

UNITED NATIONS

NATIONS UNIES

ECONOMIC
AND
SOCIAL COUNCIL

CONSEIL
ECONOMIQUE
ET SOCIAL

RESTRICTED
E/PC/T/A/PV/42
18 August 1947

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

VERBATIM REPORT.

FORTY-SECOND MEETING OF COMMISSION "A"

HELD ON MONDAY, 18 AUGUST 1947 AT 10.30 A.M. IN
THE PALAIS DES NATIONS, GENEVA.

H. E. Mr. Erik COLBAN (Chairman) (Norway).

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CHAIRMAN: The Meeting is called to order.

M. Suetens has asked me to apologise to you for his absence this morning, especially as we are going to discuss difficult and important problems.

Before opening the discussion on Articles 14, 15 and 24, there is one other point which I should like to deal with. It relates to Paragraph 4 of Article 38. That was passed over previously by Commission A, because it was argued that it was impossible to decide whether or not the paragraph should be retained until we had discussed Articles 13 (A) and 66 (3). These discussions have now taken place and unless there is any objection I take it the Commission agrees that Paragraph 4 of Article 38 becomes superfluous and should be left out.

Are there any objections to the deletion of Paragraph 4 of Article 38.

The Delegate of France.

M. ROYER (France) (Interpretation): The French Delegation made some reservations when this question was discussed in Commission B, and we are grateful that a delay of 48 hours was granted to examine the question more thoroughly and to make it possible for us to receive instructions from our Government.

After examination, the French Delegation accepts the deletion of Paragraph 4 of Article 38. In order, however, to avoid erroneous interpretation, the French Delegation would be grateful to the Secretariat, when a Press Conference takes place, if they would give the necessary clarification to the journalists, so as to avoid any misunderstanding.

CHAIRMAN: (Interpretation): The Executive Secretary informs me that the desire of the French Delegation will be taken care of.

Dr. H.C.COOMBS (Australia): Mr. Chairman, I have a slight difficulty in accepting the deletion of this clause. Delegates will remember that in the discussion in the Commission I drew attention to the problem which we have in relation to certain colonial territories, the territories of Papua and New Guinea, for which Australia is responsible.

We had, as I informed the Commission at that time, an arrangement whereby while those territories have their own independent tariff which is essentially a revenue tariff which is quite independent of Australia and to which goods from Australia are subject, they have preferential entry into the Australian market for their main products. So, as I pointed out, this arrangement is not in any sense in Australia's commercial interests; in fact, the contrary, but we believe it would be a good arrangement since it is in the interests of the native population of those territories, and we asked that this arrangement should be taken into account in relevant parts of the Charter. You will recall that we were assured, so far as any existing arrangement was adequately covered by Article 14, that any possible desirable extension to this arrangement could be granted under Article 38(4) if we made an adequate case. We are quite content to allow any such subsidiary arrangement to be subject to investigation, and to the report of the Organisation, and the approval of any other country which might consider itself interested. We are a little worried, however, that the deletion of the reference to this provision might be interpreted as meaning that any extension of this arrangement would be invalid under the Charter.

I am not quite sure whether this warrants our opposing the withdrawal. It is clear, of course, that under Article 66 we could ask for an exemption from any of the obligations of the Charter, and perhaps it would be possible for us to act under that Article; but, clearly, it is less obviously related to the particular problem we have in mind, and for that reason I would like a little further time to think about this Article. If it is the view of the Commission that Article 38 should be redrafted, then I would be prepared

to inform my Government of that fact and seek the Commission's approval for the withdrawal of our reservation.

Mr. R. J. SHACKLE (United Kingdom): Mr. Chairman, my delegation would, I think, be glad to see paragraph 4 of Article 38 deleted; that is, largely from a presentational, publicity point of view. I am afraid it is the hard fact that the uninstructed public in the world tends to regard many international conferences as being rather in the nature of gibberish, and if you look you will find that it does not mean very much. Any critic who wants to make that point with regard to the Draft Charter would find a very fine piece of evidence if he looked at the article about preferences. First of all he would see Articles 14 and 24 which talk about limiting and eliminating preferences. He would then find Article 13(A) and (B), which makes provision for new preferences. He would then find Article 38(4) which makes another provision for new preferences - unspecified preferences. And, finally, in Article 66 or Article 53 he would find still other provisions, and, putting those extracts side by side, would provoke a nice piece of public criticism. Therefore, we would be glad from the presentational point of view to see that Article 38(4) should disappear. I should think that the Australian case could equally be met under Article 66.

CHAIRMAN: The delegate for India.

Mr. S. RANGANATHAN (India): Mr. Chairman, I do not wish to express any opinion on the merits of this question, but would it be unduly inconvenient to the Commission if I suggest that we take this matter up the first thing after lunch.

