

E/PC/T/C.II/PV/12

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

TWELFTH MEETING

of

COMMITTEE II

held in

The Hoare Memorial Hall,
Church House, Westminster, S.W.1.

on

Friday, 22nd November, 1946

at 10.30 a.m.

CHAIRMAN:

DR H.C. COOMBS (Australia)

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL,
58, Victoria Street,
Westminster, S.W.1.)

Erratum to E/PC/T/CII/PV/10

Page 3, line 2, to read as follows: "Secretariat, Mr Hutchins, Mr Lin
and all my friends here, because we have
accomplished in a . . ."

THE CHAIRMAN: Gentlemen, this is a meeting of Committee II for the purpose of receiving and discussing the Report of the Drafting Sub-Committee dealing with Tariffs and Procedures. I think the best way for us to deal with this is to commence by asking the Rapporteur to introduce the Report.

THE RAPPORTEUR: The Sub-Committee on Procedures was asked to do two main things: one, to prepare a Report setting forth the procedures which should govern the tariff negotiations among the Members of this Committee next Spring; the second was, to examine and revise, if necessary, certain Articles of the Draft Charter relating to the relaxation of trade barriers. Those Articles were: Article 8, relating to Most-favoured-nation treatment; Article 18, dealing with the Reduction of Tariffs and the Elimination of Preferences; Article 29, providing for Emergency Action in the case of particular products; Article 30, dealing with cases in which there might be a nullification or impairment of the benefits of the Trade Barrier provisions; and Article 33, which provided for the general territorial application of the Trade Barrier Chapter.

There are before you four documents resulting from the Committee's work. One is a general Draft Report, which submits the revised Articles and sets forth the reasons for the revisions. The second is a set of amendments to this Report, which had to be given in a separate paper because of the shortage of time. That is E/PC/T/C.II/57/Corr.1. Thirdly, the revised Articles themselves; and, finally, the Report of the Sub-Committee on Procedures dealing with the Tariff negotiations next Spring.

THE CHAIRMAN: I suggest for the convenience of the Committee that we take first the Draft Articles and discuss those, and I think it will then be a relatively simple matter to run through the Rapporteur's Report, since the Report must obviously be based primarily upon the Articles in the form in which they were agreed

by the Drafting Sub-Committee. I suggest that first we take Article 8, the new form of which is set out on page 3 of the third document, No. 57, which is headed "Addition to Report of Sub-Committee on Procedures". On page 3 of that document you will see Article 8, General Most-Favoured-Nation Treatment. May I ask the Rapporteur to read the Article in its present form.

THE RAPPORTEUR: Mr. Chairman, do you want to discuss this paragraph by paragraph, or would you prefer to complete each Article?

THE CHAIRMAN: I think we will take it paragraph by paragraph, if that is acceptable to the meeting?

(Paragraph 1 read)

Any comment on Paragraph 1 ?

THE VICE-CHAIRMAN: Mr. Chairman, when you compare this Paragraph 1 with Paragraph 1 in the Charter you will find that we have adopted the American draft, leaving out only the last sentence thereof with regard to public works. The reason for that has been explained in the draft Report of our Rapporteur, so I do not think there is any need to elaborate on that, unless there are questions to be asked.

THE CHAIRMAN: Any further comment on Paragraph 1 ?

MR. LE BON (Belgium) (Interpretation): Gentlemen, I think that we are not entirely agreed on the definition of the word "originating", and having conferred with several Delegations I believe that it might be useful for me to make a statement in order to throw a proper light on the problem. I have sent a note to the officers of the Committee, and this is what the note says:-

Merchandise is considered as originating from a country where it has been either manufactured or harvested. Merchandise originating from country A and imported into country C, having gone through or stayed in country B, otherwise than in bond, might be treated as products coming from country B, and not as products coming from country A.

E/PC/T/C.II/PV/12

If such an interpretation is not accepted it will not be possible to practise a differential system. I believe that if this statement is accepted by the Committee, or if the delegate of the United States said that it was precisely like that that the word "originating" is to be understood, it would be important to have this declaration accepted, without even modifying the words of the Charter itself.

THE RAPPORTEUR: I believe that that interpretation, while it was not fully discussed at the Sub-Committee, is the usual one, and therefore I do not believe that any change would be required.

THE CHAIRMAN: Is that the interpretation which other delegates would have taken the word "originating" to possess?

MR. SHACKLE (UK): I am sorry, but I am not quite sure which is the interpretation which has been referred to.

THE CHAIRMAN: The Belgian delegate has asked that it be quite clear that merchandise which originates say in country A and which is imported into country C, after having spent some time in country B, other than in bond, would be regarded as the products of country B and not of the country of original origin.

THE RAPPORTEUR: May I make one comment on that? That is, that there is nothing so far as I know in any of the Articles which would prevent the use of some sort of documentary proof of origin.

THE CHAIRMAN: Can we take it that the Belgian delegate's point is met by the draft as it at present stands, without creating confusion for other people?

MR. SHACKLE (UK): I wonder whether it is necessary at this stage to come to a decision on this point? After all, terms such as "originating" and "product of manufacture of countries" are extremely common in Treaties. It does not necessarily follow that those rules are interpreted in the same way, but nevertheless Treaties manage to carry on. I suggest that on the whole this is a matter of detail which had better be left for

consideration at a later stage, possibly by the Organization when it is set up. I remember that the League of Nations many years ago did make a study of this very question.

THE CHAIRMAN: I think we can take it that at any rate there is nothing to prevent the Belgian delegation interpreting the word "originating" in the way in which they have suggested.

Any other comment on Paragraph 1?

(At this point the Vice-Chairman, Mr. Speckenbrink, took the Chair).

MR. NATEAN (France) (Interpretation): Mr. Chairman, I apologise for asking this question. I ask it only because my English is not good enough. I would like to know how in the French language one might translate the words in the fifth line - "Like or similar products"? How would the word "like" be translated into French?

THE ACTING CHAIRMAN: I may say I did not study that, but perhaps you can make a suggestion here to see whether the meaning is quite clear. I cannot follow it, and I think other delegates are in the same difficulty.

M. NATHAN (France) (Interpretation): I believe the problem is whether we are talking about commodities of the same character in that sense of the word, or in a very narrow and clearly defined sense of that word. If, for instance, we are talking of wheat, do we mean cereals which perhaps might be substituted for wheat, or do we mean only wheat.

THE ACTING CHAIRMAN: Has not that question been discussed in one of the Subcommittees? I think the Committee on Commodity Agreements discussed it.

Mr. VIDELA (Chile): Mr Chairman, I have here a report made by Mr Hawkins which I have just received. May I read it? "There were several questions arising in connection with several Articles regarding the meaning of 'like products'. I believe the Chilean delegate raised the question, and one of the delegates - I believe Netherlands - raised the question today in connection with Article 19.2.e. As most of you know the term 'like products' or 'like product' has been used for many years in the most-favoured-nation clause of treaties. You are also probably aware of the fact that there is no precise definition. As I recall, the Economic Committee of the League of Nations once made a study and put out a Report on the subject; and my memory is that a 'like product' is one that is practically identical with another. Then I think is as far as my memory will serve me on that particular Report, I think it is one of the subjects to which an International Trade Organisation would want to give continuing study in the light of precedents, in the light of cases that have come up and by the use of analogy. However, I think the specific point raised by the delegate of the Netherlands can be definitely answered. In Article 19.2.e the words 'like product' are used, but those words definitely do not mean what they mean in other contexts - merely a competing product. In other words, to take an extreme case, if a country restricted its output of apples, it could not restrict importation of bananas because they compete with them - to the extent that they do." Mr Chairman,

I take this opportunity to refer to this statement, because this is one of the most difficult to define in words, and I take this opportunity also to remind Committee II that the Technical Committee spent a lot of time on this definition and other definitions on technical matters. We propose that the Committee should recommend to I.T.O. to make definitions in a code before the chapter is put under consideration.

THE VICE-CHAIRMAN: Thank you. Would the Rapporteur like to comment on this?

THE RAPPORTEUR: No, only to answer the question raised by the delegate of France, I believe, that in the case of the illustration cited by him I think it is perfectly clear that the word "like" would mean wheat from other countries and not other cereals.

THE VICE-CHAIRMAN: The point before us, then, is whether in the Report of this Committee we should comment on this, and state, in the same way perhaps as with regard to the previous remark of the Belgian delegate, whether there are here some points that have still to be further studied in the coming Conference in Geneva.

Mr SHACKLE (UK): Mr Chairman, I would like to suggest that this matter should be dealt with in very much the same way as the question of the definition of "origin of goods"; that is to say, the expression "like products" has occurred in ^{commercial} treaties for many many years. There has not, I think, been a precise international definition, though one was suggested by the Economic Committee of the League of Nations. That has not prevented commercial treaties from functioning, and I think it would not prevent our Charter from functioning until such time as the I.T.O. is able to go into this matter and make a proper study of it. I do not think we could suspend other action pending that study.

THE VICE-CHAIRMAN: Would other delegates like to comment on this?

Mr FLETCHER (Australia): I would support the remarks of Mr Shackle, the United Kingdom delegate. All who have any familiarity with customs administration know how this question of "like products" tends to sort itself out. It is really adjusted through a system of tariff classification, and from time to time disputes do arise as to

whether the classification that is placed on a thing is really a correct classification. I think while you have provision for a complaints procedure through the Organisation you would find that this issue would be self-solving.

Mr GUERRA (Cuba): The Cuban delegation also support the suggestion put forward by the United Kingdom delegate.

Mr. KUNOSI (Czechoslovakia): The Czechoslovakian delegation too.

VICE-
THE/CHAIRMAN: I take it there is agreement that we leave this point to be sorted out later. Then perhaps we should have to add something to that effect in our report, just to prevent any misunderstanding. I will ask the Rapporteur to take care of that. The same thing applies to the remark of the Belgian delegate with regard to the question of origin. Then may I take it that Article 1 is adopted?

Mr VIDELA (Chile): Mr Chairman, Article 8 starts "With respect to custom duties and charges"—. I would like to say that I understand very clearly that the word "charges" there refers only to tariffs or duties or customs. It has nothing to do with quantitative restrictions or quotas.

THE RAPPORTEUR: I think the application of the most-favoured-nation principle to quantitative restrictions may well be dealt with in the report of the Subcommittee on Quantitative Restrictions.

THE VICE-CHAIRMAN: With these remarks, we adopt paragraph 1. We then come to paragraph 2 of Article 8. You will find there again, if you compare it with the draft, there are certain changes that we have elaborated in our report, and of which the main changes are that we left out the date in the first part of paragraph 2 and that we added a sub-paragraph c with regard to preferences in force on July 1st, 1946 between neighbouring countries. The reason of that is to be found in the report of the Rapporteur, which no doubt you have all studied. Are there any comments here.

(At this point the Chairman, Dr. Coombs, resumed the chair.)

Mr SHACKLE (UK): Mr Chairman, I have one remark to make on sub-paragraph a. It is not a point of substance; it is purely a point of drafting, but it is rather important drafting, and so I mention it. It refers

to the words "Commonwealth of Nations". The suggestion that we should adopt that phraseology was made in the course of the discussion of this passage in the Subcommittee, with the idea that it would make for brevity and would cover the peculiar position of the British Commonwealth of Nations. We are advised that it will not altogether meet the case. I therefore have an amendment to suggest which is not at all an amendment of substance. I will read it, I think, as it is not long. The paragraph now would read in my suggestion: "Preferences in force exclusively (1) between territories in respect of which there existed on 1 July, 1939, common sovereignty or relations of protection or suzerainty, or (2) between the territories comprised in Annex X to this Charter. Each member to which provision 1 applies shall provide a list of such territories which lists shall be incorporated in an Annex to this Charter". It would follow from that amendment that the British Commonwealth of Nations would be described in Annex X, whereas the other territories which would fall under provision 1 would subsequently put in their schedules.

Mr VIDELA (Chile): In regard to the first paragraph of Article 8, I would like to make it clear that ^{under} letter a, preferences in force have nothing to do with quotas or quantitative restrictions and it is dealing only with the matter referred to in Article 8.

THE Vice-Chairman: Has anybody any comment to offer on the suggestion put forward by the United Kingdom delegate, or can we take it that that is generally acceptable? It is, I understand, merely an attempt to make a somewhat vague phrase "commonwealth of nations" specific, so that there can be no uncertainty about it as to to which groups of countries the phrase applies. I think that should be generally acceptable. May I take it that is agreed? Very well. Is there anything else on paragraph 2?

(At this point Dr Coombs vacated the Chair, his place being taken by Mr Speckenbrink, the Vice-Chairman.)

THE VICE-CHAIRMAN: We may take it, then, that with the amendment proposed by the United Kingdom delegate and also the observation of the Chilean delegate the second part of Article 8 has been approved by the Committee. If there are no further remarks, we may turn to the next Article, I think.

Article 18. Again you will have seen that there are certain changes there, and perhaps, as this very important Article has a definite bearing on the paper that you will have to discuss later, that is, the Memorandum on procedure of tariff negotiations, we might take it paragraph by paragraph. I would ask whether there are any comments on the first seven lines, up to (a). If not, that part is adopted.

We come, then, to sub-paragraph (a), where you will find that we have made an important change, as we have added the words "it being understood that action resulting from such negotiations shall not require the modification of existing international obligations, except by agreement between the contracting parties or, failing that, by termination of such obligations in accordance with their terms." We explained that yesterday to the delegates who did not take part in our discussions, so at this time I will only ask for remarks. If there are no remarks, I take it that (a) is adopted.

Now we have (b), which reads: "All negotiated reductions in most-favoured-nation import tariffs shall operate automatically to reduce or eliminate margins of preference". We explained yesterday that we had a lengthy discussion on this sub-paragraph, especially with regard to the word "automatically", and that it has been adopted by the majority of the ^{Sub-}Committee. In connection with it there is a note in the paper E/FC/T/C.II/57.Corr.1 regarding page 4 and page 8 of the draft report of the Rapporteur. This is a statement of the position of one of the delegations: "One Delegation thought that the rule should not operate automatically, but that Members should be free to negotiate for a reduction in the preferential rate as well as in the most-favoured-nation rate, provided that the margin between the two negotiated rates is smaller than that existing on a (prior) rate to be agreed upon." Are there any comments here?

MR ADARKAR (India): Mr Chairman, there is a small amendment here. Instead of "(prior) rate" it should read "(prior) rate".

THE/CHAIRMAN: Yes, of course. Have any delegates any comments here? Then may we take it that the other members of the Sub-Committee are in agreement with the greater majority of the Sub-Committee with regard to the wording of this sub-paragraph? (Agreed.)

We now have sub-paragraph (c), where there is an addition the intent of which is to have regard to the special position of, shall we say, low tariff countries. Is that agreed? (Agreed.)

Then we come to paragraph 2, where you will see that we have made no changes, so I do not think there will be any objections. Is it agreed? (Agreed.)

Paragraph 3. This is important, because here we say this, in the second sentence: "The Organisation, if it finds that a Member has, without sufficient justification, having regard to the provisions of the Charter as a whole, failed to negotiate..." - and in the further paragraphs we always speak of the Charter as a whole. The reason for that is that the Sub-Committee thought that everything in this Charter is so closely related that we should not confine this paragraph only to the general commercial provisions; and in this way we have also, in our opinion, taken adequate notice of the message we received from the Joint Committee of Committees I and II on Industrial Development. May I take it that the Committee agrees to have paragraph 3 read as stated here?

MR SHACKLE (U.K.): I notice that a word has dropped out in the next to last line.

I think it should read: "The provisions of this paragraph shall operate in accordance with the provisions of Article 56."

VICE-

THE/CHAIRMAN: Yes. Is this paragraph adopted? (Agreed.)

Then we turn to Article 29.

