

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

COMMISSION A.

Summary Record of the Seventh Meeting held on Tuesday,
3 June, 1947, at 2.50 p.m. in the Palais des Nations,
Geneva.

Chairman: H.E. Mr. Erik Colban (Norway)

The CHAIRMAN introduced the annotated Agenda, E/PC/T/W.150
on articles 14, 15, 15a and 24, of the New York Draft Charter
(E/PC/T/34), and opened the general discussion on this group
of articles.

Article 14

Dr. Gustavo GUTIERREZ (Cuba) suggested that in Paragraph
1 of Article 14 the words "subject to the provisions of
Article 24" should be inserted in line 14 after the word
"unconditionally".

The CHAIRMAN ruled that this amendment should be
referred to the Sub-Committee which would be set up after
the general discussion.

Monsieur BARADUC (France) explained the observations of
the French Delegation (E/PC/T/W.141). France would have to
make adjustment in her national legislation to comply with
the two articles 14 and 16, this would require some time and
he therefore asked for a certain delay. The changes in the
legislation might not be made before the General Tariff
Agreement would be signed.

The CHAIRMAN interpreted this observation to the
effect that the French Delegation does not wish any

change in the Charter, but expects some understanding on the part of other delegations for the difficulties of French legislation.

Replying to the question of Mr. FAIVOVICH (Chile), M. BARADUC (France) stated that it was for the Commission to decide whether a note with regard to the position of France should be inserted in the General Agreement on Tariffs.

Mr. FAIVOVICH (Chile) stated that in his opinion the French observations constitute an amendment and should be dealt with as such.

The CHAIRMAN thought that the French observations did not constitute an amendment to the Charter. The matter would have to be raised again by the French Delegation at the time when the final agreement was to be signed.

Mr. SHACKEL (United Kingdom) agreed with this interpretation.

M. BARADUC (France) said that in view of the present discussion the French Delegation would urge the competent authorities in France to make the necessary changes in legislation as quickly as possible, perhaps before the Tariff Agreement is signed.

Mr. SHACKLE (United Kingdom) pointed out that there was no provision for signature of the General Agreement, but if signatures should be appended there was no need for a country to have brought its legislation into conformity with the Charter at the moment when the Agreement was signed; what mattered was the date of ratification.

The Commission approved the United States Amendment to Paragraph 1 (E/PC/T/W.146): to delete in lines 9 and 10 the

words: "in regard to which national treatment is provided for in Article 15", and insert the words:

"referred to in paragraphs 1, 2, 3 and 4 of Article 15".

After a discussion of the Australian Amendment to insert in line 13 after the word "shall" the words "except as otherwise provided elsewhere in the Charter, (E/PC/T/W.147), the Commission decided to refer this Amendment to the Sub-Committee with the instruction to seek legal opinion on the advisability of including these words.

In the discussion of the United States Amendment to Paragraph 2 set out in E/PC/T/W.146 objections were raised by the Delegates for Belgium, France and the Netherlands. The Commission decided to refer the Amendment to the Sub-Committee.

Mr. MA (China), withdrew the reservation of the Chinese Delegation noted in the commentary of the New York Report, page 10 (Specific Comments, (a)).

Mr. FAIVOVICH (Chile), maintained his reservation noted in the commentary, page 10 of the New York Report (Specific Comments, (b)), and declared that he wished to take up the matter again after the Sub-Committee presented its report.

Mr. HAKIM (Lebanon) stated that the maintenance of the reservation made by the Lebanese Delegation at the end of the discussion in the Preparatory Committee in Geneva (E/PC/T/EC/PV.2/6-8) depended on a satisfactory solution of the question of regional preferences in another part of the Charter, possibly in Article 38, in which Mr. JABBARA (Syria) concurred.

The Commission approved the List of Territories, in Annexure A of the New York Report, page 53.

Replying to a question of Mr. WINTHROP BROWN (United States), with regard to the second note in the List of Territories in the French Union (E/PC/T/W.49), M. BARADUC (France) explained that some of the Overseas Territories were treated on the same level with regard to customs questions as Metropolitan France itself. Since negotiations regarding the future status of some French territories are proceeding now the French Delegation wished to state this fact. This did not imply that these territories were excluded from the scope of the present tariff negotiations.

The Commission approved the List of French Territories (E/PC/T/W.49).

With regard to the reservation made by the Australian, and Indian and South African Delegations in the General Comments of Article 14 (New York Report, page 10), Dr. COOMBS (Australia), declared that the Australian Delegation did not wish to maintain its reservation referring to the extension of existing preferences to other countries of the same preferential system if the Commission should decide against such proposal. The position was more difficult in the case of so-called "accordable preferences"; Australia was not seeking to be relieved of the obligation, freely entered into in the past, to extend such preferences.