CHAIRMAN: I am rather reluctant to leave this question suspended as we are approaching the end of our discussions. At our previous meeting we had a general survey of Articles 14, 15, 16 and 64, and the delegate of Australia brought up the same point as he did to-day, and we all felt very sympathetic to the difficulties he spoke about. Would it be possible that we agree to omit paragraph 4 of Article 38, it being understood that that does not prejudice in any way the point brought up by the Australian delegate? We believe that, ^{at} any rate to some extent, the case ^{is} covered by Article 66, and if it is found after further consideration not to be entirely satisfactory, the question could be taken up again on another occasion.

Would that solution be agreeable to the Australian Delegate?

DR. H.C. COOMBS (Australia): Yes, Sir,

CHAIRMAN: The Delegate of India.

MR. S. RANGANATHAN (India): Mr. Chairman, I am not sure that I should have to enter a reservation at all, but if I have to, if you would permit me to record a reservation in the afternoon, I have no objection to this procedure.

CHAIRMAN: The Delegate of Chile.

M. A. ELIVOVICH (Chile) (Interpretation): I must take the same attitude, Mr. Chairman, as the Indian Delegate. I wish to declare here that paragraph 4 was left in abeyance because the final text of Article 13B was not yet known and it is still not known, because that part which relates to the Voting question has been deferred until the World Conference in Havana. Therefore, I cannot see how we can take a decision to delete paragraph 4, which is necessary to us.

CHAIRMAN: Are there any further remarks?

MR. J.M. LEDDY (United States): Mr. Chairman, paragraph 4 of Article 38 was introduced in London with a view to meeting, if possible, the views of the Delegate of the Lebanon, that is, the suggestion that there should be not merely a general provision but a specific provision in Article 66, paragraph 3 envisaging the possibility for economic development purposes.

Here in Geneva we have worked out an Article dealing with that particular point in Chapter IV, and it was our understanding that,

that Article being in Chapter IV, there was no need for repeating an additional provision on this subject in Article 38. In deleting paragraph 4, the substance of Article 38 is, of course, in no way changed, but we attach considerable importance to its deletion and Article 13B, I believe, should be maintained.

CHAIRMAN: The Delegate of the United Kingdom.

MR. R.J. SHACKLE (United Kingdom): Mr. Chairman, there is one other point that I would like to suggest for the consideration of the Chilean Delegation, and it is that I do not see what they can lose from the disappearance of this paragraph 4 of Article 38, if looked at from the point of view of the Voting provisions.

The point which has been left in suspense in Article 13B is whether you should have a simple majority, or, at the other extreme, a two-thirds majority of those present and voting, or some intermediate solution between the two. On the other hand, Article 38, paragraph 4 provides a tighter voting method than any of those which are, I think, contemplated under 13 B. It contemplates that you must have two-thirds of the Members present and voting and, moreover, that they must constitute a majority of the Members of the Organization.

So, looking at it from the angle of voting, I cannot see what would be gained by retaining Article 38, paragraph 4 if 13B stands. The requirement in Article 38, paragraph 4 would be, in any case, a tighter requirement than that involved in 13B.

I would like to suggest that point for the consideration of the Chilean Delegate.

CHAIRMAN (Interpretation): May I ask the representative of Chile if, after hearing the declarations of the representatives of the United States and the United Kingdom, he is ready to accept the suppression of paragraph 4?

M. Angel FAIVOVICH (Chile) (Interpretation): There are two aspects of the discussion. On the one hand, there is the question of voting, which the Commission decided to refer to the World Conference in Havana. On the other hand, there is a question of a wider scope and which is of particular interest to us.

While Article 13B provides for preferential arrangements with a view to economic development, paragraph 4 of Article 38 has a much wider scope, and we are in favour of the maintenance of that paragraph. Preferential arrangements may be necessary for reasons that are not only of an economic nature; there may be several other reasons. This paragraph was maintained in London and New York, and we are in favour of its being retained.

Dr. A.B. SPEEKETBRINK (Netherlands): Mr. Chairman, is there any objection to having a special note here saying that we have deleted paragraph 4 of Article 38 in view of the new addition to Article 13, and stating that while we have deleted this, it does not mean that there cannot be new preferential arrangements, because Article 66(3) makes it possible?

CHAIRMAN: Would that suggestion be agreeable to the Commission?

M. Angel FAIVOVICH (Chile): No.

CHAIRMAN: Then I have to make the proposal to put paragraph 4 in square brackets, with a note saying that the majority

of the Preparatory Committee favour the deletion of this paragraph.

Mr. J.M. LEDDY (United States): I propose that the paragraph be deleted, and that the Delegate of Chile reserve his position.

M. Angel FAIVOVICH (Chile) (Interpretation): I think that the Chilean Delegation is not the only one and that there are other Delegations in the same position. Therefore, I am inclined to accept the Chairman's proposal.

Mr. R.J. SHACKLE (United Kingdom): Before we come to a decision on this, there is one point I would like to suggest for consideration: Surely there can never be a proposal for a preferential arrangement which has no economic aspect or justification whatsoever? If it has only a subsidiary justification of this kind, it could still come under Article 13B. It is not essential that the whole thing should be purely on economic development grounds. The fact that economic development is one of the justifications surely suffices.