MR TUNG (China): Mr Chairman, in connection with Article 18 the Chinese delegation wishes to state its attitude, which is that the draft provision under this heading would amount to the automatic application of the most-favoured-nation clause which China wishes to co-operate in principle with other member nations to bring about. In view of the fact that preferential tariff systems still exist in various parts of the world, the Chinese delegation would like to reserve China's right to adopt similar measures herself at any time, or to adopt other measures that would enable her to counteract the unfavourable effects on her products which might accrue from the use of preferential tariff systems by other nations. We wish to have this statement put on record in connection with Article 18.

THE VICE-CHAIRMAN: If there are no comments on the statement of the delegate of

China, we simply include it in the records of this Committee.

May we turn now to Article 29? Perhaps I may ask the Rapporteur to indicate very shortly the changes we have effected here, as guidance for the members.

THE RAPPORTEUR: Mr Chairman, Article 29 is an emergency provision whereby members would be permitted to withdraw or modify concessions or other trade barrier obligations they had undertaken in the event that as a result of those concessions and obligations their industries should be seriously damaged. The main change that we have incorporated in the first paragraph of the Article is, I think, by way of a clarification, to make it clear that this right of withdrawal or modification will extend to cases where a country's trade is injured by reason of the loss in whole or in part of a preference which it previously enjoyed in another market. That is done by the phrase in parenthesis appearing in the middle of the paragraph. In the second paragraph we have provided that in critical and emergency circumstances a member may exercise his right of withdrawing or modifying a concession without prior consultations with the other affected members, provided that the consultation was carried out immediately after the taking of the action. The members of the Sub-Committee felt that, on the whole (I think there were two reservations) there should be flexibility: that it was not in all cases possible to consult before taking the necessary action but there should be consultation in all cases and there should be a remedy open to the other affected party in the event that the other affected party did not agree with the action taken.

THE VICE CHAIRMAN: I may perhaps add here, because it is always a very serious thing to take action without prior notice, that we have added a special sentence at the end of this paragraph which should provide for rather severe penalties in case of abuse of this possibility. As you will see it is stated that "in serious cases the Organization may authorize the affected member to suspend concessions or obligations in addition to those which may be substantially equivalent to the action originally take."

(At this point Dr Coomb's resumed the Chair)

THE CHAIRMAN: Is there any comment on paragraph 1? If not, may I take it that paragraph 1 is agreed? (Agreed). Paragraph 2. Any comment on paragraph 2? I take it that paragraph 2 is agreed. This will be subject to certain reservations which I understand have been referred to in the Rapporteur's report. (Agreed).

Article 30. Would the Rapporteur care to comment upon this?

THE RAPporteur: Mr Chairman, the first paragraph of this Article simply sets forth what seems to be the agreed principle, that every member of the Organization should stand ready to consult with any other member on any question which they might raise regarding the operation of the trade barrier provisions in Chapter IV as a whole. The second paragraph is intended to provide a rather wide measure of flexibility in the event that the Charter as a whole should not work out in some circumstances in the way it was intended to work out. It would permit a country in the event that they felt that another country had taken some action, even though not in conflict with the particular provisions of the Charter, which nevertheless tended to nullify or impair some of the benefits of the Charter, to raise that matter with the Organization, and if the Organization agreed it would be permitted to obtain a release from some of its obligations under Chapter IV. The paragraph would also permit such action in the event that any situation should develop or arise, even though unrelated to the action taken by the particular member, which tended to impair for the member desiring to take the action some of the benefits. I would like to explain it if I may by examples; I think it can be dealt

with more clearly that way. I think that the paragraph, in its present form, is designed to meet the needs of certain countries which have asked that it be recast. For example, if a country should feel that it needed to take measures to safeguard its economy from deflationary pressures owing to the lack of effective demand from abroad for its products, it would be able to bring the matter before the Organization as a possible nullification or impairment of the benefits intended to be accorded under the Employment Section of the Chapter; and the Organization, if they agreed that the country should be permitted to take the necessary measures to safeguard its economy, could authorize it to do so under this Chapter; in such cases^{as} that it would be expected that the Organization would, of course, consult with the Economic and Social Council or other specialized agencies to see whether some other action might not be more appropriate. The second case would be a situation in which a country exporting to another member country was suffering because of the employment by a second exporting country of sub-standard labour conditions. In such a case it would be only the importing country which could remedy this situation by attempting to readjust the competitive position between the two exporting countries. Under this draft the exporting country could raise the problem with the Organization and if the Organization agreed the importing country could be authorized to take the necessary measures to readjust the situation and be released from any obligations which would prevent that.

THE CHAIRMAN: Any comment on paragraph 1 of Article 30?

MR SHACKLE (UK): There is one point, Sir - it is purely a verbal correction, I think - six lines from the end of the Article, paragraph 2, which reads: "under this Charter as may be appropriate in the circumstances." I believe our intention was that those words should read "under this Chapter."

THE CHAIRMAN: Is that right?

THE RAPPOREUR: Yes, that is an error, Mr Chairman.

THE CHAIRMAN: That is on page 3, line 9, the third word written at present "Charter" should be "Chapter." Is there any other comment on either of these paragraphs? Can I take it then that Article 30 is agreed? (Agreed)

THE CHAIRMAN: Article 33. Is there any comment necessary on this,

Mr Rapporteur?

THE RAPPORTEUR: I think that there are only two points in this Article which will raise any question. The first is that the exception from the provisions of the charter, a customs union, has been somewhat broadened, so that it now applies to the formation of a customs union. This is intended to permit measures which are in fact transitional to the establishment of a genuine customs union - in other words, you do not have to have a complete customs union over-night; it would permit of the transitional formation of a customs union, as requested, I think, by a number of delegations in Committee II's discussions before the Sub-Committee was established. The second point is in paragraph 4, which recognizes that in special circumstances new preferential arrangements, that is to say, permanent exceptions from the most-favoured-nation clause, as distinguished from the temporary exceptions set out in Article 8, may be warranted. This makes it clear that the Organization would be authorized under Article 55 paragraph 2 of the Charter to approve such arrangements. Article 55, it may be recalled, provides that the Organization may by two-thirds vote establish criteria and procedures for waiving, in exceptional circumstances, any obligation in Chapter IV. I think possibly that may have been broadened since.

THE CHAIRMAN: Can we take this paragraph by paragraph. Paragraph 1 of Article 33.

MR. ELMECHKIE (Lebanon): Mr Chairman, in paragraph 1 of Article 33, statement of principle, I see that it has been taken into consideration that some sort of preferential arrangements can be carried out subject to the agreement of the Organization under Article 12. But it is also stated that "appropriate exception from these provisions should be made for advantages accorded to facilitate frontier traffic, for advantages incident to the formation of a customs union," and so on. The Lebanese delegation thinks that such preferences of the nature of the regional arrangements, an expansion, if you like, of frontier traffic, should be

included in that statement of principles and should not be left only subject to the agreement of the Organization under Article 55, not because we do not want the Organization to agree it, but we think that there is danger in that, because - and this is the important point - Article 55 is put in the Charter to guarantee that no radical changes take place. Preferential regional agreements have an intrinsic value in themselves and should be mentioned as such.

If it is impossible to include it here I would like to have a reservation on the subject.

THE CHAIRMAN: Would any other delegation care to express its views on the suggestion put forward by the Lebanon delegate? The suggestion is, that this Article should provide for regional preferential arrangements capable of being established without necessarily having the approval of the Organization as provided for under Paragraph 4.

THE VICE-CHAIRMAN: Mr. Chairman, we discussed whether we should have new exemptions in this draft, and we found it was very difficult to do that. Once you start to mention certain exceptions you can get another one and still another one. We quite agree it is important that there should be the possibility of regional systems, but we thought that in the points mentioned here under ^{and} 2(a)/in paragraph 4 we have tried to cover the various contingencies as best we could.

THE CHAIRMAN: Any further comment? If not, I presume that it is the view of the Delegations that if the delegate of Lebanon wishes to press this point he should do so in the form of a reservation.

MR. DIECKHIE (Lebanon): May I just make a correction to the statement you made, Mr. Chairman? I did not say that I did not want the

3.fols.

Organization to approve of preferential arrangements, but I see a danger in leaving it under Article 55, because in Article 55 it demands a two-thirds majority for the procedure; and the two-thirds majority might decide that it needs a three-fourths majority to get such things as preferential arrangements into being. I see a danger in that.

THE CHAIRMAN: I am sorry. It is quite clear what the proposition is that the delegate for Lebanon is advancing. It is not that these regional preferential arrangements should not require the approval of the Organization, but that they should require the approval of the Organization under arrangements which did not make that approval subject to procedures and criteria to be established by a two-thirds majority as set out in Article 55 para. 2. However, unless other delegates speak on this matter I take it it is their view that the best course that the delegate for Lebanon can take would be to reserve his position on this matter. I will ask the Secretariat to note that reservation and embody it in the record and in the Report.

MR. MELANDER (Norway): Mr. Chairman, on a point of clarification I would like to ask the delegate for China whether his reservation with regard to Article 18 would in fact be the same sort of reservation as the one which is made by the delegate for Lebanon?

MR. TUNG (China): Our delegation considers this reservation on tariff preferential treatment is just a reservation of its right to adopt such measures, and we might use that right at any time so long as the other provisions exist.

THE CHAIRMAN: Any further comment on this Article? Paragraph 1: can I take that as agreed? Paragraph 2: agreed? Paragraph 3: agreed? Paragraph 4: agreed, subject to the reservation stated by the delegate for Lebanon.

MR. RODRIGUEZ (Brazil): I make the same reservation as the delegate of Lebanon in this Paragraph 4.

THE CHAIRMAN: The delegate for Brazil also reserves his position on Paragraph 4, on lines similar to the delegate of Lebanon.

Paragraph 5? Paragraph 5 agreed. I take it Article 33 is agreed.

I am sorry to inconvenience the Committee, but it is necessary for me to ask your permission to re-open Article 18 for a moment, as I wish, speaking as the Australian delegate, to make a statement on this, and I would like to ask the Deputy Chairman to take over for a minute or two while I do so.

(The Vice-Chairman then took the Chair)

MR. COOMBS (Australia): Mr. Chairman, this Article has given the Australian delegation a considerable amount of concern. I should say that so far as the general principle embodied in this Article is concerned we are in agreement with it. The Australian Government was a party to the Mutual Aid Agreement, in which it did accept quite definitely an obligation to enter into mutually advantageous negotiations directed towards the substantial reduction of tariffs and the elimination of preferences. That obligation the Australian Government will carry out to the full, and it was necessary for me, therefore, to look at this Article in the light of the previous undertaking which the Australian Government entered into in connection with preferences, and this raises the rather vexed question, which occupied so much of the time of the Sub-Committee, of the word "automatically", embodied in Paragraph 1(b) of the Article.

It is necessary for me to say that we do feel, after very careful thought on this matter, that the word "automatically" is in this context inconsistent with the general principle that the negotiations should be reciprocal and mutually advantageous. Generally it may be correct that an automatic reduction of the margin of the preference by the amount of the reduction in the most-favoured-nation rate would be reciprocally and mutually

advantageous, but it is conceivable that in some circumstances such a reduction would not be mutually advantageous. Perhaps I should add that it is a matter of fact that our own national interests in this matter would not be seriously impaired by the acceptance of the rule. Most of the commodities on which we receive preference are on free entry or very low rates of duty, so that the only way in which a reduction could operate would be substantially in the same way as if it were automatic. I make that point to emphasise what I think is important - that our feeling about this word is not based solely upon an attempt to protect certain advantages which we enjoy at present and does not in any sense indicate an unwillingness to carry through to the full the undertaking we have already given elsewhere to agree on action to eliminate preferences. But we do feel that if negotiations are in fact to be reciprocal and mutually advantageous, then the parties to that negotiation must be free to engage in the negotiations in ways which are determined in the light of the circumstances of the case and in which there is no prior determination as to the nature of the bargain which they reach. The bargain should be one freely agreed upon by both sides, without any necessary prescription in advance as to the nature or form of that agreement. The inclusion of the word does to us, therefore, I confess, rather suggest an inconsistency with what appears to us to be the basic principle that the negotiations concerned should be mutually advantageous. That is the position which we feel it absolutely necessary to state.

I have given very great thought to the question of whether we should, in the light of these views, reserve our position on this matter. Naturally, of course, our agreement to any part of the Charter is tentative, as is the agreement of any other Delegation here, and is not binding on our Governments, but on

some oints it has been necessary for Delegations to make a special reservation in connection with particular items, and such a possibility has given us a good deal of worry. I would like to say that we have felt, in considering this, that we would be unwilling to make reservations on particular points, unless they are of absolutely overwhelming importance, without the consideration not merely of the context of that particular point, but a consideration of the Draft Report and Draft Articles as a whole, and here I feel when we look at the Charter as a whole, at any rate, that it is a substantially broader and wiser document than it was when it appeared at this Conference, and that the Report does take many factors into account which are to us and to other delegations of very great importance.

While I, therefore, would not like there to be any doubt about the feelings of the Australian delegation on this point, that it is our absolute conviction that the negotiations contemplated under Article 18 should be in the most complete and unequivocal sense reciprocal and mutually advantageous, we have decided that it would be ungracious of us to make a specific reservation on this matter, in view of the very substantial progress which we feel has been made at this Conference on matters of greater importance to the Charter as a whole.

Thank you, Mr Chairman.

THE VICE-CHAIRMAN: Thank you. Before Article 18 is finally adopted, may I ask if any delegation wants to make any comments after the declaration of Dr. Coombs?

Mr JOHNSEN (New Zealand): Mr Chairman, in the light of what Dr. Coombs has said, I feel that as far as the New Zealand delegation is concerned, it must associate itself with his remarks. We would feel, too, that negotiations on a matter like this should be carried on on a basis where there should be free opportunity to negotiate as to what concessions should be. They are on a mutually advantageous basis, and that is the real test. If I might at this stage bring the matter up again, I would ask, therefore, that these two amendments to the report might be amended by saying that one delegation was supported by another. These words "supported by another" might be added. I do not know whether that is possible.

Mr Van DE POST (South Africa): South Africa associates itself with the previous speakers.

THE VICE-CHAIRMAN: As I understand, there is no formal reservation, but there are only certain remarks to be included in the report made by one delegation supported by two others.

Mr HELMORE (UK): Mr Chairman, I am not entirely sure whether we are quite clear what is going to happen to the remarks just made by Dr. Coombs. I really would like to ask for my own edification, in what document and in what words is his statement going to be recorded or referred to?

THE VICE-CHAIRMAN: I think we should try to have the statement of Dr. Coombs, which no doubt will be in the verbatim records, looked into

now once again by him and the other delegations which have associated themselves with him, and then include it in our report in the same way as we had the remarks of other delegates included in the report which you find here. In our draft report you will find certain remarks. We have added a few more in the addendum paper which is with it; and I think we ought to do it in the same way here, to make it the whole report of Committee II on Procedure and certain Articles of this Charter.

Mr HELMORE (UK): Mr Chairman, that is not what I understood from Dr. Coombs' speech. Obviously a speech made here ^{would} appear in the verbatim record and no doubt will appear in the summary record summarised. I am simply asking for information, but I did not understand that Dr. Coombs wanted any reference made to this in the report of Committee II which is going to be published. I would like to ask him, if I may, just how he wishes this to be handled.

Dr. COOMBS (Australia): Mr Chairman, I think my point will be met if my remarks are recorded in the verbatim records. As I said, I do not wish to make a specific reservation on this matter, and, having looked at the present draft of the report, I feel that the inclusion there of the substance of what I said would practically amount to a reservation, which, for the reasons I have stated, I do not wish to make. I am satisfied, therefore, Mr Chairman, if my remarks are recorded in the verbatim record.

Mr HAWKINS (USA): Mr Chairman, I should just like to say that I appreciate very much the attitude taken by Mr Coombs and his New Zealand and South African colleagues. I know the difficulties presented, and this particular point is of very great importance to us. I should just like to assure Dr. Coombs and the Australian, South African and New Zealand delegates, that it is our firm intention that even with the rule, the negotiations will be, so far as we can possibly make them, on a mutually advantageous basis.