Mr. RANGANATHAN (India) declared that his Delegation did not wish to pursue the suggestion made in the reservation and Dr. HOLLOWAY (Union of South Africa) declared himself in complete accord with the Indian Delegation.

The CHAIRMAN expressed the hope that the position of Australia might be cleared before the second reading of Article 14.

Dr. COOMBS (Australia) wished to clear up several points relating to this Article. Under certain bye-laws Australia can remove or reduce, from time to time and for certain periods, duties on certain articles, reinstating them after the circumstances had changed, in which case the preferential margin may increase. Though he did not think that this was in conflict with Paragraph 2, he wished that it be considered by the Sub-Committee.

He also drew attention to the opportunity that now presented itself to simplify multiple customs tariffs by substitution of a single preferential rate. This, again, might involve increases in the preferential margin with reference to goods from countries supplying an insignificant part of the goods imported under the item concerned. This matter he suggested, should also be referred to the Sub-Committee.

M. BARADUC (France) proposed a re-draft of Paragraph 2 as follows:

"The stipulations of Paragraph 1 of the present Article shall not be interpreted as necessitating the elimination of preferences in respect of customs duties or other charges imposed on imports as they are defined hereunder:

- (a) Preferential regime in force.....
- (b) Preferential regime in force.....
- (c) Preferential regime in force.....

"The margin of preference in these preferential systems referred to above shall not be higher than the level established by negotiations as provided for in Article 24, and in any case will not be higher than the margin existing between

the preferential tariff and the tariff applied to States who are beneficiaries of the Most-Favoured-Nation clause at the date of reference established for negotiations."

This would in his opinion clarify the text and the Subcommittee might deal with the re-draft.

Article 24

Dr. G. GUTIERREZ (Cuba) referred to the Amendments presented at the beginning of the meeting.

A new Paragraph 4 of Article 24 should read as follows:

"Paragraph 3 will apply correspondingly if offers made by one Member in accordance with Paragraph 1 were not met by equivalent concessions of the other so as to make possible a reciprocal and mutually advantageous agreement on tariff and/or other charges on imports, and if the first Member considers that its interests would be seriously prejudiced by the fact that nevertheless its multilateral concessions could be claimed by the other Member on the basis of the Most-Favoured Nation clause".

Another Amendment presented by the Cuban Delegation refers to:

Sub-paragraph 1 (b) which should read as follows:

"All negotiated reductions in Most-Favoured-Nation import tariffs shall operate [automatically] to reduce or eliminate margins of preference, as far as the Member that enjoys the preference and will be affected by such reduction agrees. No margins of preference shall be increased, after the negotiations are completed."

Mr. SHACKLE (United Kingdom) withdrew his Amendment of Paragraph 1 (E/PC/T/W.135) in favour of the wording proposed by the United States Delegation (E/PC/T/W.146).

The Commission then approved the United States re-draft (E/PC/T/W.146) of Paragraph 1 (a), (b), and (c) provisionally as a basis for discussion subject to a decision on the Australian Amendment (E/PC/T/W.147) on Sub-paragraph (b).

Dr. COOMBS called attention to the Australian Amendment to Article 24, paragraph (b) (E/PC/T/W.147) and suggested that the Sub-Committee should consider whether this amendment should not more properly be dealt with as part of Article 14.

In the discussion of the Australian Amendment the Delegates for China, New Zealand, United Kingdom and the Union of South Africa declared themselves in favour of this Australian Amendment.

Mr. WINTHROP BROWN (United States) stated that the United States Delegation could not accept the Australian proposal as it stands, but felt that it provided a basis of further discussion in the Sub-Committee.

The Commission decided to refer the matter to the Sub-Committee.

Paragraph 3. Mr. J. TORRES (Brazil) stated that, if the Sub-Committee finds that the reservation made by the Brazilian Delegation (New York Report, page 10) was covered by the American Amendment (E/PC/T/W.146), he would be willing to withdraw this reservation.

A Sub-Committee on Articles 14, 15, 15a and 24 was then appointed. It would hold its first meeting on Thursday, 5 June at 10.30 a.m.; it would be composed of the delegates for Australia, China, Cuba, Belgium, Norway, the United Kingdom and the United States. The CHAIRMAN stated that all delegations had the right to be present at the meetings of the Sub-Committee and voice their opinions.

The Meeting rose at 6.25 p.m.

Corrigendum

During the meeting the following corrections were made in documents previously presented by Delegations; and consequently to be made also in the Annotated Agenda (E/PC/T/W.150) :

E/PC/T/W.146, Amendment to Article 24 presented by the United States Delegation, page 2, paragraph 1 :
delete the square brackets enclosing the words
"and other charges";

E/PC/T/W.147, Amendment to Article 24 presented by the Australian Delegation, page 2, sub-paragraph (b)(iii) :
insert the words "or both" in line 3, after the word
"either".