CHAIRMAN: The difference of opinion now makes it quite clear that we are not going to achieve a unanimous position as to the maintenance or the deletion of this paragraph. It is then only a question of drafting, as to how this difference of opinion should appear. I am quite convinced that the majority of the Commission propose the deletion, and I think that the proposal made by the Delegate of the Netherlands is, from the drafting point of view, better than mine - that is, that we delete the paragraph and state that the deletion was made on the understanding that the purpose of the paragraph was covered by Article 13B and Article 66, and then add that certain Delegates favoured the maintenance of the paragraph. Is that agreeable to everybody?

CHAIRMAN: The Delegate of Brazil.

Mr. TORRES (Brazil): (Interpretation): Mr. Chairman, I would just like to raise a point of order. Do I understand that the other Delegations have doubts as to the deletion of this paragraph? I am in agreement to insert the note, and in that case would agree to drop the paragraph altogether; because if so I do not see why we should say "certain Delegations". Let the little paragraph explain the reasons, and then say one reservation was made.

Dr. HOLLOWAY (South Africa): Mr. Chairman, on a point of order. In the terms of Rule 21 of the Rules of Procedure, I propose the closure of the debate.

Mr. LEDDY (United States): On the question of whether we shall finish, Mr. Chairman, what proposal is before the Committee?

CHAIRMAN: Before the Committee now is my proposal, which is based upon that of the Netherlands Delegate, that we delete paragraph 4 of Article 38 and insert a note saying that the deletion was made because we considered that the contents were already covered by the adoption of Articles 13(E) and 66, and I suggested we add to that "certain delegates prefer the maintenance of this text".

Brazil wanted the last sentence to read, "only one Delegate", but I cannot add that, as we have to consider the position of the Australian Delegate. We do not make any objection but after all, when there is any reservation made, I think it is fair to note the fact that there are not only one, ^{but} two, perhaps three, who would prefer the maintenance of the text.

Does any other Delegate than the one representing India want the maintenance of paragraph 4?

CHAIRMAN: We have a proposal by the Delegate of South Africa to close the Debate, and I think that all who wish to speak either for or against this proposal should now speak.

Mr. MOBARAK (Lebanon): (Interpretation): Mr. Chairman, I wanted to say that I associate myself with the Delegate of Chile and accept the solution proposed by the Netherlands Delegate.

CHAIRMAN: Well, I cannot allow any more discussion on the substance.

The Delegate of the United Kingdom.

Mr. SHACKLE (United Kingdom): I think that my right course is in a purely formal sense to oppose the closure.

CHAIRMAN: May I take it that the proposal I made, based upon that of the Representative of the Netherlands, is acceptable to the Commission?

The Delegate of the United States.

Mr. LEDDY (United States): We propose replacing the words "certain delegates" by "the number of delegates who have made a reservation".

CHAIRMAN: The Delegate of France.

Mr. ROYER (France): (Interpretation): A note was circulated yesterday by the Secretariat asking whether it was preferred that the names of the Delegations should be mentioned. I think that the majority of Delegations are in favour of this proposal, and

therefore I think it would be a good thing to state what Delegations have made reservations.

CHAIRMAN: Well, that is very fine in theory; but it commits this Delegation to a final point of view which I do not think we will have.

The Delegate for India has just said he might consider the question this afternoon. Australia was willing to accept, on the understanding that the question he brought up should remain open. So I think that in spite of the question submitted by the Executive Secretary, we should confine ourselves in this case to "certain Delegates."

Mr. J. M. LEDDY (United States): My proposal was, Mr. Chairman, that it should read "two or three or four Delegates," instead of "certain Delegates".

CHAIRMAN: I do not see that very much is gained by replacing "certain Delegates" by "two or three Delegates," because if we were to call on all the Delegates I am perfectly convinced that one or two, or three or four, might abstain and say: "We have not made up our minds; we are indifferent." I think "certain Delegates" expresses perfectly the position in the Commission.

Mr. LEDDY (United States): Mr. Chairman, I was under the impression that some Delegates merely wanted time; they did not necessarily wish to reserve their positions. There will be some time before the Plenary meetings and I would much prefer that my proposition should be adopted.

CHAIRMAN: I think we should adopt the term "certain Delegates", leaving it to the United States Delegation to raise the question again in Executive Session.

Mr. J.G. TOPRES (Brazil): Mr. Chairman, I am sorry to say I am not in agreement with the procedure you suggest. I think we should have a faithful representation of the facts and, if you insist upon having "certain Delegates", we should make sure that there is foundation for such an expression.

To my mind there are one or two Delegations who are definitely interested in having a reservation stated. Two others are in doubt. I think we should either state the number of Delegations who want their reservations put in or not mention the fact at all, but I am not in agreement with the word "certain."

CHAIRMAN: If that is the view of the Commission, that we should indicate that a certain number of Delegates want to maintain Paragraph 4, the only way out of the difficulty now is to take a vote at the beginning of our afternoon meeting.