THE VICE-CHAIRMAN: May I take it that the delegates of New Zealand and South Africa will follow Dr. Coombs solely with the inclusion of the remarks in the report — let me say, the records of our proceedings.

Mr JOHNSEN (New Zealand): Yes, Mr Chairman, I think I wish to make no reservation, but just to make that observation; and, if I may, I would like also to support the previous suggestion made in connection with Article 18 which appears on page 4. I do not know which delegation was responsible. I assume it was the Australian delegation. But when the matter was discussed originally, I supported it in Committee; so I would like my support recorded again.

THE VICE-CHAIRMAN: It is not customary in our reports to mention the delegations, but I may state here it was not the Australian delegation who made these remarks. I do not think the delegation present who made it has any objection to it being mentioned here.

Mr JOHNSEN (New Zealand): In regard to preferential systems, page 1?

Mr. COOMBS (Australia): I think Mr Johnson is confusing. That is a record of a point made by a member of the Subcommittee. I think the remarks by the Australian delegation which Mr Johnson has in mind were made in the Plenary Session. Australia was not a member of the Drafting Committee.

THE VICE-CHAIRMAN: It is included in the report of the Subcommittee as such. So that we shall not associate you with that remark in the report of the Subcommittee: it will be merely one delegation supported by another.

Mr VIDELA: (Chile): I wanted to ask a question. I saw that the word "automatically" is also applied in other Articles, I think on quantitative restrictions, and I would like to make it clear that Mr Coombs referred to eliminating margins of preferences but not including in his reference the system of quotas, because that question of quotas was absolutely set aside in this part of the Charter, and here the word "automatically" is referring only to tariffs and margins of preferences among tariffs exclusively. When we discuss the word "automatically" in the other part of the Charter, we would refer to quotas.

(At this point Dr. Coombs took the chair.)

THE CHAIRMAN: The understanding of the Chilean delegate of this is quite correct: Article 18, with which we have been dealing, does not deal with quota preferences. I am not quite sure whether it is

complete, but there is in process, shall we say, a report from the Subcommittee set up for the purpose of dealing with quota preferences which will come before this Committee I hope today.

Mr HELMORE (UK): Perhaps I might ask you, Mr Chairman, at what point you suggest that should be taken. For our part, we would think it would appropriately appear as an additional paragraph or paragraphs in the report on Article 19.

THE CHAIRMAN: Is that report now finalised?

Mr HELMORE (UK): Mr Chairman, I think the short answer to that question is No.

THE CHAIRMAN: Then in that case we cannot deal with it now. That completes the examination of the Articles covered by the Subcommittee on Procedures. Could we turn now to an examination of their report? This parallels very closely the actual Articles, and it should, therefore, be possible for us to deal with it fairly promptly. The first section is: "A. Submission of Revised Articles of Draft Charter". That is a formal statement of the work covered by the Drafting Committee. Is there any comment on that paragraph? I take it that is agreed. I suggest that we read these aloud in paragraphs, to make sure that everybody is fully aware of their content. I ask the Rapporteur to read paragraph 1. (This was read.)

THE CHAIRMAN: Paragraph 1 has been read. Is there any comment on paragraph 1?

If not, I take it it is agreed. (Agreed.)

Paragraph 2, "Changes recommended in Article 8." (Paragraph 2 was read as far as the words "from Article 9" in the eighth line on page 4.) Are there any comments on that part? If not, I take it it is agreed. (Agreed.)

We now have the heading, "Temporary exceptions from most-favoured-nation clause". (The report was read as far as the words "(see section B of this report, below)" on page 5.)

MR JOHNSEN (New Zealand): Mr Chairman, I think the amendment in E/PC/T/C.II/57.Corr.1 should be included there, that is, the paragraph that I suggested might be amended to read, "One Delegation, supported by another...."

THE CHAIRMAN: I think that comes under Article 18, does it not?

MR JOHNSEN (New Zealand): It refers to page 4 of this document.

THE VICE-CHAIRMAN: The answer is in the affirmative.

THE CHAIRMAN: Is there anything further on these paragraphs? If not, I take it that these paragraphs of the report are agreed. (Agreed.)

"Article 18 (Reduction of Tariffs and Elimination of Preferences).

1. Statement of principles". (The report was read as far as the words "by the additional rule suggested" on page 6.) Are there any comments on this first paragraph, No.1? If not, I take it it is agreed. (Agreed.)

"2. Changes recommended in Article 18." (The report was read as far as the words "on State Trading" on page 7.) Are there any comments here? If not, I take it that is agreed. (Agreed.)

"Paragraph 1, Sub-paragraphs (a), (b) and (c) - rules governing negotiations." (The report was read as far as the words "used in applying this rule" on page 8.) Then we have the amended sentence: "One delegation thought that the rule should not operate automatically, but that Members should be free to negotiate for a reduction in the preferential rate as well as in the most-favoured-nation rate, provided that the margin between the two negotiated rates is smaller than that existing on a (prior) date to be agreed upon." That would need to be amended, to meet the New Zealand delegate's point, to say "Two Delegations thought". That is to provide for the inclusion of New Zealand. Am I correct in understanding that the South African delegation wishes also to be associated with that statement?

MR van der POST (South Africa): We were not represented in the Sub-Committee, but we would like to be associated with it, Mr Chairman.

THE CHAIRMAN: We could have it amended.

MR van der POST (South Africa): As far as this Committee is concerned, we associate ourselves with it.

THE VICE-CHAIRMAN: I asked the question specially. There were two questions we discussed. One was the declaration of the Australian delegate, with which the delegates of New Zealand and South Africa associated themselves. The other was the point as read here, and I asked an hour ago whether there were any others associated with it and, as far as I understood it, it was only the New Zealand delegation. Do I understand correctly that you now wish to join with this?

MR van der POST (South Africa): Not at this moment, Mr Chairman.

THE CHAIRMAN: Then we will alter it to read "Two delegations thought..."

"(c) An additional rule has been included, as sub-paragraph (c) of paragraph 1 of Article 18, which provides that during the negotiations the binding or consolidation of low tariffs or of tariff-free treatment shall in principle be recognized as a concession equivalent in value to the substantial reduction of high tariffs or the elimination of tariff preferences." Is there any comment on these paragraphs. I take they are agreed. (Agreed)

THE RAPPORTEUR: "The Sub-Committee also considered the question as to whether a rule should be included in Article 18" (reading to the words) "and the general grant of most-favoured-nation treatment."

THE CHAIRMAN: Is there any comment on these paragraphs? I take it then they are agreed? (Agreed).

Paragraph 3 - "Withholding of tariff benefits from members of the organization which fail to carry out obligations for the reduction of tariffs and elimination of preferences. Several changes have been made in the original draft of this paragraph" (reading to the words) "including the Chapter of the Charter relating to Economic Development." Is there any comment on these paragraphs? There is a suggested addition, which was agreed yesterday by the Drafting Sub-Committee, to be added at the end of this page. It reads as follows: "Reference is made to the message submitted to Committee II by the Joint Committee on Industrial Development (E/PC/T/C.I&II/18) in which it was requested that a suitable provision be included in Article 18 whereby the Organization 'when considering' the contribution which a Member can make to a reduction in tariffs, take into account the height of the tariffs of that member, and the need, if any, of that Member to use protective measures in order to promote industrial and general economic developments.' The changes in Article 18 described under (a) and (c), above, take into account these suggestions made by the Joint Committee." Is there any comment on these paragraphs?

MR VIDELA (Chile): Mr Chairman, I am sorry to interrupt, but I find a doubt here, on page 9, six lines from the top, where it says: "At the same time it was recognized that, in accordance with the plan for conducting tariff negotiations among the members of the Preparatory Committee, those

countries would not be called upon to subscribe to the most-favoured-nation and quota provisions until selective tariff negotiations had been completed." I find myself in a doubt here, because, supposing that a country does not wish to make a reduction of tariffs unless it gets an elimination or quotas or a reduction of quotas, that member will be compelled to do that, or otherwise may be accused before the Organization by a country which was asking for a reduction of tariffs. I think there is something unconnected here. I think, when you say "consider a reduction in the height of tariffs in return for binding and low tariffs and quotas," it should be "or the elimination of quotas," or "the elimination and reduction of quotas," because I have assumed that we will have negotiations on quotas and tariffs. I mean, I do not see why the member benefiting from the quotas should have the right of waiting until the question of tariffs has been dealt with.

THE CHAIRMAN: I think the point is that the provisions relating to quotas eliminate those quotas without negotiations; they are an absolute obligation on the members, and this provides that they are not expected to accept those until the same progress has been made in relation to obligations and tariffs.

THE RAPporteur: Yes, that is the point; and, of course, it would apply in reverse: that before you were expected actually to put into effect the tariff reductions which have been worked out by a process of negotiation, you would see that the resulting agreement contained an adequate provision for dealing with quotas. It is merely a matter of timing, that each country concerned in these spring negotiations would see exactly the benefits that he was obtaining from the agreement as a whole before he would be asked to put the agreement into effect.

MR VIDELA (Chile): I would like to see in this paragraph some addition to clear up that point, and put on record the interpretation given by our Rapporteur of this paragraph.

THE CHAIRMAN: I suggest that we note the point submitted by the delegate of Chile. I think I am right in saying that the interdependence which he wishes to have established between the tariff negotiations and the coming into effect of the limitations on quotas is very clearly set out in the

document on procedures. I suggest we note his point at this stage and, if, after we have dealt with the document on procedures, he feels that the position is still in any doubt, we will return to this point then.

MR VIDELA (Chile): Thank you.

MR VAN DER POST (South Africa): Mr Chairman, on a point of order, before you need to the next Article, in connection with the question you put to me about the New Zealand reservation or observation on paragraph 1 (b), I was under a misunderstanding at the time when I gave you a negative reply. I should be glad if you could have it recorded that we support New Zealand in that observation.

THE CHAIRMAN: So that "one delegation" should read "three delegations." Thank you. Is there anything further on these paragraphs? I take it, then, they are agreed? (Agreed).

Article 29, Emergency Action in respect of Imports of Particular Products.

THE RAPPORTEUR: "Statement of principle. The Sub-Committee is in agreement with the principle" (reading to the words) "and to the possibility of counter-action by other members in the event of the abuse of the right."

E/PC/T/C.II/PV/12

THE CHAIRMAN: Any comment on this paragraph? I take it that is agreed.

(Paragraph 2 was then read down to the words "following upon the taking of such action".

THE RAPPORTEUR: It should then read:-

"Two delegations question the desirability of permitting action under the Article without prior consultation even in emergency circumstances. One of these delegations also proposes" etc.

(Remainder of paragraph read)

THE CHAIRMAN: Any comment on these paragraphs? I take it then that Article 29 is approved. Now Article 30.

(Paragraph 1 read)

Any comment on this paragraph? I take it it is agreed.

(First paragraph of Paragraph 2 read)

Any comment on this paragraph?

(Paragraphs in square brackets then read)

In the draft before the Committee these paragraphs are in square brackets. I understand that these square brackets have been removed and the paragraphs now stand as part of the draft Report submitted by the Sub-Committee. Any comment on these paragraphs? I take it that they are agreed.

Article 33.

(Paragraph 1 read)

Any comment on this paragraph? I take it it is agreed.

(Paragraph 2 read)

I presume it would be necessary to include here reference to the reservation made by the delegate for Lebanon, with which was associated also the delegation of Brazil.

Any other comment on these paragraphs? I take it then that the Report on Article 33 is approved.

"B. Submission of Report on Procedures for Proposed Multi-lateral Trade Agreement Negotiations."

(The paragraphs under this heading were read).

There are a number of changes in that text, which, if delegates wish to embody them in the text they have in front of them, I will read out. In line 5 of the first paragraph, after the words "Preparatory Committee", the following words should be inserted "pursuant to Article 18 of the Draft Charter and". The sentence would then read:-

"The Sub-Committee has prepared for the consideration of Committee II, in accordance with its assignment, a report setting forth recommended procedures to be followed in connection with the negotiations regarding tariffs and preferences to be conducted among the Members of the Preparatory Committee pursuant to Article 18 of the Draft Charter and in accordance with the Committee's Resolution of _____."

In line 4 of the last paragraph, after the words "bilateral tariff agreements", there should be inserted these words:-

"or agreements limited to a small group of countries the benefits of which are generalized under the operation of the Most-Favoured-Nation clause".

The second last paragraph should be amended to read:-

"It is believed that the text of the Report will be largely self-explanatory. It may be noted, however, that the paragraph in the Report which points out the importance of avoiding new tariff measures which would tend to prejudice the proposed negotiations is not, of course, a legally binding obligation such as might prevent countries from introducing tariff changes regarded as urgent."

Is there any comment on these paragraphs?

MR. KUNOSI (Czechoslovakia): I have a question to ask, Mr. Chairman.

THE CHAIRMAN: I suggest that we adjourn and take the discussion after lunch, when I will call upon the delegate for the United Kingdom. The meeting is adjourned and will reassemble at 3 p.m. I shall be grateful if members will be on time.

The Committee rose at 1 p.m.

(For Verbatim Report of afternoon session see
E/PC/T/C.II/PV/12 - Part 2.)

The meeting resumed at 3 p.m.

THE CHAIRMAN: Immediately before lunch we read over Section B, the submission of a report on procedures for proposed multilateral trade agreement negotiations and the various amendments to the original draft adopted yesterday by the Sub-Committee on Procedures were read out for the benefit of members. The delegate for the United Kingdom had indicated a desire to comment on this section of the report.

MR HELMORE (U.K.): Mr Chairman, mine is a very simple point. It relates to the last paragraph but two on page 15, where we refer to the final published report. All I want to do is to remove the word "published", because it is generally established that the final report is to be published, and if we insert the word "published" here we might create awkward questions as to what is not published.

THE CHAIRMAN: It is proposed to delete, in the second paragraph of this section of the report, in line 5, the word "published", so that the line will then read "is intended for adoption as part of the final report of the Preparatory Committee." Is there any objection to that amendment? I take it, then, that it is agreed.

MR KUNOSI (Czechoslovakia): Mr Chairman, I wanted to ask a question. I would like to know which is the delegation which asks for bilateral tariff agreements.

THE CHAIRMAN: Can the Rapporteur advise us which was the country represented on the Sub-Committee which asked for bilateral agreements?

THE RAPPORTEUR: Yes, I think there is no difficulty with that: it was the delegate from India.

THE CHAIRMAN: He does not appear to be here at the moment. Does that answer your question?

MR KUNOSI (Czechoslovakia): Yes.

THE CHAIRMAN: Is there any further comment on this section of the report? May I take it, then, that Section B is approved?

That completes the approval of the Report of the Sub-Committee on Procedures. Before passing to the second stage of our work, there is a point that I would like to raise. This report differs in structure in certain respects, which do not in any way affect the content, from the form in which the reports of certain other Committees have been prepared. I think you will agree that it is desirable, in view of the publication of the report subsequently, that all sections of the report of the Committee should be in relatively uniform style and form. I suggest to the Committee that they authorise the Rapporteur for this Sub-Committee to make such changes in this report as are necessary to make it conform in

structure to the agreed form for the report of the Committee as a whole, on a clear understanding that no changes are made in anything but form of presentation. That will be of very great assistance to me and, I know, to the Rapporteur in preparing the combined report for Committee II for presentation to the plenary session. Does any delegate wish to comment on that suggestion? Can I take it, then, that the Rapporteur, in collaboration with the Chairman, is authorised to make such changes of form as are necessary to make this report conform to the general structure agreed upon? . . . Thank you.

MR HELMORE (U.K.): Would you allow me to raise one point on the report we have been considering?

THE CHAIRMAN: Yes.

