Members concerned such measures as will enable the nullification or impairment to be adjusted.

Paragraph 3 enables the Executive Board in cases of emergency to release the affected Members from certain obligations or the grant of concessions to other Members to the extent necessary to compensate for the nullification or impairment. For instance, failure of a large industrial country to maintain employment and demand may result in a collapse of the market for the agricultural exports of another Member. The latter Member would in such a case suffer impairment of the benefit of expanding world trade and stable markets which it had naturally expected to enjoy under the Charter. In order to compensate for this