Is that agreed?

Dr. J. E. HOLLOWAY (South Africa): Mr. Chairman, may I ask for a vote on my motion? I do not want this debate to be opened this afternoon. I want to put the ruler in the hands of the Chairman, to prevent anybody from wasting another hour. In the last hour nothing has been said which has not been said about a hundred times in this Conference.

I have the right to propose this and my point in proposing it is to give the Chairman a whip in his hand with which to whip anybody who wants to propose opening it again this afternoon.

CHAIRMAN: There is one speaker in favour of the closure of the debate and two against. Does anybody else wish to speak?

H.E. WUNSZ KING (China): The Chinese Delegation is in favour.

CHAIRMAN: Is anybody against the closure?

Mr. S. RANGANATHAN (India): Provided it does not prevent you from taking the vote which you just wanted to, I support it.

CHAIRMAN: I thought the proposal of the South African Delegate meant to close the debate now. We have spent an hour on the discussion. You are in possession of a quite reasonable proposal for the solution of the question.

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There are differences of opinion with regard to whether it should be "certain Delegates" or whether we should give the number of those who have made reservations. I proposed "certain Delegates." That is the proposal before you.

The Delegate of South Africa has proposed that we now close the debate and that we pass on to the decision as to whether or not the Commission agrees to my proposal now.

M. Moussa MOBARAK (Lebanon) (Interpretation): You yourself, Mr. Chairman, when you were speaking as Chairman of the Norwegian Delegation, suggested that we should avoid, as far as possible, any votes when there were two opinions, in order not to influence the Havana Conference.

Now we could perhaps adopt this suggestion of yours; we are in favour of two possibilities. I would not like to see one majority and one minority report or suggestion on this point and I believe we could say in our Report that there were two points of view - this one and that one - and not proceed to any majority or minority vote.

CHAIRMAN: This discussion seems to me to show very much how tired you are after four months work. I made my proposal and I take it that the great majority of the Commission agrees to it, and that should close the debate.

We pass on to the consideration of Articles 14, 15 and 24, and I would appeal to delegates not to discuss the procedure more than absolutely necessary, but only the very essential problems on their merits. You have before you Document 1003. It is the Report of the Legal Drafting Committee on these three articles. We have had more than a full general discussion on these articles. We have had a strong sub-Committee working very hard during several weeks on this, and, besides, the members of the Sub-Committee have had many private conversations, and have been in touch with practically all of the other delegations, so I think that these Articles in the form in which they are now presented to us have condensed the results of all this work.

We start with Article 14 - General Most-Favoured Nation Treatment, paragraph 1.

There is no amendment, and no note to the first paragraph of Article 14. May I take it that we all agree to this paragraph?

M. ANGEL FAIVOVICH (Yugoslavia) (Interpretation): I associate myself with the appeal made by the Chairman to avoid an unnecessary extension of the discussion. Therefore I shall abstain from making once more the statements which I have already made at the Chairman's Committee and in the sub-Committee. May I only recall that we have submitted an amendment to Article 14 providing for a preferential regime regarding neighbouring countries under certain undetermined conditions, and the Executive Committee decided that this amendment was irrelevant since it would be covered by the provisions of Articles 13 and 38. Now that these articles have been adopted, my delegation considers that these amendments have not been embodied in these provisions. Our amendment deals mainly with the provisions of Article 14, and therefore we must make a reservation on this Article. I propose to make that reservation in Plenary Session.

J. If I understand correctly, the Chilean reservation deals with the whole of Article 14.

The Delegate for the Lebanon.

MR. M. MOBARAK (Lebanon) (Interpretation): Mr. Chairman, this amendment having been submitted with full agreement between our Delegation and the Chilean Delegation, we make the same reservation regarding Article 14.

CHAIRMAN (Interpretation): I shall ask the Chilean Delegate to contact the Secretariat with regard to the wording of the reservation.

Are there any further remarks on paragraph 1 of Article 14?

M. ROYER (France) (Interpretation): Mr. Chairman, there is a slight amendment to be made in paragraph 1, in the tenth line of page 2 of the French text. The word "impositions" has been substituted for the word "taxes" in other places, and I consider that this should be the case here.

CHAIRMAN: Are there any further remarks?

Paragraph 1 is approved.

Paragraph 2. You have a footnote on page 2 of document E/PC/T/78: "The Delegate for Cuba reserved his position in relation to preferences accorded by differential internal taxes". Is that reserve maintained?

DR. G. GUTIERREZ (Cuba): Yes.

CHAIRMAN: Are there any further remarks on paragraph 2?
The Delegate of Belgium.

M. P. FORTHOMME (Belgium) (Interpretation):

(The first remarks made by the Delegate of Belgium refer to the French text only).