MR HELMORE (U.K.): We did say this morning that we thought the right place to deal with the question of quota preferences which has been, as you know, the subject of consultation between the delegations immediately affected, would be in the section of the report dealing with Article 19. It has been pointed out to the United Kingdom delegation by one of the delegations concerned that as the matter at issue is really the fact that these are preferential arrangements it would be better to insert whatever passage is ultimately agreed upon in the appropriate place in the report dealing with preferences. I have not yet the words agreed (in fact, some of the other delegations concerned will, I am afraid, have heard of this change from me now as I speak) but might we pass the report we have just passed subject to the insertion in the appropriate place of whatever passage is agreed upon - if we do agree upon it - when I am ready to bring it before this meeting?

THE CHAIRMAN: I think it is clear that we are anticipating from the Sub-Committee a report on the way in which the Committee should deal with what have been described as quota preferences. If, as a result of that report, it appears appropriate to add something to the report dealing with Article 18 or to Article 18 itself, it would be competent for the Committee to re-open this section of the report in order to make such an addition. Can I take it, then, that it is agreed that when the report from the Sub-Committee dealing with quota preferences is considered it will be open to us, if we so decide, to add something to the report or to the Article dealing with the subject matter of Article 18?

MR VIDELA (Chile): I opened this question this morning, and when I said that it will be clearly understood that Article 8 and Article 18 refer only to tariffs, I meant that that quota preference will not be dealing with Article 8, and I think I said this as every time I have raised this question in the Procedures

Sub-Committee I have been told that this Committee was only referring to questions of tariffs; and now, at the last moment, I could not accept this proposal, and I must point out that I will be willing to discuss this matter under quantitative restrictions, as was always understood.

THE CHAIRMAN: It is not suggested now that this question should be dealt with in a particular way; no suggestion is put forward as to that. We have not yet received the report. The only point that has been raised is that it is possible that the form of that report might suggest that the question should be dealt with in this part of our report. It may, on the other hand, suggest that it is proper to deal with it under quantitative restrictions, and it would be clearly open to the delegate for Chile, when the report is received, to suggest that the appropriate place to deal with it is in the section of the report dealing with quantitative restrictions. The only point that we are concerned with here is that we do not so close consideration of the sections of the report with which we have dealt this morning that it would not be possible, if the Committee decided that it was desirable so to do, to re-open it for the purpose of including something relating to quota preferences. We are not attempting to pre-judge the issue of where it shall be dealt with. It seems to me that that can only be answered when we have received the report, and not until then.

Can we pass now to the question of our next business? We have also from the Sub-Committee on Procedures a document outlining the report of that Sub-Committee dealing with procedures for giving effect to certain provisions of the proposed I.T.O. Charter by means of a general agreement on tariffs and trade among the members of the Preparatory Committee. We also have, I think, ready for consideration a report of the Sub-Committee on Quantitative Restrictions. It would normally have been our practice, I think, to deal now with the Memorandum on Procedures. One delegation at least has asked me that we deal with the quantitative restrictions provisions this afternoon in order to dispose of them before delegations who are interested depart; but the matter is entirely in the hands of the Committee. We have before us a report on Procedure and we have or could have before us the report on Quantitative Restrictions. Which is it your wish that we should deal with?

MR KUNOSI (Czechoslovakia): Mr Chairman, I do not see any reason why the report on Quantitative Restrictions should have any kind of priority over the report on Procedure, which is a more urgent matter than the other.

MR MELANDER (Norway): The report of the Sub-Committee on Quantitative Restrictions and Exchange Control has been received just before lunch, and I think many delegations would like time to study it before we discuss it.

THE CHAIRMAN: I take it then it is the wish of the Committee that we should proceed now with our consideration of the Report on Procedures.

MR HELMORE (UK): Mr Chairman, we are quite ready to proceed with the procedural memorandum if that is the wish of the Committee - in fact, I might make it clear that it was not the United Kingdom which asked for Quantitative Restrictions to be taken now - but if we are going to do Procedures now, then the United Kingdom would like to seek the indulgence of the Committee not to have the Quantitative Restrictions Report taken tonight, but that we should take it tomorrow morning. I do not think there is any imposition of an extra burden on this Committee in my mentioning a meeting tomorrow morning, because, when I look at the quantity of paper which this Committee has to get through, with Subsidies, State Trading and Non-Members, I cannot really believe that I am asking for any more than a small rearrangement of business, which I freely confess is to meet the convenience at any rate of my own delegation, and I hope that we have not been too troublesome in the past in making such requests.

MR MELANDER (Norway): Mr Chairman, I would like to support the suggestion of the delegate of the United Kingdom.

MR VIDELA (Chile): Mr Chairman, there is one point I wish to put forward here and it is this, that if we are going to discuss Quantitative Restrictions now I shall not be able to take part as regards this particular point concerning meat preferences, because yesterday I was handed an absolutely different draft from this draft which was sent to me by the United States delegation, and I have not had time to discuss it with them. Therefore, that report is not finished, and if you will allow me until tomorrow I shall by then be in a position to put forward the Chilean point of view.

THE CHAIRMAN: It seems to be generally agreed that for a number of reasons it would be desirable to proceed with our original intention to discuss the Memorandum on Procedures.

MR HELMORE (UK): And Quantitative Restrictions tomorrow, Mr Chairman?

THE CHAIRMAN: Is it agreed that we should defer consideration of Quantitative Restrictions until tomorrow? (Agreed). We will consider, later in the afternoon, when we see what progress we make with this document, whether

it is desirable to meet tonight to finish this document or to deal with the other matters before the Committee.

MR DU PARC (Belgium) (Interpretation): Mr Chairman, May I know when the results of the work of the Sub-Committee on Technical Matters will be examined?

THE CHAIRMAN: The report of the Technical Sub-Committee was adopted at the last session of Committee II, which I think was held yesterday or the day before, and I am afraid it has been adopted. I must confess that it may come as a surprise to some people to hear that the work of Committee II ever reaches finality in any of its phases!

MR HELMORE (UK): As the question of the work of the Technical Sub-Committee has been raised, and as this Committee did adopt the Report, but also since this Committee decided not to publish the report, we are faced with the problem of what we are going to put in the Report of this Committee in its published version. Clearly some paragraphs will have to be prepared. Time is creeping on. I do not know whether you think it a wise idea that someone familiar with the work of the Technical Sub-Committee, but perhaps not too deeply committed to it, should be asked to prepare three or four paragraphs which could be included in our published report, so that this Committee would have a chance of considering it.

THE CHAIRMAN: May I suggest that we ask the Secretary of the Technical Sub-Committee to prepare a draft paragraph or paragraphs covering the previous decision of Committee II which we could consider for incorporation in the draft report. Is that agreeable? Will the Secretariat note to bring that forward as soon as possible?

MR VIDELA (Chile): Mr Chairman, for the convenience of our delegation, I would like to ask when we are going to discuss the question of State Trading, because there is a special report on this subject?

THE CHAIRMAN: I understand the report on State Trading has just been distributed. I would suggest, for the consideration of the Committee, that we leave the question of the programme while we proceed with the consideration of this document, and during that time I will ask the Secretariat to work out a rough timetable for consideration of the remaining

reports which still have to come forward to this Committee, and that when they have been prepared we should put them before the Committee and see whether they are agreeable?

MR VIDELA (Chile): I only wanted to explain a little more about this question of the Sub-Committee on Meat. I should like to emphasize that Mr Shackle furnished me with a draft yesterday on this subject, and now I have just received another draft, and I hope that it will be the last.

THE CHAIRMAN: Don't we all!

MR VIDELA (Chile): I want time to consider it and time also to receive my instructions.

THE CHAIRMAN: We will see that a message is conveyed to the Sub-Committee asking them to expedite their labours.

MR VIDELA (Chile): I shall ask again, within the next twenty-four hours, because on previous occasions when I have raised this matter in this Committee, in the Sub-Committee on State Trading and also in the Sub-Committee on Procedures, I have been told that the question was going to be discussed by a small Sub-Committee, and then, at the last moment, I received this document, Mr Chairman, and when I heard that it was going to be discussed this afternoon I found that I was unable to assist the Committee or to take part in the discussion.

THE CHAIRMAN: We will do what we can to see that you get as much notice as possible of the final draft before its discussion. May we now proceed to a consideration of the document on Procedures?

THE VICE CHAIRMAN: On a point of procedure, I think it is very useful, and we very much welcome it, that we can now proceed with this report; only there may be sometimes need for some clarification of certain points from the Chairmen of the Sub-Committees on Quantitative Restrictions and on State Trading. I take it they would be permitted to give those explanations where such might be needed in order to facilitate the Committee's understanding of this document.

THE CHAIRMAN: Would the Rapporteur care to make any general comments on this document before we consider it in detail?

THE RAPPORTEUR: No, I do not think so, Mr Chairman; I think it would be better

to go through it.

THE CHAIRMAN: Then let us take it paragraph by paragraph. Would the Rapporteur read the first paragraph?

THE RAPPORTEUR: "Introduction. The Preparatory Committee has agreed" (reading document E/PC/C.II/PV58) to the words: "because of the assurance afforded as to the implementation of the tariff provisions."

THE CHAIRMAN: Any comment on the introductory paragraph?

MR JOHNSON (New Zealand): A very small point. I would like to know what is meant by the "spring of 1947." I think we have a rather different idea of it in the Southern Hemisphere.

THE CHAIRMAN: A very proper comment, if I may say so.

THE VICE CHAIRMAN: I suggest we put in here simply "to be held in Geneva starting on the 8th April, 1947."

THE CHAIRMAN: "in April, 1947."

MR BARUDUC (France) (Interpretation) "to take place in the second quarter of 1947."

THE CHAIRMAN: I think it has been agreed that April should be the date of the meeting, though presumably that is subject to review, but I suggest it would meet the point if we said April. Is that agreed? (Agreed)

MR KUNOSI (Czechoslovakia): Mr Chairman, the last sentence, "and the general international conference would be in a position to adopt the Charter because of the assurance afforded as to the implementation of the tariff provisions." It seems to me that it is rather too much to say that the international conference would be in a position to "adopt the Charter because of the assurance afforded." Do not you think that is now rather exaggerated?

THE CHAIRMAN: I am sorry, but I did not quite catch the point. Will you repeat it?

MR KUNOSI (Czechoslovakia): Here it is said that the general international conference "would be in a position to adopt the Charter because of the assurance afforded as to the implementation of the tariff provisions." It seems to me that is rather an exaggeration.

THE CHAIRMAN: It might perhaps be put round the other way, "the assurance

afforded as to the implementation of the tariffs would assist."

MR KUNOSI (Czechoslovakia): Yes.

THE CHAIRMAN: Or, alternatively, the Rapporteur suggests "the general international conference would be in a position to consider the Charter in the light of the assurance." I suggest we adopt the Rapporteur's wording. Would that meet your point?

MR KUNOSI (Czechoslovakia): Yes.

THE CHAIRMAN: Is that agreed? (Agreed). Is there anything else on paragraph 1. I take it that paragraph 1 is agreed. (Agreed).

Paragraph 2: "Proposed negotiations among members of Preparatory Committee. The results of the negotiations among the members of the Preparatory Committee" (reading to the words) "which follow may be useful as a guide to the negotiations." Is there any comment on this paragraph. May I take it that it is approved? (Agreed).

Paragraph 3: "General Objectives."

THE RAPPORTEUR: "An ultimate objective of the Draft Charter, elaborated in article 18" (reading to the words) "having regard to the provisions of the Draft Charter as a whole."

THE CHAIRMAN: Any comment on this paragraph? I take it that is agreed. We now come to "GENERAL NATURE OF NEGOTIATIONS".

(First two paragraphs read)

Any comment on these two paragraphs?

MR. VIDELA (Chile): Mr. Chairman, this morning I raised a question on the first paragraph which you have read. I think the general nature of the negotiations does not refer to quotas, as I suggested this morning, although the Rapporteur has referred me to page 13 of this same memorandum, the first paragraph, where it says "These provisions would include Article 3 of the Charter relating to most-favoured-nation treatment; Article 9 relating to national treatment on internal taxation and regulation; Articles 19 through 22, relating to quantitative restrictions.", and I think to clear up this matter there should be added here or in the Article we were discussing this morning something covering the negotiations on tariffs besides quotas. I do not know if you follow what I mean?

THE CHAIRMAN: No, I am afraid I do not.

MR. VIDELA (Chile): Well, I left this question open this morning and one of the delegates suggested that this question would be referred to when we discussed the memorandum, because it seemed to him that the memorandum referred to this question that I raised.

THE CHAIRMAN: I am not quite clear what your original question was this morning. I am afraid I have forgotten.

MR. VIDELA (Chile): The question is, this morning we were discussing a point in relation to margin of preferences and tariffs, and I pointed out that we should also need to make a reference to quotas.

THE CHAIRMAN: Yes. I think that is dealt with later in the document. The point that the tariff obligations only become operative at the same time as certain obligations under certain sections of the Charter, particularly those relating to quotas, etc., is dealt with later in this Report.

THE RAPPORTEUR: Yes, sir, I think it is dealt with on page 13.

MR. VIDELA (Chile): I think it would be more clear if, when we refer to General Nature of Negotiations, we referred also to that particular question of how to deal with negotiation on quotas, because Article 19 was referring also to quotas. It was covering all these points.

THE CHAIRMAN: If you examine the Report on page 13, it says at the top of the page: "It is therefore proposed that the tariff schedules be incorporated in an agreement among the members of the Preparatory Committee which would also contain, either by reference or by reproduction, those general provisions of Chapter IV of the Charter considered essential to safeguard the value of the tariff concessions. These provisions would include Article 8 of the Charter relating to most-favoured-nation treatment; Article 9 relating to national treatment of internal taxation and regulation; Articles 19 through 22, relating to quantitative restrictions." Now your point, as I see it, is quite clearly not there on page 13; that the tariff schedules would not become operative except at the same time as the Articles relating to quantitative restrictions.

MR. VIDELA (Chile): The point I raised this morning is this, Mr. Chairman: in page 9 of document 57 it says "At the same time, it was recognized that, in accordance with the plan for conducting tariff negotiations among the members of the Preparatory Committee, those countries would not be called upon to subscribe to the most-favoured-nation and quota provisions until selective tariff negotiations had been completed.", and on the next page I read also: "Under the revised draft, a country could bring a complaint before the Organization in the event that another country failed to consider reductions of high tariffs in return for bindings of low tariffs." I wanted to make it clear that negotiations may be based on reductions of tariffs as well as elimination or reduction of quotas, and I was referred to the discussion on the memorandum. I think that the first paragraph does not cover my point.

THE CHAIRMAN: As I pointed out to you, I think the point is dealt with in the first paragraph on page 13. If you do not feel it is adequately dealt with there we could consider any alteration or addition which you consider necessary.

MR GUERRA (Cuba): I want to make an observation and it may meet the point of the Chilean Delegate. In the discussion in the Drafting Committee on procedure for negotiations, originally the third line read "this means that no country would be expected to grant tariff concessions unilaterally"; and it was the feeling of the Drafting Committee to drop the word "tariff" and say only "to grant concessions", in order that it would be possible in the actual carrying out of the negotiations to include quotas or other methods of protection. So that I think that having dropped the word "tariff", concessions of any kind may be the subject of negotiations.

MR VIDELA (Chile): That is what I wanted this morning, Mr Chairman, so that is quite satisfactory.

THE VICE-CHAIRMAN: Perhaps we might meet the desire of the Chilean Delegate if we add after "mutually advantageous" these words "in conjunction with action taken with regard to quotas and other trade barriers", just to make it quite clear.

THE CHAIRMAN: But this refers only to Article 18.

THE VICE-CHAIRMAN: We could put it in Article 19,

THE CHAIRMAN: If the Chilean Delegate feels that the point the Cuban Delegate has made clarifies his position, I suggest we might leave it as it stands.

