

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE G (SWISS PROPOSAL)

NOTES ON SIXTH MEETING

Held on Monday, 26 January 1948, at 3.00 p.m.

Chairman: Mr. L. P. THOMPSON-McCAUSLAND (United Kingdom)

1. The Sub-Committee agreed to proceed with the discussion on the basis of the draft prepared by the Chairman and of the amendment to that draft submitted by the delegation of Poland.

2. Paragraph 1

The Sub-Committee agreed that the criterion of inconvertibility introduced in the Polish amendment, though it was in many ways a significant one, was not of primary importance in connection with the problem of Switzerland. The delegate for Switzerland said that it had been agreed in an earlier meeting not to speak of "external receipts". The Sub-Committee also agreed that this paragraph should take into account the following points:

- (1) A relatively high proportion of the total production of a country depending on export markets;
- (2) a high proportion of the total exports consisting of goods or services considered inessential;
- (3) a high proportion of the total exports directed to countries larger than the exporting country.

The delegate for Switzerland said that it was imperative to introduce the element of employment into paragraph 1 (b) and that the phrase "domestic economy" in the draft did not cover the point. The delegate for Sweden suggested that the phrase "especially its employment situation" be added after the words "domestic economy". The delegate for Switzerland said he would have to reserve his position if the word "agriculture", which appeared in his original amendment, were deleted.

/3. Paragraph 2

3. Paragraph 2

The delegate for Switzerland said that paragraph 2 covered certain parts of his case but it was not clear how paragraph 1 of Article 40 could fully meet the points he had raised since it merely permitted a Member to suspend its obligations under Chapter IV in emergency conditions with regard to a single product. Further, if other countries were similarly to abstain from their obligations under Chapter IV, which they were in certain circumstances entitled to do under the other paragraphs of Article 40, that would not be a solution of the problem. Switzerland sought to obtain complete freedom of action to impose quantitative restrictions subject to negotiations with other countries and also freedom of action with regard to the rest of Chapter IV.

The CHAIRMAN drew attention to the fact that the trend of discussion in the Sub-Committee which was dealing with Article 40 was to permit discrimination under the latter paragraphs of that Article but not under paragraph 1. He pointed out that this was the opposite of what Switzerland wanted, since the representative of Switzerland had asked for negotiating power, power to enforce threats made in the course of negotiations and power to enforce any agreements reached. These powers, of course, included a discriminatory element.

The CHAIRMAN, in summing up, said that there had been provisional agreement as to the substance of paragraph 1 but that in view of the difficulty of drafting a satisfactory provision for paragraph 2 it might be useful for the Sub-Committee to defer further consideration of the case of Switzerland for a few days.

It was agreed that the Sub-Committee would consider at their next meeting factors other than those which apply to the case of Switzerland.

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