The last remark I have to make deals with the shape of sub-paragraph (b), which mentions the preferences which are listed in Annexes B, C and D of the Charter. Now, sub-paragraph (d) refers to preferences listed in Annexes E and F of the Charter, but it may well happen that, at the World Conference, there will be other Member countries which may have Colonial territories, for instance, Portugal may have to submit a list under sub-paragraph (d), although I understand that Portugal considers its Colonial territories as forming one customs territory with the metropolitan country, but this general conception may change in the meantime.

Therefore, I suggest that it should be mentioned that the list of sub-paragraphs is not exhaustive, and that it may be modified at the World Conference.

CHAIRMAN: Are there any further remarks on Article 14, paragraph 2?

We have a paper E/PC/T/W/290 containing a Note by the French and Belgium-Luxembourg Delegations. It refers to the exchange of certain specified agricultural and industrial products between Belgium and Luxembourg on the one hand, and certain bordering areas of France on the other hand.

The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, it is only out of honesty that the Delegations concerned have circulated this document before the final adoption of Article 14.

May I recall that, at the end of the last war, we signed an Agreement with the Belgium-Luxembourg Union providing for an extremely special regime for very small quotas of live animals, certain fruits, lime and cement, which are admitted in France under a frontier regime, either free of charge or at a very reduced rate, and these are extremely small quantities.

The same applies to Luxembourg for a number of articles. We have always considered this agreement as being a frontier agreement. We hope that the Commission will give the same interpretation to this very limited regime.

If the Preparatory Committee considers that this arrangement is not covered by the provisions of Article 38, we ask for the insertion of a special provision, but we hope that the Preparatory Committee will agree with our own interpretation and consider this to be frontier traffic. Of course, we are prepared to supply the Commission with any detailed data regarding the quantities and products involved.

CHAIRMAN: I take it that the same applies to the special regime between Belgium and Luxembourg.

M. Pierre FORTHOMME (Belgium) (Interpretation):

Mr. Chairman, it is not a regime between Belgium and Luxembourg, but a regime in force between the Belgium-Luxembourg Economic Union and France, with a number of reciprocal clauses as regards Luxembourg.

Mr. Hassan JABBARA (Syria) (Interpretation): Mr. Chairman, at a previous sitting I asked for a precise definition of the frontier regime. I wanted an exact indication of the scope of this term, and if it really means a "frontier regime", it should be indicated as "a regime to facilitate, both from the point of view of customs tariff and all formalities, the movement of products belonging to people living along the border and who have interests in both countries". Such a zone would naturally be limited to a few kilometres. This point of view was adopted generally, but now we seem to be confronted with another regime.

I am not against the suggestion which is made, but I would insist again that the term "frontier regime" should be exactly defined. We should know if here it is a matter of the interests of the inhabitants of the frontiers, or if it is another preferential agreement.

CHAIRMAN: Any further remarks? You have heard the explanation given by the Delegate of France, and unless any Delegate feels doubtful with regard to the facts as explained by the Delegate of France, I take it that we should simply note in our records his statement, and consider a new annex to be superfluous; but it is for the Commission to choose.

Does any Delegate wish to oppose this solution?

That not being the case, it is decided that we note the French declaration and consider a new annex superfluous.

We now pass on to the question raised by the Delegate of Syria. Does any Delegate wish to speak on that?

Mr. R. J. SHACKLE (United Kingdom): Is it in order to discuss it now, because surely it arose under Article 38?

Mr. Hassan JABBARA (Syria) (Interpretation): Mr. Chairman, I believe that the question raised by the representative of France really duplicates Article 38. That is why I had asked for a definition of the meaning of the term. I said that I was not against the interpretation that had been given, but I wanted to know if such a procedure could be used by other countries in the future, or if it is only intended here to maintain an existing situation. I believe that such a definition should be given here and that it would be useful for future action.

CHAIRMAN: It is difficult for me now to re-open the question of Article 38. I have not participated in the discussion on that Article, and I do not know very much about it.

As to the question of the general application of a scheme like the one explained by the French Delegate, I can say that, for instance, we have a frontier traffic between Norway and Sweden which falls entirely outside all kinds of customs regulations, for the benefit of the population on the frontier. It is entirely the same as the case of the frontier between France and Luxembourg, as explained by the French Delegate; and I think that most neighbouring countries have such exceptional situations. But, of course, it is only for the benefit of the population on the frontier, and for a very, very limited amount of goods.

CHAIRMAN: The Delegate of the Lebanon.

Mr. MOBARAK (Lebanon): (Interpretation): As you said yourself, Mr. Chairman, such a frontier regime exists practically everywhere for the interests of the populations of these border regions; but these regimes only cover agricultural products, and as far as we know they never cover industrial products.

Now in the French note it is indicated that cement is one of the products that benefit from this frontier regime. I do not understand how an industrial product like cement can be involved in such a regime, and in this case I would rather see an Annex G introduced here to cover this point than leave the situation vague, and to permit eventually some abuse due to this vagueness.

CHAIRMAN: The Delegate of the United Kingdom.