MR VIDELA (Chile): If the interpretation given by the Cuban Delegate is going to be on record I think that will be sufficient.

MR GUERRA (Cuba): That is in the records of the Drafting Committee, because that was the reason for dropping the word "tariff".

THE CHAIRMAN: Is that right, Mr Leddy?

THE RAPPORTEUR: Yes. It was agreed in the Drafting Sub-Committee to drop from the first paragraph under "general nature of negotiations" on page 3 the word "tariff" before the "concessions". This means that no country would be expected to grant concessions unilaterally, the point being that tariff and tariff preferences concessions would be granted and made effective in conjunction with the quota and trade barrier provisions dealt with under other articles. That was the understanding.

MR VIDELA (Chile): The confusion was because provision is made in Article 18 of the Draft Charter, and we made it clear this morning that Article 18 of the Draft Charter was not referring to quotas. I do not possess the English language, but I feel there is a confusion here and I wanted that interpretation. If you add

a reference to article 19 we shall be covered, but there is no reference here to Article 19. It is only Article 18.

THE CHAIRMAN: I am afraid it would be very difficult to refer to Article 19 in that first sentence, because there is a very real difference between the proposals embodied in the Charter for the treatments of tariff and tariff preferences and other trade barriers such as quotas. It is proposed quite definitely that tariffs and tariff preferences will be reduced or eliminated respectively by negotiation. It is proposed in relation to quotas that they will be eliminated without negotiation.

MR GUERRA (Cuba): Mr. Chairman, I think there are two different questions here that should be made clear. Article 18 refers only to tariff negotiations. This is a memorandum on procedure which is mainly trying to explain the procedure that will be followed in order to make these negotiations but in this memorandum we have this interpretation that ^{in the} negotiations which do not refer to tariffs it will be contemplated that it will be a practical question for any country to raise this question of quantitative restrictions on other things that affect their trade in exchange for a reduction of tariffs, so I think it is clear that it is not necessary at all and will not be proper to change Article 18 and yet it will be possible on the procedural memorandum if we make some change in the wording here if that is necessary; if not, only making reference to the interpretation that I gave previously, that it will be perfectly possible for any country in the tariff negotiations to try to reach bargains on the question of quotas and other things.

Mr HAWKINS (USA): Mr Chairman, I wonder whether there may not be some misunderstanding among us on this point. It is not the intention that in the product by product negotiations next Spring you would deal with quantitative restrictions on a selective product by product basis. Quantitative restrictions are dealt with under Article 19. Under Article 19 they would be prevented, subject to the exceptions listed there. It seems to me that the relation between the two is this: that in the negotiations next Spring the reduction of tariffs would take place on a product by product basis and countries which have quantitative restrictions could have in mind what is obtained in the tariff reduction negotiations before they actually take the commitment to abolish the quantitative restrictions. I think that is the purpose of this.

Mr GUERRA (Cuba): The only point I wanted to make clear is that it may be interpreted the other way round.

Mr VIDELA (Chile): The position as^{we} left it this morning was quite different, because this morning we approved of the suggestion that a country need not subscribe to the most-favoured-nation quota provision until the tariff negotiations were completed. Therefore on this wording I assume that if we are interested in the reduction of quotas we have first of all to have negotiations on tariffs, and after negotiations on tariffs are accepted we can discuss quotas.

THE CHAIRMAN: Simultaneously — at the same time.

Mr VIDELA (Chile): And then we have on the next page a provision as to what is to happen in the event of a country failing to consider reduction of high tariffs; but we may ask the other country to eliminate quotas and unless they eliminate quotas, we do not eliminate tariffs. Then we will be punished by the Organisation because we do not reduce our tariffs. I think what I am saying is very clear. What I want is to put the two positions on the same footing.

THE CHAIRMAN: I think I understand the point of the Chilean delegate. I must confess I find it very hard to understand why he does not feel it is adequately met by the first paragraph on page 13.

Mr VIDELA (Chile): Because it refers to Article 18 only, and because there are before us two interpretations of the word "concession".

I do not know how many interpretations it will have with different countries - countries which are not in our discussions. The Cuban delegate said that "concession" includes quotas. The American delegate said: No, it is not including quotas, because quotas are under Article 19; we are not dealing with quantitative restrictions. Then there is a concession referring to tariffs and low tariffs. I think it is very important for us. To take an example, suppose we bring to Great Britain apples after the agreement. We are not going to reduce the tariffs on whiskey on that occasion, because of this Article and because the Organisation may punish us because we do not agree to reduce our tariffs. We may say to Great Britain: If you allow us free entrance or more quota of apples or meat or any other product for which there is a quota, we are going to reduce tariffs to you. I think it is very clear.

Mr HELMORE (UK): Mr Chairman, could I have an attempt at dealing with this question. As Mr Hawkins explained, there are two essential sides to this bargain. One is a general arrangement about quotas which are to be subject, if the nations agree, to the rules which we have put down for consideration by this Committee in the Subcommittee on quotas. On the other side are concessions on tariffs about which we are talking now; and this morning on page 9 of the report of the Procedures Committee we made it absolutely clear that the acceptance of the commitment resulting from the tariff negotiations depended on the acceptance of the commitment about quotas and vice versa; and if any country comes to the end of the simultaneous negotiations on both those points and thinks there is not a fair bargain, then presumably they will not agree to putting into effect the result of the tariff negotiations and the other country will not agree to the putting into effect of the commitment about quotas, or vice versa. We are now dealing with a memorandum which describes the procedure for tariff negotiations, and if we are never to be allowed to deal with any of the details about tariffs without also putting a reference to quotas, I do not see how we are ever going to get on. ("Hear, hear.")

Mr VIDELA (Chile): Then the only word that is here missing is the expression "vice versa". That is the only thing I want in. I look again and again but I do not see the words "vice versa". That is

your interpretation, but tomorrow or after tomorrow there may be another interpretation. That is what I want — "vice versa" — where you say: "At the same time, it was recognised that, in accordance with the plan for conducting tariff negotiations among the members of the Preparatory Committee, those countries would not be called upon to subscribe to the most-favoured-nation and quota provisions until selected tariff negotiations had been completed", and the words "vice versa" should be added.

Mr HELMORE (UK): Mr Chairman, if it would meet the Chilean delegation and finish this point, I would like to return to page 9 of document 57. That is the report of the Procedures Committee. You see the words about 5 lines from the end of the first section of that page: — "most-favoured-nation and quota provisions until selective tariff negotiations had been completed". There insert the words "and vice versa".

THE CHAIRMAN: Will the inclusion of those words meet the Chilean point?

Mr VIDELA (Chile): Yes, Mr Chairman.

THE CHAIRMAN: Is that agreeable? That is agreeable. I take it that the inclusion of those words on page 9 of the draft report of the Subcommittee on Procedures is agreed to. Is there any further comment on paragraph 1 on page 3 of the Procedures document? I take it that it is agreed. Paragraph 2? Is there anything on paragraph 2? I take it paragraph 2 is agreed. Paragraph 3. (The paragraph was read by the Rapporteur.) Is there any comment on these two paragraphs? If not, I take it it is agreed. Next: "General Rules to be observed in negotiations". (Reading the paragraph.) I think these have been substantially covered by previous discussion. Is there any discussion on this paragraph?

Mr TUNG (China): Mr Chairman, with reference to the views just expressed by various delegations that in future tariff negotiations an opportunity should be afforded to deal with quantitative restrictions, we suggest that in sub-paragraph (c) after the words "tariff-free treatment", the words should be inserted "or the relaxation of quantitative restrictions", so that the paragraph would then read: "(c) The binding or consolidation of low tariffs or of tariff-free

treatment or the relaxation of quantitative restrictions shall in principle", and so on.

THE CHAIRMAN: I will ask the Rapporteur to comment on that suggestion first.

THE RAPPORTEUR: Mr Chairman, that brings us back to where we were a few minutes ago. In the report of the Subcommittee approved this morning it states that "The Subcommittee also considered the question as to whether a rule should be included in Article 18 to the effect that the elimination of quotas, on the one hand and the binding of preference-free treatment, on the other hand, should be considered as concessions equal in value to the reduction of tariffs or elimination of preference"; and then the report goes on to point out that this question is really taken care of by the fact that quotas are to be governed under the general rule and that tariff concessions of whatever kind will not be put into effect until the general rule relating to quotas is put into effect. I think it is the same issue as raised by the Chilean delegate a few minutes ago, which is taken care of by the amendment in the report suggested by the delegate from the United Kingdom.

P

THE CHAIRMAN: The Chinese suggestion is open to comment.

MR KUNOSI (Czechoslovakia): Mr Chairman, I think really there is no misunderstanding here at all, especially after the clear exposition of Mr Helmore. I think if anybody followed closely what he said and then what the Rapporteur said they would know that this question should not really come up at all in our discussion. There are certain conditions with regard to quotas dealt with somewhere else, and there cannot be any question of relating the problem of quotas and the problem of tariff reductions in this way as two bargaining matters on an equal footing. If we turn back on what Mr Helmore and the Rapporteur have said we shall find ourselves in the place where we started a few weeks ago.

MR MELANDER (Norway): I would like to support the statement just made by the delegate of Czechoslovakia.

MR BARADUC (France) (Interpretation): I would like just to say that I agree with what has been said by the Czechoslovak and Norwegian delegates.

THE VICE-CHAIRMAN: A further objection to altering this is that we quote here paragraph 1 of Article 18, so that any addition here would make the whole thing very confused.

THE CHAIRMAN: I think it is clear that the suggestion is quite an important departure in principle. As the document stands at present, the reduction of tariffs and preferences will be brought about by negotiation on an item by item basis as the rules governing the use of quotas are to be provided for on a general basis. The adoption of this amendment would make a definite change and it would suggest that quota restrictions would be the subject of reduction or alteration as a matter of bargaining on a commodity by commodity basis, and it therefore does represent a substantial change in the general purport of the document. In view of the explanation that has been made, does the Chinese delegation wish to sustain its recommendation here?

MR TUNG (China): We still think that in future tariff negotiations the reduction or relaxation of quantitative restrictions should have equal value in bargaining with the reduction of tariffs or the elimination of preferences.

THE CHAIRMAN: I think the Chinese delegate's point is a point of essential substance and I think the only thing we can do at this stage is to obtain the general views of the meeting, so that it can be decided whether the Chinese delegate should reserve his position on this or whether other delegations are in favour of it. Are there any other comments on the proposal of the Chinese delegate?

MR VIDEELA (Chile): The question as it appears to me is a very simple one. When I raised this point in the Sub-Committee on Procedures I was told that it was only discussing the question of tariffs; and when I raised it in Quantitative Restrictions I was told that they had nothing to do with Article 18. Therefore I think this is the moment, in this main Committee II, for the resolution of this problem, because this main Committee II is matching together the two sections. Therefore I support the proposal of the Chinese delegation. Whether the change should be in this sentence or elsewhere I do not know - that is a drafting matter - but the principle must be dealt with here, where these two questions are being matched.

MR GUERRA (Cuba): Mr Chairman, I think we are getting into deeper trouble and confusion about this. I think the general feeling of the Committee was that any kind of negotiation about quantitative restrictions should be possibly made a matter of bargaining within the process of tariff negotiations. I thought that we had agreed on that and with the change which the United Kingdom delegate suggested should be made in the report; but now we are going deeper and deeper, and I wonder if it is necessary at all, from the point of view of the delegations which have raised these points, to put in a rule to the effect that quantitative restrictions will have an equal bargaining value in those negotiations which are contemplated, because a country may be confronted by the fact that during the war, under emergency provisions, quantitative restrictions or even complete embargoes were put into effect which were not at that time intended to be part of the negotiations or arrangements with different countries. Those restrictions had an emergency character and a temporary character, and if we are to put in now a rule of this kind it will mean that we are recognising these emergency quotas imposed during the war and giving a bargaining power to the countries which imposed them which was never intended. I think it is quite proper to say that quotas put on in normal times should be a matter of bargaining, but it is quite a different thing to put in a rule that will amount to giving these countries with emergency quotas something in return for dropping them. I think we should reflect on that.

R HELMORE (U.K.): Mr Chairman, the Committee were kind enough to accept a solution which dealt with this point when it was raised on the previous paragraph and I suggested the words "vice versa" should be put in the report. I think the Chinese delegate would perhaps agree that we are in great difficulty in seeking here to amend a quotation from another document, and it seems to me that his essential point would be met if we could refer back in making this quotation to the

explanation of it which we have agreed in the other document; and so I would like to suggest a very simple amendment which will call attention to this point in its right context. Perhaps I could read it as I would suggest amending it: "Paragraph 1 of Article 18 of the draft Charter" - and then insert "as explained in the report of Committee II". That refers back to the amendment we have made which was accepted on the previous occasion we discussed this question, and I hope that would solve the problem.

HE CHAIRMAN: Did the Chilean and Chinese delegates get that suggestion? It was to include in the first line of this paragraph, after the word "Charter", "as explained in the report of Committee II"; and that would refer back to the sentence to which was added "and vice versa" as making clear the relationship of these negotiations to the coming into operation of the sections of the Charter which deal with quotas.

R VIDELA (Chile): This is on page 4, in paragraph 1 of Article 18 of the draft Charter?

HE CHAIRMAN: Yes, to put in the words "as explained in the report of Committee II" after the word "Charter". That refers to page 9 of the Committee's report 57 where it says, "These countries would not be called upon to subscribe to the most-favoured-nation and quota provisions until selective tariff negotiations had been completed, and vice versa." Would that meet the Chinese delegate's point?

R VIDELA (Chile): Mr Chairman, I think this meets my point, but I would like to say that I may raise it again when we come to discuss the meat quotas. The Cuban delegate has said that this may refer only to quotas put on during the war. I may say that the meat quotas were imposed in 1932, and I think very large business is involved there in the importation of meat from the Argentine, Uruguay and Chile, and, I understand, Iceland also; therefore, when I see the final draft presented by the Sub-Committee on meat quotas, I may raise the point again, but for the moment I am satisfied with the suggestion of the United Kingdom delegation.

HE CHAIRMAN: It is quite clearly within the right of the Chilean delegate to raise the matter again. Would this suggested amendment meet the point of the Chinese delegate?

R TUNG (China): That is all right.

HE CHAIRMAN: With the amendment proposed, it will read: "Paragraph 1 of Article 18 of the Draft Charter (as explained in the Report of Committee II) sets forth the following", and so on. Is there any further comment on this? (Agreed.)
 Now we have "Miscellaneous Rules of Guidance". (The report was read, down to the words "margins of preference".) Any comments? . . . (Agreed.)

The second paragraph.

THE RAPPORTEUR: "In order to determine what residual preferences shall be bound against increase under Article 8" (reading to the words) "and should not vary from country to country or from product to product."

THE CHAIRMAN: Is there any comment on these paragraphs? I take it that they are adopted? (Agreed).

THE RAPPORTEUR: "Avoidance of New Tariff Measures. It is important that members do not effect new tariff measures" (reading to the words) "as a consequence an increase of the protective incidence of the tariff."

MR KUNOSI (Czechoslovakia): Mr Chairman, a copy of the report that has been provisionally distributed forms the basis of a study of this document. In this document there is a paragraph on Exchange Depreciation, but that I understand has now dropped out completely. The rapporteur may have some good reason for that. On the other hand, our delegation in the general discussion in the Second Committee had already made it quite clear that the principle of revaluing our specific tariffs in accordance with the change in the value of our currency and that the post-war economic conditions should not be considered as new tariff measures. So I am forced to remind you all the more, that in the first copy I got our case was more or less covered, at least in principle, and, though we were not completely satisfied with the formula as it was put forward then, still at least in principle our case was covered. Now I would like to have some assurance, some formal assurance, that the Committee left it out because it is obvious and understood. The second point is that I do not understand at all what that means where it says, "In cases where it is necessary to convert a specific tariff to an 'ad valorem' tariff, the substitution should not have as a consequence an increase of the protective incidence of the tariff." Now I just do not know what that means at all. To which cases are you referring, and is it from an international viewpoint or from a general viewpoint, because I do not see any possibility of its being necessary. Now, I would like to ask the Chairman or the Rapporteur of the Committee if they would kindly explain to me why this paragraph has been dropped out and, secondly, how far they can give me an assurance that the

reevaluation of our specific tariffs will not be considered as a change in our tariff rate.

