

SIXTH COMMITTEE: ORGANIZATION

REPORT OF THE SUB-COMMITTEE ON ARTICLE 93
(RELATIONS WITH NON-MEMBERS)

1. The Sub-Committee was composed of the representatives of Argentina, Australia, Belgium, China, Cuba, Czechoslovakia, France, Greece, Iran, Italy, Lebanon, Sweden, the United Kingdom and the United States. It was established by the Sixth Committee to prepare a text of Article 93 (Relations with Non-Members) to replace, for consideration by the Committee, the three alternative versions forwarded by the Preparatory Committee. The Sub-Committee was also instructed to consider in the course of its work the new proposals put forward at Havana. The Sub-Committee elected Mr. Forthomme (Belgium) as Chairman.
2. The Sub-Committee, with no dissenting voice, recommends the following text of Article 93. The representative of Argentina, however, reserved his position pending the receipt of instructions from his government.

Article 93

Relations with Non-Members

1. Nothing in this Charter shall preclude any Member from maintaining economic relations with non-Members.
2. Members recognize that it would be inconsistent with the purpose of this Charter to seek any arrangements with non-Members for the purpose of obtaining for the trade of such Members preferential treatment as compared with the trade of other Members, or so to conduct their trade with non-Members as to result in injury to other Members. Accordingly,
 - (a) no Member shall enter into any new arrangement with a non-Member which precludes the non-Member from extending to other Members any benefit provided for by such arrangement.
 - (b) Subject to the provisions of Chapter IV, no Member shall extend to the trade of any non-Member treatment which, being more favourable than that which it extends to any Member, injures the economic interests of another Member.
- /3. Nothing in this

3. Nothing in this Charter shall be interpreted to require a Member to extend to non-Members treatment as favourable as that which it extends to Members under the provisions of the Charter. Failure to extend such treatment shall not be regarded as inconsistent with the terms or the spirit of the Charter.

4. The Executive Board shall make periodic studies of general problems arising out of commercial relations between Members and non-Members and, with a view to promoting the purpose of the Charter, may make recommendations to the Conference with respect to such relations. Any recommendation involving alterations in provisions of this Article shall be dealt with in accordance with Article 95.

3. The Sub-Committee agreed that nothing in Article 93 shall be construed to prejudice or prevent the operation of the provisions of Article 57 (1) regarding the treatment to be accorded to non-participating countries under the terms of a commodity control agreement which conforms to the requirements of Chapter VI. It is recommended that an interpretative note to this effect should be added to the text.

4. In the course of the discussion of paragraphs 1 and 2 of the text, the Sub-Committee agreed that termination of any existing obligations of Members towards non-Members should be in accordance with the terms of the agreements embodying such obligations.

5. The Sub-Committee understands that, in general, sub-paragraph (a) of paragraph 2 applies to treaties or agreements which, by their terms, preclude the extension to other Members of the benefits provided for in such treaties or agreements. This interpretation does not rule out the possibility that, if a Member were wilfully to accomplish the same result by other means, this sub-paragraph should be held to apply.

6. The representative of Iran suggested the following interpretative note to paragraph 4 of the text:

"In making its recommendations the Executive Board shall have due regard to special conditions and economic circumstances of those Members which are creditor countries or have substantial long-standing trade with such non-Members of which they are neighbours and shall take appropriate account of the consequences of its recommendations upon the interests of such Members."

The Sub-Committee agreed that the text suggested contained considerations which would be among those in the mind of the Executive Board when making its recommendations pursuant to paragraph 4. It also considered that the text of Article 93 as a whole was in accordance with the considerations put forward by the representative of Iran, who therefore did not insist upon his proposal to have an interpretative note.