Mr. SHACKLE (United Kingdom): Mr. Chairman, I do not know whether one is in order in discussing Article 38 2 (c) here, but apparently discussion on it is proceeding, and I can therefore say this, that it seems to me we are very wise to leave the term "frontier traffic" indefinite. It is obvious, I think, that conditions vary enormously from one part of the world to another. In countries where the population is scattered, negotiations are difficult. Therefore I think it is very wise not to be too specific; and that goes also for the types of goods entering the frontier traffic. It would be better not to specify whether they are industrial agricultural or what they are. It would be for the Organization, when set up, to consider any complaint that may arise; but some regime may go beyond frontier traffic. It should be left to the Organization, and that is how we should leave the matter now.

CHAIRMAN: The delegate of Belgium.

Mr. FORTHOMME (Interpretation): (Belgium): I wish to give every assurance to the Lebanese Delegation regarding the possibilities of abuse in connection with lime and cement, and in this connection I shall read Article 10 of the Commercial Agreement between the Economic Union of Belgium, Luxembourg and France.

"As a temporary concession, having regard to the needs of the French devastated regions and the special trade conditions formerly existing between Luxembourg and the adjacent French departments, the following commodities originating in and coming from Luxembourg shall benefit on entry into France by the following duties, applicable to quarterly quotas fixed at an average of 1,500 tons per quarter for hydraulic lime and 5,000 tons per quarter for cement:

- (1) Lime: 26 centimes per quintal
- (2) Cement: 78 centimes per quintal

The lime and cement mentioned in the present Article shall only benefit by the exceptional regime accorded to them provided they are imported into France via the Customs Offices..." - and then follows a limited list of Customs Offices through which these articles can be imported. If it is required I can give that list.

May I point out that the requirements for reconstruction after World War I lasted in France almost to the time when the Germans recreated new requirements for reconstruction.

CHAIRMAN: I think the statement we have heard by the Delegate of the United Kingdom is very much to the point and, in the light of considerations put forward by him, we should abide by the decision which I understand we have taken on the French proposal, not to insert ~~the special provisions~~ "special provisions", and leave the question of the exact definition of frontier traffic open to be decided, in each case, by the Organization.

Are there any other remarks on Paragraph 2 of Article 14?

This not being the case, Paragraph 2 is approved.

Paragraph 3: are there any observations?

The Delegate of Australia:

Dr. COOMBS (Australia): Mr. Chairman, before you leave Article 14, there are two points I would like to make - one as Chairman of the Sub-committee which dealt with this matter, and the other as representing the Australian Delegation.

Dealing with the first point: the position of the Sub-committee was that there were a number of quite difficult issues involved in these Articles and it was found necessary to refer to a number of specific questions in the Report in such a way as to clarify certain issues which Delegations had found obscure, and the inclusion of those comments in the Report was regarded as essential, by the various Delegations concerned, for their acceptance of the text.

I think it is therefore important, notwithstanding the difficulty of time, that the Report of the Sub-committee in respect of those items should be accepted by the Commission, otherwise I feel a number of Delegations will regard themselves as inadequately covered in their acceptance of the text as it stands

For the Australian Delegation, I do not want to make any reservation on Article 14, but I would like to remind the Commission that, when this matter was raised in full Commission before, we emphasized that acceptance of Article 14 does represent a fundamental change in the commercial policy of my country and that, whilst we do not wish to amend it in any way, we want it to be quite clear that the acceptance of this principle of Most-Favoured-Nation treatment as replacing the Imperial Preference principle which has governed so much of our commercial policy in the past is dependent upon a satisfactory outcome of the Charter as a whole and also of the tariff negotiations themselves.

Therefore, the fact that we have not entered a specific reservation on this Article must not be taken as an indication that we are, at this stage, prepared to accept the principle embodied in this Article.

Dr. HOLLOWAY (South Africa): Mr. Chairman, I would like to associate the South African Delegation with the statement Dr. Coombs has just made in his capacity as the representative of the Australian Delegation.

CHAIRMAN: With regard to the statement of the Chairman of the Sub-committee, I would like to say it was my intention, after having dealt with each Article, to consider the comments on the Article in the Report of the Sub-committee, to see whether any of these comments ought to be retained as Explanatory Notes or not.

any further remarks on paragraph 3 of article 14. adopted.

We pass on to the Annexes. The first one is on page 5 of Document 178: List of Territories referred to in Sub-paragraph 2(a) of Article 14. United Kingdom of Great Britain and Northern Ireland and all the Dependent Territories and Dominions. You have the text on pages 5, 6 and 7. I would like to know whether there is any delegate who has any observations to make on any of these Annexes.

Mr. R. J. SHACKLE (United Kingdom): I have two points on these Annexes. One is a very small point: the other one, I am afraid, is a somewhat larger one.

The first small point is that where it says: "India" I move we insert "as 10th April 1947". That, of course, is the opening date of this Conference. The reason for inserting those words is, of course, that since then the new division between India and Pakistan has come into being and if we did not insert the words the question would arise as to whether Pakistan should be inserted or not. Perhaps I had better make that point first and then go on to the second point.