THE VICE CHAIRMAN: We discussed that point at length, and we had the idea that a change in currency does not affect your ad valorem duties, because whereas before you had so much per cent., you will have the same point, but it might raise difficulties, and where it raises difficulties, that is where you have specific duties, and therefore, while in general it says that one should not improve one's bargaining position by the increasing of ad valorem rates, what is meant here is that there may be cases where you may find it necessary to convert a specific duty into an ad valorem duty. Then, as is stated at the end of the paragraph, you should not try to increase the protective incidence of the tariff. So that if you had the year 1938 and your specific duty would at that time be converted at, let me say, 30 per cent. ad valorem, you might choose here again 30 per cent.

THE CHAIRMAN: I think the point to which the delegate of Czechoslovakia was referring was who is to judge, or by what criteria do you assess whether such a conversion is necessary. If that is his point, I presume that in the first instance, at any rate, the Government of the country concerned would decide whether it wished or whether it considered it necessary to change a specific tariff to an ad valorem rate. Would that clarify your point?

MR KUNOSI (Czechoslovakia): I am very sorry, but I have not made myself quite clear - that often happens to me. My point is this and it is not doubtful as far as I am concerned at all. It is quite clear that the Government concerned can decide if a specific tariff should be changed to an ad valorem tariff or not. We can say that we do not intend to do that and we cannot do it, and I do not want to enter into the merits of the two systems here. On the other hand, I know that it is an imperative situation for us to change our specific tariffs according to the revaluation of our currency and perhaps also in view of some other circumstances. Now, I wanted to make clear, as I made clear already in the general discussion, that a revaluation of our tariffs should not be considered as a raising of our tariffs. That was my point and I wanted to

have an assurance that, despite the fact it is not made clear in the report, it is understood.

MR HAWKINS (USA): I think you might meet Mr Kunosi's point in this text by revising the last sentence to read: "In cases where a specific tariff is converted to an ad valorem tariff," leaving out "it is necessary to convert."

THE CHAIRMAN: Would that meet the point, to delete "it is necessary" and then to insert after "specific tariff", "is converted."

MR KUNOSI (Czechoslovakia): Yes, and at the same time it is accepted that my explanation is right?

THE CHAIRMAN: Certainly.

MR GUERRA (Cuba): Mr Chairman, I want to have some clarification regarding the scope of this paragraph. I want to explain briefly that in Cuba we have for several months now been engaged in making a new statistical classification of our export trade and we are doing that quite apart from any possibility of future negotiations. As a matter of fact that work was begun much earlier than these negotiations we are talking about; we, however, consider that a very necessary measure from many points of view, and we are not doing that in the least with the intention of raising the duties in any sense. As a matter of fact, the classification for some time to come will have to continue in reference to the tariff items to which a new group of articles belong. Now the heading of this paragraph is: "Avoidance of new tariff measures," and in the fourth line it says that they should not seek to improve their bargaining position by tariff or other measures in preparation for the negotiations. We think that this new classification, which, by the way, I may point out will be based mainly on the international classification adopted by the League of Nations and also based on the work done by the American Statistical Institute - this new classification, nevertheless, may improve our bargaining position over the situation in which we find ourselves to-day in which we grant concessions on a particular product, and because of the effects of that classification many other products are included in the concession. Now some clarification is needed as to whether this paragraph refers only to the actual raising of duties and not to any measure of classification of this kind, that of

maintaining the same duty for the new article or group of articles into which it may be subdivided, and in that way, nevertheless, still maintaining, from a certain point of view, or improving, the bargaining position of the country. I want a clarification as to whether this refers to the raising of our duties or tariffs.

THE VICE CHAIRMAN: That is the idea of this paragraph; and may I add here that the Sub-Committee fully appreciated that it is not a real binding obligation? The last thing we want to do here is to commit our Governments as such. As one member said, this is merely a pious hope; but we thought that we should have something here in this paper, just because it might help to promote complete confidence on the part of all the countries concerned that everybody should adhere as closely as possible to this principle.

MR GUERRA (Cuba): I was at the meeting of the Drafting Committee and I know that this is not a binding obligation, but it is a moral obligation, and what we want to be clear about is even on the moral side, if we do something of this kind, without raising the rate of any duty but just subdivided the items in the classification that we have, we would still be morally in a position to act and would not be infringing the spirit of this paragraph.

THE CHAIRMAN: I think it should be clear that the situation described by the delegate of Cuba is one that would not be regarded as contravening the general spirit of this paragraph. Would delegates agree with that, so that we can give the Cuban delegate the assurance which he seeks. I think I can take it that the Committee is agreed that it is quite satisfactory and in accordance with the spirit of the Article to go ahead with that work.

MR. RODRIGUES (Brazil): Mr. Chairman, I do not want to delay the work of this Committee, but at this point I must make a statement. As you know, the Brazilian tariff is mainly a specific tariff, and because of this our duties are half of the duties of 1936. It is possible that on those things we will need to make some adjustments; not to raise the duties, but to make some adjustments in regard to certain things, and because of this situation I should like my words to be recorded in order to avoid any misunderstanding about our action if we have to make some adjustments.

THE VICE-CHAIRMAN: Our Rapporteur has proposed to make an addition to this paragraph so that delegates may put their minds at rest. That is, that changes in the form of tariffs which do not result in an increase of the protective incidence of tariffs should not be considered as being a new tariff measure.

THE CHAIRMAN: It is the suggested addition at the end of the paragraph: "Changes in the form of tariffs which do not result in an increase in the protective incidence of the tariff should not be considered as new tariff increases under this paragraph."

MR. KUNOSI (Czechoslovakia): This is an amendment that the Rapporteur brings forward, and from this it is quite clear that a relative increase of tariffs is not prohibited. It is an absolute increase that has to be avoided.

THE CHAIRMAN: I think it covers both the point of the change and reclassification, of the kind referred to by the Delegate of Cuba, and also a change from a specific to an ad valorem rate where that is considered necessary.

MR. KUNOSI (Czechoslovakia): Yes, I am quite satisfied.

THE CHAIRMAN: I think that would meet the Brazilian point, too.

MR. RODRIGUES (Brazil): Yes. It depends on the date. There is no date mentioned.

THE VICE-CHAIRMAN: It is meant to be before the negotiations.

MR. RODRIGUES (Brazil): No, because our monetary valuation existed after 1939, as you know.

THE CHAIRMAN: Between 1939 and the present date.

MR. RODRIGUES (Brazil): Yes, that is right.

THE CHAIRMAN: Do you wish to comment on this amendment, Mr. Videla?

MR. VIDELA (Chile): Only that this amendment was referring to tariffs, not other measures.

THE CHAIRMAN: It relates to tariffs only. I take it this addition suggested by the Rapporteur is agreed? Right. Any other comment on this paragraph? The delegate of Chile.

MR. VIDELA (Chile): Mr. Chairman, I wanted to raise this question of amplifying the meaning of this paragraph with regard to quantitative restrictions. You remember I went to Committee II and they referred me to the Committee on Quantitative Restrictions and they referred me again to this Committee. I think my point will be covered by a small alteration in the title - "The avoidance of new tariff measures and quantitative restrictions". That would be sufficient, because five lines from the bottom we have the words "and they should not seek to improve their bargaining position by tariff or other measures". If we add to the title the words "and quantitative restrictions" we shall cover my point.

MR. SHACKLE (UK): Perhaps I might suggest that the obvious thing to do is to reproduce the wording of the text in the heading. In the text we have said "tariff or other measures", and we might say in the heading "Avoidance of new tariff or other measures".

MR. VIDELA (Chile): I do not think that would meet the point, because what are new measures?

MR. SHACKLE (UK): Well, we have "or other measures" in the text, and we might transfer those words to the heading.

THE VICE-CHAIRMAN: It does not make sense to me - "Avoidance of new tariff or other measures". Every country may take measures.

THE CHAIRMAN: Supposing we put in the heading, "Avoidance of new tariff or other restrictive measures"?

MR. VIDELA (Chile): Yes, that would meet my point.

THE CHAIRMAN: Any other comment on this paragraph? I take it it is agreed.

I suggest the meeting now adjourns until 5.15.

After a short adjournment.

(After an exchange of views it was decided not to meet after dinner but to continue working on Saturday and, if necessary, on Sunday for the purpose of completing the work of the Committee.)

THE CHAIRMAN: We proceed, then, with this paragraph. I understand that during the adjournment further consideration was given to the suggested amendment put forward by the Rapporteur to meet the problems submitted by the Czechoslovak and Brazilian delegates in relation to changes in the form of customs tariffs. It proved on examination to deal with the problem somewhat incompletely. The Rapporteur has therefore suggested a second version of that amendment which he feels will meet the points put forward rather more adequately than the first version. I will read this to the delegates and after that I shall ask for views on it. There would be this addition to the paragraph at the end: "Changes in the form of tariffs or changes in tariffs owing to the depreciation or devaluation of the currency of the country maintaining the tariffs which do not result in an increase of the protective incidence of the tariff should not be considered as new tariff increases under this paragraph." That appears to meet the point of the Brazilian and Czechoslovakian delegates. Is it agreeable to the rest of the Committee? I take it, then, that the paragraph headed "Avoidance of new tariff or other restrictive measures" is adopted. (Agreed.)

"Principal Supplier Rule." (The report was read as far as the words "created by the war.") Are there any comments? . . . (Agreed.)

"Form of Tariff Schedules." (The report was read as far as the words "by a third country.") Any comments?

MR KUNOSI (Czechoslovakia): Mr Chairman, I have some points but I do not know at what point it would be proper to put them forward. I would refer at the same time to the opinion of the Indian Delegation concerning the preference for bilateral procedure because of the possibility of changing certain tariff concessions. In the general discussion the Czechoslovak Delegation has already asked for the inclusion of a clause allowing for revision of some concessions on tariffs through negotiations between the parties directly concerned. We believe very firmly that this would give a greater flexibility and especially would help to avoid giving notice of withdrawal from the whole agreement in the event of substantially changed circumstances concerning one or more tariff concessions. We would like to stress this point. As I said, Mr Chairman, I do not know if this is the right time and the right place to put forward this suggestion, but it

is an important point, and I would like to have your opinion and the opinion of the Committee on how we should deal with it.

THE-CHAIRMAN: Is there any comment on this point raised by the Czechoslovak delegate?

THE RAPPORTEUR: I think that the point raised by the delegate for Czechoslovakia might in part be met by the proposal that the proposed tariff arrangement have an initial period of two and a half years; that is to say, at the end of two and a half years notice could be given of the termination of the agreement at the end of three years; and this would provide an opportunity for revising the agreement in any way which was considered to be appropriate at that time. I wonder if the relatively short period of the arrangement would not take care of the point raised by the delegate from Czechoslovakia.

MR KUNOSI (Czechoslovakia): I raised the point just because I do not find this period short enough and I should emphasise again the point I made that we are living in a period of economic reconstruction and very big economic changes in the economic organisation and the economic life of different countries. I know that quite definitely about my own country, and that is the reason why I would like to see a clause which would allow for renewal of negotiations for certainly one or more tariff concessions, without any country being obliged, even after two or three years, as the Rapporteur said, to give notice of withdrawal from the whole agreement just because substantially changed circumstances would not allow the country to continue to give the one or more tariff concessions in question.

I would ask the Committee to consider this point all the more, because I think that the point about flexibility mentioned in the proposal was not dealt with adequately either because there might be new articles coming along in the economic organization of a country, for which one or other country might like to see further concessions or further negotiations. In our own country we are stopping the production of certain articles continually and we shall be obliged to go on producing new categories of articles; so that I think it should be considered quite seriously.

THE CHAIRMAN: Would the Czechoslovak delegate suggest a form of words which might cover that?

MR KUNOSI (Czechoslovakia): Mr Chairman, we raised this question in the general discussion, and I assumed this morning, because I have not seen the report, that the Committee that has been dealing with these problems would take some notice of it.

THE CHAIRMAN: I presume they did, but apparently they decided not to accept it. But the only point I am making here is that it would assist the rest of the Committee if we could get your suggestion in a precise form.

MR GUERRA (Cuba): Mr Chairman, in the discussion in the Drafting Sub-Committee this question of flexibility and the possibility of revision was discussed at great length; and I would like to ask the delegate of Czechoslovakia whether the Article, not drafted but contemplated, Article 6 of the Draft Convention, which would provide for the revision of the agreement, will meet his point.

THE VICE CHAIRMAN: Mr Chairman, I think we discussed certain points when we had Articles 29 and 30 before us. They were all, let me say, enforcing developments and then an increase in the import of certain articles. I think that was our safety clause. I must confess that we did not discuss the other point, that perhaps a country, owing to internal reconstruction, should not be able to fulfil certain obligations, but then I think we always felt that you could not foresee everything here, and that Article 55 paragraph 2, should then be applied where the Organization could set up rules and procedures to waive certain obligations, and we left it at that, with most of these things.

E/PC/T/C.II/PV/12

MR ADARKAR (India): Mr Chairman, the need for making some provision whereby changes in the commitments undertaken by the negotiating countries, to start with, could be facilitated was considered in the Drafting Committee and the suggestion put forward on behalf of the Indian delegation was that instead of aiming at a multilateral instrument which would cover seventeen nations to start with and eventually all the nations of the world, amendments in which will accordingly require the concurrence of each and every one of the signatory nations, it would be much better that a more flexible and less unwieldy plan should arrive at the same goal through a series of bilateral agreements or agreements embracing a smaller group of countries, the benefits of which could be generalized under the most-favoured-nation clause, the provisions of which it would be possible to arrive at by consultation in a small group of countries. This suggestion was discussed, but the majority was against it, and as a result of that a reservation to this effect has been entered in the report of the Sub-Committee and I would draw attention to the last paragraph of the report as amended by the last paragraph one one in the document E/PC/T/C.II/57, Corr.1.

MR HELMORE (UK): Mr Chairman, I think I appreciate the point which has been made by the delegates for Czechoslovakia and for India and I think it would be right to remind them that while it is perfectly true that the Indian delegation has entered a reservation to the Report of Committee II as we have discussed it this morning, there is, nevertheless, something extremely relevant to this in the report of the Joint Committee which was approved the other day. But there we were considering the position of a country which wished on good and sufficient grounds to increase a particular measure of protection where appropriate, a procedure by which it goes to the Organization and if the Organization thinks a good case has been made out there is consultation with the countries substantially interested and the Organization sponsors negotiations with those countries, as a result of which the Organization is empowered to grant a release to the applicant country. This procedure does not only apply to the underdeveloped countries I think I am right in saying, but also to countries which have a particular reconstruction problem. Now, in this document it seems to me that we are

in a difficulty simply in relying upon that or on the reservation, since this document relates to negotiations which are to be undertaken, though not have their results accepted before any of the rest of the Charter comes into force; so that we are really bound to try to settle here our ideas about the objective we are seeking to reach. But I would like to suggest that we need not absolutely slam and bolt the door in this particular paragraph. We argue in this memorandum that the multilateral form is right, and I think that my delegation would agree with that view, since in tariff negotiations one cannot just say that a particular concession by one country is the exact counterpart of a particular concession by another. When one is engaged in these multi-angular talks one takes into account all the small benefits one is picking up from all the concessions made by other people, and it is extremely difficult to say that in some cases there is no benefit to be obtained by a concession negotiated between two other countries. So that when you put the results all together and you say that this is a mutually satisfactory arrangement to all the countries concerned, it does seem reasonable to say that the results should be embodied in an instrument to which all the countries are parties. But, as I said, I do not think we need slam the door completely, and it is not a matter which vitally affects one's preparations for the negotiations, nor indeed one's conduct of them in the early stages. So that if it would satisfy the Delegates of Czechoslovakia and India I would be prepared to see it go in at the end of this paragraph in the form of another sentence which might read in this way: "This point, however, can be finally settled when the negotiations have proceeded sufficiently to enable all the varying factors to be taken into account." That is, towards the end of the negotiations, when the possible concessions and possible benefits are beginning to take shape, because it is very much easier for a country to decide finally whether it is prepared to accept the multilateral way of expressing this or whether in one or two particular cases it wants to undertake a more limited commitment.

