

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

Corrigendum to Seventeenth Meeting of Commission A
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The following should be substituted for the remarks made
by the Delegate from Australia:

Mr. McCARTHY (Australia): Mr. Chairman, the problem one finds in examining this particular Article or Section is the endeavour to introduce something which will take the place of the negotiations on tariffs in the one case, and the quantitative restrictions in the other; and we feel that in Article 32 the best that can be done pretty well has been done. We can see that in certain transactions it will be possible to negotiate margins, that is, margins between the landed cost of the imported goods and the price at which they are distributed - the values at which they are distributed relative to the values of the home-produced goods; but in others it will be extremely difficult, and the more detail you put in, and the more criteria you endeavour to set down, we think the greater difficulty you will have in getting a result.

I think it is quite conceivable, in the case of wheat, for instance, or sugar, or butter, that a long-term contract between sellers, or a seller and a State trader importing, could be negotiated pretty thoroughly, even though the mixing of the home produced product with the imported product is quite extensive. There you have got a standardised product and it will be possible to trace the margins, identify them, and then possibly negotiate them; but there are other products which after landing go through various processes and where the actual capacity to compare those products with the competitive products within the country is extremely difficult.

Meat, I believe, would be quite difficult; because you have got different classes, you have got the different processes, and some form of comparison between the stages which the meat goes through between the imported product and the home product, or the comparison of such processes with other processes, would be extremely difficult. We therefore rather take the view that Article 32 should stand with certain amendments which would be on the lines of making clear the objectives.

If it is stated clearly what it is desired to do, to actually replace any other protective measures that stand in the case of a private transaction by such an examination as will enable the margins of difference to be negotiated, then I think it will be found, according to the different products, that a quite different process of examination will be imposed, and you will be in the position of doing the best you can.

Now the suggestion of Mr. Shackle and Mr. Deutsch - the comparison of the imported price with that of the home produced article - would be, I think quite applicable in some cases. In others, it would be found difficult.

Also, the other point mentioned, that of, I think, the prices at which the product is re-sold to the home consumer, would in some cases be easy and in other cases difficult.

The next other point we wish to mention is the suggestion by the American Delegation; the total quantity of a commodity which the Member maintaining a monopoly shall agree to import from all sources. We find difficulty in seeing the point in that, and in seeing that it would be of any great value, unless you have a complete arrangement based on quotas.

The interest of a country selling to an importer would be in the quantity which he wishes to sell himself, if he were dealing in quantities. If he were able to sell all that he had to sell, he would not be very interested in the total imports of that country. If, however, the importing country said - "Well, we cannot take any more from you than for example a hundred thousand units because of our requirements, or the quantities that we want to take from somebody else, the seller would then be interested in saying, "But what are your total imports?". The next point would be, having arrived at that, what has happened to the balance; and the balance would be that sold by other countries. So there I think you would depart entirely from the bilateral element in the transactions visualised in this, and go into the multilateral field.

That takes you to the Netherlands idea of employing the provisions of Chapter VII. There, I think, you are undertaking something which would have to be very carefully worked out. Chapter VII, as it stands now, would, to my mind, hamper very much the activities of state traders; so much so, that I think it would be found that they would either have to depart from their state trading or declare their inability to meet the conditions of Chapter VII. It does not follow at all that there is not something in it. In fact, the negotiations which recently took place on wheat indicate how far state trading can be introduced into a Chapter VII agreement, but, without going into the details of the wheat proposals it would take a long time.

I think it can be said that wheat is an exceptional case. It is exceptional in its susceptibility to an international arrangement, and in the fact that, at the present time, importers are more eager than they normally are to commit themselves well ahead; but the arrangement which was recently discussed and carried well forward in draft form would really amount to a multilateral state trading transaction. However, the detail that was covered in those negotiations indicates that it would not be practicable to cover many state trading transactions by a multilateral agreement under Chapter VII.

Our conclusion, then, would be that this suggestion which is in the American proposal to negotiate totals does involve rather closely the negotiation of quotas over a number of countries, and that could not be done except by a detailed multilateral negotiation, which we think is not contemplated under this Chapter and would not be practicable. If it were introduced into Chapter VII, then Chapter VII would have to be amended to remove or adjust some of the conditions already laid down.