M. PIERRE FORTHOMME (Belgium) (Interpretation): I wonder if there would be any objection on the part of the Commission to the much simpler solution of introducing the word "Pakistan".

Mr. R. J. SHACKLE (United Kingdom): Well, Mr. Chairman, I am not sure about that because actually Pakistan is a Customs Union with India, and it would not be appropriate therefore to insert this word. This is a solution which in our consideration would be the appropriate one. I should simply say that we should insert the words: "as from 10th April 1947."

CHAIRMAN: May I ask the delegate of India if he is in agreement with the suggestion of the United Kingdom?

Mr. S. RANGANATHAN (India): Yes, I am in full agreement with Mr. Shackle's suggestion.

CHAIRMAN: Well, then, we take it that the Commission agrees to this amendment.

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, I would like to proceed now to my second point. The second point arises on the Report of the Tariff Negotiations Working Party which is Document E/PC/T/158. It is the Report on Preferential Arrangements not Effected by the Method of a Difference in Rates of Duty. Well, now, that paper explains what the point is. The point is that there are, we think, in the Commonwealth, a certain limited number of places where preference is given on certain things, bacon and meat, not by the method of tariffs but by quotas. The point is that these arrangements shall be provisionally maintained pending negotiation with the principal supplier of the product concerned which would result in new agreements to take their place. "The preferential arrangements referred to ^{in paragraph 1(b) of Art. 28} are those existing in the United Kingdom on 10th April 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb,

chilled and frozen pork and bacon (and hams). It is the intention, without prejudice to any action taken under sub-paragraph (h) of Part I of Article 37, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved."

The Tariff Working Party therefore made two proposals. The first one was that paragraph 1 (b) should be inserted to Article 28 "restrictions under the preferential arrangements provided for in Annex A of this Charter, subject to the conditions set forth therein." That was their first suggestion.

Their second suggestion was to include in this Annex a passage which I have just read to you which will explain what those particular preferences are, and what it is proposed to do about them. Well, now, the first of those changes is the addition to Article 28 of paragraph 1(b). You will find that in the paper E/PC/T/163 on page 14 and there appears as paragraph 5(b). The exact words have been incorporated, as has been suggested by the Working Party. They read: "restrictions under the preferential arrangements provided for in Annex A of the Charter, subject to the conditions set forth therein." This paragraph has been passed by Commission A last week. We are now left with the remaining part of the Tariff Working Party proposal which is to include this in the annex here. The exact wording which is suggested for this addition to the Annex you will find on page 2 of the Tariff Working Party Report. My proposal is to insert here in Annex A, that is to say, on page 6, the passage suggested by the Tariff Working Party. It actually would come in as an addition to the amendment of the second paragraph on page 6 of paper 178.

CHAIRMAN: The Delegate of the United States.

MR. J.M. LEDDY (United States): The substance of this proposal, Mr. Chairman, I think was fairly well agreed at the London meeting. The only thing that was left open was the question of what precisely were the products concerned. That having been established at this meeting, I believe that we are prepared to accept this proposal.

I should like to call attention, however, to the brackets which appear round the words "and hams" in the list of products. It is my understanding that those brackets are there simply to indicate that it may be necessary to establish a tariff preference on hams, depending upon the outcome of present negotiations.

CHAIRMAN: The Delegate for the Netherlands.

DR. A.B. SPEEKENBRINK (Netherlands): Mr. Chairman, on a point of order, I may be mistaken, but I do not recollect that the addition on Article 28 was formally approved by the Commission.

MR. R.J. SHACKLE (United Kingdom): Mr. Chairman, this is part of paragraph 5 on page 14 of document E/PC/T/163, which is the Report on Articles 26, 28, and 29. The whole of that was passed and the object of paragraph 5 was passed without discussion.

CHAIRMAN: The Delegate of Canada.

MR. J.J. DEUTSCH (Canada): Mr. Chairman, that part of the Report on Article 28 was adopted by Commission A, and I remember there was a reservation specifically moved on that Article at that discussion by the Delegate of Brazil.

CHAIRMAN: That is correct.

We have a Report by the sub-committee for the insertion in the second paragraph on page 6 of our text of the text we find on page 2 of document E/EC/T/158. It has been agreed to by the sub-committee, with three reservations of the Delegates of Belgium, Brazil and Norway. I would ask whether any of these Delegates wishes to withdraw his reservation?

As far as I understand it, at any rate, some of them have already made reservations on Article 28. The question is whether it is necessary to repeat the reservations here. I leave it entirely to these Delegates to decide.

If no one wants to say anything about it, I take it that these three Delegates maintain their reservation also on this point.

The Delegate of Belgium.

M. P. FORTHOMME (Belgium) (Interpretation): Mr. Chairman, the Belgian Delegation has made a general reservation on Article 28, which we consider as being sufficient. His specific point here has no particular interest for us.

CHAIRMAN: The Delegate of Brazil.