THE CHAIRMAN: Would the addition of that sentence meet the point raised by the Indian and Czechoslovak delegates?

MR KUNOSI (Czechoslovakia): With a small addition - if we could mention in this connection that we are adding this sentence in view of the desirability for flexibility of the agreement, especially from the point of view I have mentioned on the revision of one or more concessions. But it is quite easy, I think, to put it in in the form suggested at the end of the sentence. Do not you think so, Mr Helmore?

MR HELMORE (UK): I would very much sooner leave it as it is. I said ^{"all} deliberately /varying factors," and I meant "all" - which obviously includes the one just mentioned, and I said "varying" because I think they will vary very much from country to country, but I think also that they will vary from each according to the nature and extent of the concessions and benefits required. I would very much prefer to leave this as a perfectly general qualifying phrase. Since it is in a sense saying that this is not a final decision that it should be multilateral, though I make no secret of the United Kingdom's preference for the multilateral form, I would hope that when the negotiations have proceeded sufficiently to enable India and Czechoslovakia to take into account all the varying factors they will agree with us to keep the point open in this way.

MR KUNOSI (Czechoslovakia): I think what I said was quite clear, that I have not said a word against the multilateral form of agreement. I merely stated that it appears that perhaps the bilateral way would cover . . . another point that I made concerning the revision of the negotiated concessions, and I emphasize that we make this suggestion exclusively and only because we would not like to see, as we can imagine and visualize happening, countries withdrawing from the whole agreement because they cannot just go on to accord certain concessions concerning one or more commodity. This is the reason why I finally would accept and would not insist further in adding to the remarks I made when I opened this discussion, and that they will be recorded in the verbatim report.

MR. ADARKAR (India): Mr. Chairman, the Indian delegation would certainly feel very much gratified to see the sentence suggested by Mr. Holmore included at the end of this paragraph. At the same time, they would like to emphasise, sir, that we are in danger of running into a vicious circle or getting into a process of circular reasoning if we do not take account of the fact that the type of concessions which each country would be prepared to offer will exert a vital influence upon the form of the agreement which will ultimately emerge. If a country feels that a multi-lateral form of agreement is going to be excessively rigid and is going to put it into a strait jacket from which there will be no escape for three years, then it is very likely to take a more cautious line and put into it such items as are not likely to need any revision during that period. I suggest that, in order that such factors may not be lost sight of, the reservation which the Indian delegation has already made in the Report may be allowed to stand, and, in addition, that this particular sentence suggested by Mr. Holmore may also be added at the end of the paragraph we are discussing.

MR. HELMORE: I did not suggest any alteration in the reservation. It was simply that I referred to it in the course of my argument.

THE CHAIRMAN: Is the paragraph agreed, then, with the addition of the sentence suggested by the delegate for the United Kingdom, on the understanding that the views of the Czechoslovakian delegate as stated at this and previous meetings are recorded in the Verbatim report? Is that agreed?

My attention has been called to the fact that in the previous paragraph it refers to the multilateral form of tariff schedules agreed to among members of the Preparatory Commission. That may rather overstate the case, in view of the fact that there are some differences and departures from that view. I think, just looking at it quickly, that for the purposes of the paragraph it

is probably sufficient to say "the multilateral form of tariff schedules is designed to provide". Would that be acceptable? Delete the words "agreed to among members of the Preparatory Committee"?

Anything else on these paragraphs?

Can we take now the next section, "Status of Preferential rates of Duty". Time is getting on, and reading these paragraphs does take some time. Would it be a satisfactory arrangement to the Committee if we took them without having them read by the Rapporteur?

The paragraphs under the heading "Status of Preferential Rates of Duty": any comments on these paragraphs? Then I take it that is agreed.

"Procedures for conducting negotiations among the members of the Preparatory Committee". Any comment on the First Stage?

MR. KUNOSI (Czechoslovakia): In the procedures for conducting negotiations the Czechoslovakian Delegation regrets to say that it will be quite impossible for us to transmit to the other members a preliminary list of concessions by the 13th December 1946, because, first, the Czechoslovakian tariffs will not be ready and published before the beginning of 1947, and, secondly, in view of the far-reaching organization of the Czechoslovakian economy it will be impossible at this very early date for us to prepare a detailed list of concessions which we propose to request from the other countries concerned.

THE CHAIRMAN: You will notice that in the third line of that paragraph it says "as soon as possible and preferably not later than 31 December", so that if it is not practicable --

MR. KUNOSI (Czechoslovakia): Yes. I merely wished to make that statement, Mr. Chairman.

THE CHAIRMAN: Any other point on the first stage? "Second Stage": any comment?

E/PO/T/C.II/PV/12

MR. JOHNSEN (New Zealand): I would like to raise a point in connection with the conditions under which these negotiations are to be conducted. The point to which I wish to refer is the matter of secrecy in connection with these tariff negotiations. It seems to me that unless secrecy is observed we are going to run into all sorts of difficulty, if public information is given as to the requests we make for concessions, or offers which we propose to make. I think if that information is made public it will hinder very much the trend of negotiations. I do not know whether it is the general view of the Committee that secrecy should be observed, but if that is the case I would suggest that we might well insert a paragraph somewhere in this document to the effect that it is to be understood that members will observe secrecy in connection with the tariff negotiations and will use every endeavour to ensure this.

THE CHAIRMAN: Thank you. I think this matter was discussed in the Sub-Committee. Would the Chairman of the Sub-Committee care to comment on it?

THE VICE-CHAIRMAN: Yes, Mr. Chairman. We all shared the wish for secrecy, only we did not wish to put it in this document, because this document is to be published and wrong conclusions might be drawn. That is to say, interested circles in different countries might think "Here again there are some people deciding about our interests in secret", and so on, so we thought it would be better that the Committee itself, once it meets in Geneva and also before, should instruct the Secretariat to deal with these things as being very confidential papers; and, furthermore, each country would be expected to respect the wish of the other countries in this respect. But to put it in this document we thought would not be very wise.

MR. GUERRA (Cuba): Mr. Chairman, I wish to add in that connection that in the discussion in the Drafting Committee it was considered that the part which a country may be more interested

E/PC/T/C.II/PV/12

in keeping secret is the concession it is going to grant. That is bound to raise discussion in their own country among the people interested; and, taking that view, it must be taken into account that the concessions which are to be requested are to be handed to the Secretariat, and it is contemplated here that the concessions which are to be offered are to be given at the beginning of the Geneva Conference, and not before.

THE VICE-CHAIRMAN: We shall have to see to it later on in this Committee that we deal with them as really confidential papers.

THE CHAIRMAN: Does that meet your point?

MR. JOHNSON (New Zealand): I should like to observe that I think it is the general practice to observe secrecy in connection with tariff negotiations, and I do not think there would be any reaction from the public if a statement was included here to the effect that it was proposed to observe secrecy. However, I am satisfied as long as arrangements are made or are proposed to be made to observe secrecy. I take it that should apply also to lists of requests, because I imagine if interested parties get to know what requests are actually being made, well, we will have extreme difficulty in coming to a point where we are in a position to say just what concessions we might make.

THE CHAIRMAN: Any further comments on the Second Stage?

The Third Stage.

MR. VIDELA (Chile): Mr. Chairman, I do not think my point is covered again here. I suppose a country may ask more than tariff concessions? It may ask for elimination of quotas - or not?

THE CHAIRMAN: I thought it was understood that the method of dealing with the two things was different - that the quotas would be dealt with by general provision, which would come into operation at the same time as the agreements about tariffs, but that they would not be part of the same negotiations. It would not be proper, therefore, to include references to them.

E/PC/T/C.II/PV/12

THE VICE-CHAIRMAN: We would negotiate on quantitative restrictions as envisaged in the other Articles of the Charter. That is one of the basic suppositions when we negotiate, and that we will not terminate our negotiations before the other Articles of the Charter in question have been agreed upon, because they have to be embodied in the agreement that is attached as an addendum to this paper.

MR. VIDELA (Chile): I do not understand. I am defeated, really. The phrase "vice versa" has some meaning?

THE VICE-CHAIRMAN: If that supposition does not come true, then you are free to say "No, I change my attitude towards these negotiations", but you will not terminate your tariff negotiations before you have satisfaction with regard to quantitative restrictions, and vice versa. If quantitative restrictions stay, countries which, like my country, have given concessions, would say "No, I want to review the whole situation", and every other country would do that.

MR. VIDELA (Chile): But supposing my country, for instance, has to present a list of requests on the 31st December, is it allowed to include tariff concessions and the reduction of quantitative restrictions?

THE CHAIRMAN: There would be no point in placing such a request on the list, since the quantitative restrictions would presumably, when the relevant section of the Charter became operative, be ruled out. There would be nothing to negotiate with or for. It is no good negotiating about quantitative restrictions if quantitative restrictions are going to be abolished at the same time as the tariff agreement comes into effect. If, for instance, you have a quota imposed upon a product of your country in, say, the United Kingdom market,

if you ask

If you ask the United Kingdom as part of your negotiations to eliminate that quota or to increase the quota, you are asking something which is of no value, because on the date when your part of the deal comes into operation those quotas would be eliminated any way.

Mr HELMORE (UK): Mr Chairman, I think perhaps the Chilean delegate may be thinking of one or two particular quotas which are dealt with in that famous report which has changed its form so many times and of which I am glad to say I have now given him the final form, and I have also given copies to the secretary and asked him to distribute them. By a curious coincidence, at this very minute they are now being distributed. There might exceptionally be a quota on which some concession could be asked, and I think it is perfectly open to any country when it transmits its list of concessions that it wants, to call attention to anything under the sun that any country does, including the particular points covered in this piece of paper which is now being distributed.

Mr VIDELA (Chile): I am more confused now. I confess I do not understand.

Mr TUNG (China): Mr Chairman, another point of information: when we say that quota restrictions may be considered as a sort of bargaining counter on tariffs, does it include a licensing system with regard to a product?

Mr HELMORE (UK): Mr Chairman, with your permission, I will have one last shot at explaining this. Two things are going to happen next Spring. One is a series of negotiations on a selective basis between the 18 countries dealing with each individual item in their tariffs, including their preferential tariffs. Those negotiations will proceed by a process of each country asking for concessions that it wants, and in turn the other countries asking for the concessions they want, and then the process of bargaining by which selectively a result is reached which is in effect a new or a revised tariff. At the same time we shall be considering certain other Articles in the draft Charter which are particularly relevant, and the one which is in many ways most relevant, as has been pointed out, is that dealing

with quantitative restrictions. We have used the word "quotas", but we really refer to the Article which deals with quantitative restrictions. There there are certain general rules suggested about quantitative restrictions, and the essential part of the final bargain is that each country should be satisfied that there is a basis of agreement in respect of the tariff concessions it is being asked to make, the tariff concessions it has asked other people to make, and the general rules to which everybody subscribes in connection with quotas. I could explain quite easily how for the United Kingdom the quotas come into the bargain. It is no secret to anybody here that we have been persistent in our opposition to the use of quotas for protective purposes, and if there were to be a rule that quotas for protective purposes were to be allowed, I very much doubt whether we should find the result of the negotiations satisfactory. That is one way in which it might work. Another way in which it might work is that there are three or four quota arrangements operated by the United Kingdom under previously existing international arrangements. Those quotas are not protective as far as the United Kingdom is concerned. They are part of a bargain we made some time ago, and if an exception is allowed to allow those quotas to continue, then it will be for other countries to decide whether the whole of the bargain is satisfactory to them; and while we are at Geneva it will be perfectly open for us to say that we do not like the protective use of quotas, and it will be perfectly open for other countries to say that they do not like the protective use of quotas by us; and in the process of discussing all that a satisfactory bargain will or will not be reached covering the whole of the field.

Mr TUNG (China): I do not think I understand. What I asked is whether a licensing system would be considered in the bargain in of tariff reductions. I do not think my point is met.

THE CHAIRMAN: The Articles of the draft Charter which deal with quantitative restrictions cover both quantitative restrictions in the form of global quotas or other quotas and also quantitative restrictions applied through a licensing system. So that in so far as quotas were part of any of the negotiations involved in this, then

similarly quantitative restrictions imposed through licences would also be. Does that meet the Chinese delegate's point?

Mr TUNG (China): Mr. Chairman, I wish to refer you to the document of this morning. That is document 57, dealing with this quota system and quantitative restrictions. It is pages 8 and 9, starting at the bottom of page 8. I just want to know whether this also includes a licensing system or only a quota system.

Mr HELMORE (UK): If I may say so, I think the Chinese delegate is now on a good point. The word "quotas" in the passage to which reference has been made and in other places in that paragraph is rather what I might term a slang use, if the Rapporteur will not go for me when I say that. I think it would be better if we could agree to change the word "quotas" there to "quantitative restrictions". Then we could refer to the definition of "quantitative restrictions", which is in the draft Article 19, which is, a prohibition or restriction made effective through quotas, import licences or other measures.

THE CHAIRMAN: Would that meet the Chinese delegate's point, if in the paragraph beginning at the bottom of page 8 and continuing on page 9 we substitute "quantitative restrictions" for "quotas" in each case, on the understanding that "quantitative restrictions" is used there in the sense that is defined in the main Article, to cover both quotas and licences?

Mr TUNG (China): That is right: the expression "quantitative restrictions" will be substituted every time for the word "quotas"?

THE CHAIRMAN: That is right. Is that agreeable?

Mr VIDELA (Chile): Mr Chairman, the more I try to understand this, the more I do not understand it. I apologize to you; but during all the process of discussion in the Subcommittee on Procedure I was told that Article 18 has nothing to do with quotas, and now I see here a paper spoken to by the United Kingdom delegate and it says: "Changes recommended in Article 18". What is the meaning of this? I do not understand it. I think the only thing remaining in my soul now is an English saying: "Live a day one by one; yesterday is over and tomorrow not even begun". I think this is the only thing I am feeling now: that we are discussing here not for three years

ahead and the question is very clear: does Article 18 refer to quotas or not? Does Article 39 refer to quotas or not? Does this paper refer to Article 18 or not. I think it is something to discuss, but also to make me clear and to make me understand what I am discussing.

THE CHAIRMAN: The paper just circulated is not before the Committee at the moment, and I suggest for the consideration of the Committee that we do not consider it at this stage. When it does come before the Committee, we can consider then whether it is appropriate to deal with the subject matter in relation to Article 18 as recommended by the Subcommittee or whether it is appropriate to deal with it elsewhere. Shall we continue? Are there any further comments on the Third Stage? Does the delegate for Chile wish to add anything to his previous comments on this, or can we adopt this section of the report, bearing in mind that the delegate for Chile is not clear in his mind as to the relationship between the negotiations of which this Third Stage is a part and discussions relating to quantitative restrictions? We hope that point will become clearer later and the delegate for Chile can then perhaps re-open the question. Is that agreeable?

Mr VIDELA (Chile): Mr Chairman, I would like to make a reservation on behalf of Chile on all this paragraph on the procedure for conducting negotiations among the members of the Preparatory Committee. You are then free to discuss it and I will reserve my position until I clear my mind.

THE CHAIRMAN: I am sorry I am not able to help the delegate for Chile just now.

THE CHAIRMAN: I can assure the delegate for Chile that the Committee is most anxious that this confusion, this uncertainty, should be clarified. The delegate for the United States, Mr Hawkins, and the delegate for the United Kingdom, Mr Shackle, who have been associated with the preparation of the report relating to quota preference, and who are familiar with the contemplated procedure here and the relationships between the tariffs on the one hand and the quotas on the other, have suggested that they would be happy to discuss this matter in detail personally with the delegate for Chile tomorrow morning at ten o'clock, if that would be convenient to him, and in the hope that it would be possible for a clear understanding of this to be established. Would that be agreeable?

MR VIDELA (Chile): Yes, thank you.

THE CHAIRMAN: I would like to thank the two delegates for their assistance in this matter. With the reservation which the Chilean delegation has made, can we accept the contents of the report covering the Third Stage? (Agreed.)

"Fourth Stage." Any comments? May I take it the report covering the Fourth Stage is agreed? (Agreed.)

"Result of negotiations". Any comment? (Agreed.)

"General agreement on tariffs and trade". Any comments?

MR KUNOSI (Czechoslovakia): I have one point here. We submit here that the provision of the freedom of transit should be expressly mentioned in the general agreement.

THE CHAIRMAN: Is there any comment on that suggestion?

MR SHACKLE (U.K.): I should like to say on that that it does seem to me that there are a certain number of provisions in this chapter which we were discussing the other day - the general commercial provisions - which it may be necessary to include or bring into this agreement by reference in some form or other. We clearly cannot attempt to decide at this stage precisely which matters should be so brought in, nor exactly what provision should be made for them. It seems to me that the matter of transit which the Czechoslovak delegate has mentioned is one of those matters which will call for further consideration. Other points one might think of in the same connection are some provision about tariff valuation, possibly some provision about tariff classification, and so on; but those, it seems to me, are matters that have got to be thought about at a later stage as to what extent we need to provide for them as part of this general agreement on tariffs and trade.

THE CHAIRMAN: The Czech delegate will note at the end of the list of specific articles referred to a phrase "and such other related provisions as may be appropriate". It would clearly be possible under that provision to bring in the freedom of transit provision.

MR HAWKINS (USA): I would just like to say that the American delegation, when the time comes, would be glad to consider very sympathetically the inclusion of such an article, because of its very real importance to some countries.

THE CHAIRMAN: Would that meet the Czech delegate's point?

MR KUNOSI (Czechoslovakia): Mr Chairman, I will be satisfied if it is recorded that, in view of the geographical position of Czechoslovakia, the question of free transit is a causa sine qua non for our foreign trade, and therefore we would consider now that it is one of the appropriate subjects, ^{and} for our country in its foreign trade it is of vital importance.

THE CHAIRMAN: The Secretariat note that comment and it will be adequately recorded. Are there any other comments on this section?

MR JOHNSON (New Zealand): In connection with the paragraph at the foot of page 13, that is, in connection with the signature and publication of the Agreement at the close of the tariff negotiations, I think there may be some difficulty concerning certain countries in giving effect to that provision. I take it that it is just a general statement that this should happen and that it does not necessarily at this stage require to be a commitment - I take it there will be an opportunity to discuss this further? I would just like to record that observation.

THE VICE-CHAIRMAN: We have stated here "made public at the close of the tariff negotiations". If we said "immediately at the close of" it would have a much stronger wording, but we have simply said "made public at the close". That may take some time, and we always envisaged that after the negotiations in Geneva the countries concerned would make a special resolution or a special agreement with regard to the way it will be published, and then all these points would crop up.

MR JOHNSON (New Zealand): I would interpret those words "at the close" to mean immediately the Agreement is made, generally speaking.

THE CHAIRMAN: If we inserted "as soon as possible after" perhaps that would meet your point?

THE VICE-CHAIRMAN: There is no difficulty from our side in saying that.

THE CHAIRMAN: Then shall we say "as soon as possible after" instead of "at"?

MR JOHNSEN (New Zealand): Or "in due course after the close"; but I think "as soon as possible after" would meet my point.

MR SHACKLE (U.K.): If it is not pretty soon after the newspapers will get it anyway.

THE CHAIRMAN: Are there any further comments on this section?

MR KAFKA (Brazil): There is a point which has some importance from our point of view, and it is this. Apparently it is not envisaged that in the general agreement on tariffs and trade reference should be made to the chapter on Industrial Development developed by our Joint Committee. Now, this chapter on Industrial Development contains certain escape clauses for countries who wish to protect industries which they are creating. It is possible that the ITO will come into being very soon after we have signed this agreement. In that case we should not need those escape clauses. On the other hand, if by any chance this ITO should not come into being, so that the escape clauses which form part of this Charter would not come into being either, then there would be an interval of time during which we would not be able to make use of these escape clauses. I would therefore suggest that among the Articles which are brought into force in the Agreement should be included the relevant provisions of this chapter.

THE CHAIRMAN: The Rapporteur suggests that this point might be met by including an appropriate provision in Article 1 of the attached tentative Draft Agreement. At present it says, "Functions entrusted to the proposed International Trade Organisation under any provisions of the Draft Charter incorporated in this Agreement by virtue of paragraph 1 of this Article shall, pending the establishment of the Organisation, be carried out by a provisional international agency consisting of delegates appointed by the signatory governments." The Rapporteur suggests the inclusion, after the words "paragraph 1 of this Article", the words "and functions parallel to those provided for in Articles (so-and-so) of the Economic Development chapter of the Charter".

MR KAFKA (Brazil): I do not think that suggestion is quite clear, because on one hand we do not include that chapter in the Agreement and on the other hand we bring it into force somehow. I am not quite clear. I think it is more a legal point than anything, but if the Rapporteur thinks that it would actually enable us to make use of these clauses, then the solution would be perfectly acceptable to me.

THE CHAIRMAN: I think the point is that it would be necessary for the countries concerned, when this matter comes to be dealt with, to argue that the provisions

relating to Industrial Development in the Charter were - to use the words here - "essential to safeguard the value of tariff concessions granted"; and then to include the relevant Articles relating to Industrial Development in the provisional Agreement. That is not precluded by the present draft. There are certain illustrative Articles quoted, and then it finishes with "and such other related provisions as may be appropriate".

MR KAFKA (Brazil): I think that would be perfectly acceptable, in that case.

MR ADARKAR (India): Mr Chairman, during the discussion in the Sub-Committee of this portion of the report it was pointed out, on behalf of the Indian delegation, that there was some irregularity of procedure in the Sub-Committee recommending the inclusion of these various Articles without knowing their contents. There are certain Articles included in this list on which it has not yet been possible to reach agreement. In agreeing, therefore, to the inclusion of the particular list given here, it should not be assumed that the members doing so agree to their inclusion in whatever form they may emerge in in the last analysis. Although the last portion of the sentence in question here, namely, "such related provisions as may be appropriate", allows a certain amount of scope for including new Articles, nevertheless, the provisions dealing with industrial and economic development are regarded by certain countries as so fundamental that it is necessary from their point of view and for the purpose of safeguarding their interests that those provisions should be included in the list given in this paragraph.

I would, therefore, strongly endorse the suggestion made by the Delegate of Brazil that provisions relating to industrial economic development should be included in this list.

THE VICE-CHAIRMAN: Would it meet the point made by the Indian Delegate if we said here "and such other related provisions, for instance, those with regard to economic development"?

MR ADARKAR (India): Yes.

THE CHAIRMAN: May I make a suggestion: I think some of the difficulty here arises from the fact that some Articles are referred to in particular and others are lumped together in general. I wonder if this is a point ^{on} which the Chairman and the Rapporteur of the Sub-Committee might be able to help us? Would there be any objection to saying something to this effect: "These provisions would include Articles relating particularly to commercial policy provisions and such other provisions as may be appropriate", without specifying Article 9, Article 19 and so on. That would mean that both groups of Articles would be completely generally stated here, and the determination of the precise amendments contemplated would be a matter for further consideration. There is just a possibility that by referring in detail to one group and not to the other, it would imply that there is some distinction which perhaps we would not agree to.

THE VICE-CHAIRMAN: I do not think, Mr Chairman, that there would be any objection to that. The reason why we mention that here is that, if we are sure about it, it would have to be put into it. These matters are all related to the commercial policy provisions. With regard to the other Articles, we thought that that should be more or less decided upon in Geneva, and, as this whole agreement will not come into force before we have concluded, therefore, we thought it more convenient for the Governments concerned to see these commercial policy provisions already mentioned and also to see that there is no point of principle involved here. I think it helps to understand that that has been our idea.

THE CHAIRMAN: Would that help the Delegates who raised this point relating to industrial development and so on if we dealt with it in that way and said: "These provisions shall include appropriate Articles dealing with commercial policy and such other relevant provisions as may also be appropriate".

MR ADARKAR (India): Do I understand you to say that no reference will be made to the Articles on economic development? It seems to me, Sir, that more suspicion will be created than set at rest by resisting that reference to the provisions on economic development. By common agreement, if it is inserted in the Charter, it would appear that members who have subscribed to the inclusion of these principles have done so with certain mental reservations.

THE VICE-CHAIRMAN: Speaking for myself and I think also for the Rapporteur, we would prefer to have these Articles mentioned as such and then add something to the effect that I have just proposed -- for instance, those with regard to economic development.

MR ADARKAR (India): There would be no objection on our part if there is some reference to the chapters on economic development.

MR HAWKINS (United States): In an endeavour to solve the problem, could not you make it read: "those general principles of chapter IV of the Charter" and then insert "and other interests of members", and then you could put a footnote about those Articles with a description at the bottom, and give the reference of the chapter, whatever it is, the one relating to industrial development, in this case.

THE CHAIRMAN: Would you give us those words again more slowly?

MR HAWKINS (United States): The difficulty with this seems to me to be a matter of interpretation, because it is limited to concessions to safeguard the value of tariff concessions. Now I would insert there "and further interests of members", just to broaden it a little, and then, to avoid the enumeration here, you could put a footnote below: "for example" and then list the ones that are listed here, but also referring to the chapter on industrial

development, giving those as examples only, because there may be other things which it would be desirable to insert.

MR FLETCHER (Australia): Could/also consider including some refer-
ence in such a paragraph as may be appropriate to the employment and economic activity Articles? If you refer to industrial development and leave the others out, I think you will still remain in the same invidious position.

THE VICE-CHAIRMAN: Every delegation will be in a position to indicate to its own Government what is meant there, so that, if there is no objection, I suggest we should leave them all out.

THE CHAIRMAN: It does seem, gentlemen, that there would be some advantage in not referring specifically to any particular Article. Precisely what Articles it will be necessary to include will obviously be a matter to which Governments will give very careful attention in their preparatory work, and the inclusion of some and the omission of others, as the Indian Delegate has pointed out, would lead to a possible misunderstanding. I would, therefore, suggest for your consideration that we make the change suggested by Mr Hawkins at the end of the sentence which finishes up at present "tariff concessions", so that it would read: "those general provisions of Chapter IV of the Charter considered essential to safeguard the value of the tariff concessions and other interests of members", and then delete the whole of the following lines down to the word "appropriate". I think it would be a little easier if, instead of the precise wording suggested by Mr Hawkins, we said "those general provisions" and so on and then add "and such other provisions as may be appropriate". Would that be agreeable? Would that be acceptable to the Delegate of India?

MR ADARKAR (India): Yes.

THE CHAIRMAN: Is that agreed? (Agreed). Is there anything else on this Section? (After a pause): "Creation of Provisional Agency Pending Establishment of International Trade Organisation". Are there any comments on this paragraph? If not, I take it it is agreed.

Relation of the General Agreement on Tariffs and Trade to the International Trade Organisation after the Organisation is Established". Any comment on this Section, taking the interim tariff section first? I take it that is agreed? (Agreed).

"Procedure for Broadening Membership in Interim Tariff Committee through Additional Tariff Negotiations". Any comment? Is that agreed? (Agreed).

Can we now look at the "Tentative and Partial Draft Outline of General Agreement on Tariffs and Trade". This is, of course, merely for the purpose of illustration, I presume, and to assist Delegates in explaining this matter to their Governments. Would you like to make any comment upon this, Mr Rapporteur?

THE RAPPORTEUR: Only one point: it was thought that the Drafting Sub-Committee, which will meet in January, might usefully attempt to elaborate this Draft Agreement. I think that perhaps that raises a question as to the action we have just taken in eliminating all reference to particular Articles which may be included in it, but perhaps it could be taken care of on a special instruction to the Drafting Sub-Committee.

THE CHAIRMAN: We will take the preamble first, the section which is before Article 1. Is there any comment? (After a pause): I take it that is agreed?

As regards Article 1, it would be necessary now, in view of our previous decision, to delete the sub-paragraphs (a), (b), (c), etc. down to (g).

E/PC/T/C.II/FV/12

Is the second part of Article I agreed?

Article II: any comment?

MR. SHACKLE (UK): I wonder whether the addition we made earlier to this paragraph 2 of Article I is now necessary? It will all hinge on what is included in the (a), (b), (c), etc.

THE VICE-CHAIRMAN: We have taken that out already. It reads as stated here, without any addition.

THE CHAIRMAN: Anything else on Article II?

MR. JOHNSON (New Zealand): Except that it would be necessary for the Rapporteur to check up on the numbers of the Articles in relation to State Trading.

THE CHAIRMAN: Anything else on Article II? Article II is agreed. Article III? Article IV? Article V? Article VI? Article VII? Note?

THE VICE-CHAIRMAN: Mr. Chairman, I may only make one remark here. That is, that this agreement as we envisaged it in our Sub-Committee must be a guiding paper for the Secretariat in preparing for these tariff negotiations, so perhaps you might give some thought to whether we should provide for an early answer from the governments concerned as to whether they agree with this paper, Yes or No. We have agreed it provisionally, but we have not committed our governments. On the other hand, the Secretariat will have to go on with its preparations in the near future.

THE CHAIRMAN: The Chairman of the Sub-Committee suggests we might request delegates to ensure that early consideration is given to this procedural document by their governments, and that the Secretariat should be advised of their governments' views so that any necessary changes in the arrangements that they will be called upon to make could in fact be made in time.

MR. MELANDER (Norway): Mr. Chairman, I think it would be very difficult for governments to consider accepting this draft agreement as binding before they have considered the whole aspect of the reports from this Conference. I think, therefore,

that it would be better to leave it to the Secretariat to work on the basis to which we have just now agreed and to take that as a starting point when we assemble again in Geneva.

THE CHAIRMAN: I think you will find it was in relation to procedure that the Chairman of the Sub-Committee was concerned. If the governments have views about procedure which conflict with the suggestions here it would involve changes in the preparatory work of the Secretariat, and it would be as well for them to advise the Secretariat as early as possible.

THE VICE-CHAIRMAN: Perhaps I might clarify what I said. If there were many things that could not be settled by the Secretariat it might be that before we met in Geneva there should be in one way or another an opportunity to discuss those further and to get a real ground for negotiations, otherwise we lose time in Geneva.

MR. JOHNSON (New Zealand): I take it some formal notification will be sent to governments, with a request for some early indication; that a copy of the Report will be sent?

THE CHAIRMAN: The Secretariat will look after that.

THE VICE-CHAIRMAN: Before we end this meeting I would like to make special mention here of the very valuable work of our Rapporteur. He did his utmost to get us through very difficult substantive matter, and I may say without him we should not have succeeded. Thank you.

THE RAPPORTEUR: Thank you very much.

THE CHAIRMAN: I think it is necessary for us as a Committee to record our thanks to the Sub-Committee, to its Chairman and to the Rapporteur. They have indeed done a very valuable job on very difficult material. Thank you, Mr. Speckenbrink.

Before adjourning the meeting, the Secretary has advised me that the projected programme is that Committee II will meet at 10.30 and 3 p.m. tomorrow, and if necessary at 10.30 and 3 on Sunday. The meeting is adjourned.

The meeting rose at 7.6 p.m.