MR. J.G. TORRES (Brazil): Mr. Chairman, this matter came to the attention of the Conference at a rather late stage. Our Government has not had enough time to consider the problem. We have objected to it in the Working Party meetings, we have objected to it in Article 28 and wish to repeat our objection now.

CHAIRMAN: The Delegate for Norway.

MR. J. MELANDER (Norway): Mr. Chairman, the Norwegian Delegation made a general reservation on Article 28, and on this particular point here we also prefer to remain in abeyance, so that we maintain our reservation.

Dr. H.C. COOMBS (Australia): Mr. Chairman, I do not want to prolong the discussion; but I would just like to remind the Delegate of Brazil that this matter was raised very early in the discussions in London and was the subject of a very great deal of discussion. The Report of the London Conference (page 12) records the fact that the Committee agreed to the principle of this, and, so far as I am aware, it was the subject of no reservation.

CHAIRMAN: May I take it that we are all in agreement with the text of this annex, amended in accordance with the proposal contained in Document T/158, with the reservations of the Delegates of Brazil and Norway?

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, before we depart from this matter, I feel that I should give a certain further explanation, because I want the Commission to be very clear as to what this is really about.

The position is this, that for most of the products here concerned, the principal supplier is not here present. It is, therefore, not possible at this stage to negotiate the new arrangements. That is the only reason why the matter is at present in suspense in this way. We hope that before long, though, of course, we cannot give an exact date, we shall have an opportunity of negotiating with the principal suppliers and then dealing with these questions. We cannot, as I say, fix a date for that, but we shall look to do it as quickly as possible, and when we do it, we shall not forget that there are other people interested besides the principal suppliers.

The last words of the added paragraph in the Report read: "and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or

involved". The words "or involved" are meant to look to the case of the people who, though they have a definite interest, have not got the principal suppliers interested in this matter.

I want to assure them that when the time comes we shall not forget them. That is the general explanation that I wish to give.

Then there is one detailed point on the text: the Tariff Working Party by accident left out a few words in the third line of the paragraph which they suggest on page 2 of their Report. These words are in our present text on page 6 of document T/178: "exclusively between two or more of the territories listed in this Annex". These words should be replaced, so that the paragraph will read:

"The imposition of a margin of tariff preference to replace a margin of preference in an internal tax existing on 10th April 1947 exclusively between two or more of the territories listed in this Annex, or to replace the preferential quantitative arrangements...."etc.

CHAIRMAN: The Delegate of Chile.

M. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, our reservation on Articles 28 and 14 also cover the question raised by the Delegate of the United Kingdom, and the note.

CHAIRMAN: The Delegate of Brazil.

Mr. J.G. TORRES (Brazil): I would just like to say, referring to Dr. Coombs' remarks, that there are two questions here: a question of principle, and the actual problem involved. It may be true that in London there was no reservation; but the fact remains that it was only late at this Session that we

were really confronted with the practical problem, and I would like to say also that in the tariff negotiations going on here we have not always necessarily adhered to the principle of the principal supplier.

CHAIRMAN: The remarks of the last speakers do not alter the decision which I understood we have already taken, namely, to approve this annex with the amendments contained in document T/158. I take it that the decision stands; but there is a note on page 7 of document T/178: "The Delegate for Cuba reserved his position in relation to the imposition of a margin of tariff preference to replace a margin of preference in internal taxes". Does the Cuban Delegate maintain that reservation?

Dr. Gustavo GUTIERREZ (Cuba): We are sorry to have to maintain it, It has nothing to do with the system of the British Empire;-but it is a consequential note and we have to sustain it.

Mr. LEDDY (United States): I think that the reservation by the Delegation of Cuba is already covered by paragraph 2 of Article 14, and I was wondering whether we could keep it in that one place rather than in three places, as it is now; but I really think that the reservation relates to possible preferential and internal taxes that Cuba may have, and therefore it should appear appropriately in paragraph 2 of Article 14.

CHAIRMAN: The Delegate of Cuba.

Mr. GUTIERREZ (Cuba): Mr. Chairman, I would very much like to suppress those consequential reservations, and if I am allowed to reconsider the matter with the Delegation, we will try to find a way to have the text of paragraph 2 covered without a reservation.

CHAIRMAN: Thank you. The Delegate of the Netherlands.

Mr. SPEEKENBRINK (Netherlands): Before you finally approve this Annexe A, I would only like to say that it was with very great hesitation that I in the Working Party agreed to the new addition with regard to these preferences. We did that for practical reasons, understanding the difficulties concerning the United Kingdom; but I did it with great hesitation. At this moment we might speak of a rather unsatisfactory state of affairs with regard to the whole negotiations about tariff preferences, and the addition is a departure from this principle that we should not continue quantitative restrictions.

CHAIRMAN: Well, we have approved Annexe A, and we pass on at 2.30 p.m. to the examination of the other Annexe.

The Meeting is adjourned.

The Meeting adjourned at 1.7 p.m.