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

VERBATIM REPORT

TWENTIETH MEETING OF THE TARIFF AGREEMENT COMMITTEE
HELD ON MONDAY, SEPTEMBER 15 1947 AT 2.30 P.M. IN
THE PALAIS DES NATIONS, GENEVA.

Hon. L.D. WILGROSS (Chairman) (Canada)

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CHAIRMAN: The meeting is called to order.

At the close of our last meeting I announced that the first item we would take up today would be the document prepared by the Secretariat on the Signature of the Final Act, Agreement and Protocols. This document was circulated on 13 September, W/333.

This is an attempt on the part of the Secretariat to give expression to the wish of the Committee to set forth in written form the relation of the various documents one to another. The Committee will note that the Secretariat have set forth that the Protocols other than the Protocol of Provisional Application should be described as the "accompanying Protocols" to the Agreement, and that the Agreement and its accompanying Protocols should be signed at the same time. They have also pointed out that there is no provision now for the signing of the General Agreement and its accompanying Protocols at the same time as or before the Protocol for Provisional Application is signed, but it appeared in the course of our discussion at one of the meetings last week that it would be the intention of the Committee to make some provision in this respect. Therefore this is a point upon which we should reach a decision, as to in what way we should provide that the General Agreement and the accompanying Protocols should be signed before or at the same time as the Protocol of Provisional Application is signed.

Are there any comments?

M. ROYER (France) (Interpretation): Mr. Chairman, it seems that there is a slight error regarding point 2 of this document. I understood that it had been agreed that the Protocol of Provisional Application should remain open for signature until the 30 June 1948 and it seems to me that no change has been made in that decision.

CHAIRMAN: That understanding, Monsieur Royer, I think is correct, but the date of November 15th applies to the Signature by key countries, after which it would remain open for Signature by other countries until June 30th. Is that not the position?

M. ROYER (France) (Interpretation): Well then, Mr. Chairman, we ought to make this point more specific and state: until November 15th, 1947 for the so-called key countries, and until 30th June, 1948 for the other countries.

CHAIRMAN: I think that change should be made. I think the Committee will agree to any revision to this document which is felt necessary.

Are there any other comments?

The Delegate of Australia.

Dr. H.C. COOMBS (Australia): I must confess, Mr. Chairman, that I am a little puzzled by the second paragraph under the second heading. I am sorry that I was absent for some time last week, and that may account for the fact that I do not understand this.

I am puzzled to know what is the significance of signing the Agreement prior to effecting provisional application. When we finish at Geneva by signing the Final Act we authenticate the text. My understanding was that when we signed the Protocol providing for Provisional Application we would be undertaking to apply the provisions of the Agreement as contained in the authenticated text provisionally, and that later we would give effect to the Agreement definitively. Now, it does not seem to me that anything further is necessary at that stage.

I would like to know, therefore, why it is considered necessary that we should sign the Agreement, and secondly, if it is intended that we should sign the Agreement before giving effect to Provisional Application, what we are undertaking by that signature in addition to what we are undertaking by signing the Protocol of Provisional Application.

MR. J.M. LEDDY (United States): Mr. Chairman, we have prepared, for our own purposes, a short memorandum which describes each of the instruments which appear likely on the basis of the discussion that has so far emerged from the negotiations, showing for each instrument the Title, Time of Signature, Place of Signature, Signatory Countries, etc.

With regard to the question raised by the Delegate for Australia, we had written down this as to the nature of the General Agreement on Tariffs and Trade: The General Agreement is subject to an acceptance procedure, that is, each country accepts the General Agreement only when it deposits an instrument of acceptance to the Secretary-General of the United Nations, Signature of the Agreement, therefore, does not bind any country, although it implies a moral obligation to submit the Agreement to their legislatures where this is necessary. The Signature of the Agreement will have the full powers..... and so forth.

Now, I am not quite clear as to what the legal position is with regard to Signature of the Protocol of Provisional Application and Signature of the General Agreement, but I think it would be anomalous for a country to sign the Protocol of Provisional Application without signing, at the same time or prior to, the General Agreement, because,

after all, it is the General Agreement which is to be applied, although provisionally. There would be some substantial difficulties, as I see it, if a country did not sign the Protocol of Signature which is relating to the Charter and which starts out by saying: "At the moment of signing the General Agreement on Tariffs and Trade the undersigned agree to live up to the principles of the Charter to the fullest extent of their executive authority". So, it is envisaged that the Protocol of Signature of the General Agreement will be signed at the same time. Now, if a particular country should sign the Protocol of Provisional Application without signing the General Agreement there would, as I see it, ^{be} no commitment whatsoever with regard to the principles of the Charter by that country.

CHAIRMAN: Are there any other speakers?

Mr. Shackle.

MR. R.J. SHACKLE (United Kingdom): Mr. Chairman, there is just one remark which I would like to make and I think it has a bearing on what has just been said. As the Protocol of Provisional Application is at present, that is as compared with document E/PC/T/W/316, it provides for provisional application of Parts I, III and II of the General Agreement. I think it follows from that, as Mr. Leddy has just said, that as the documents are at present drafted concerning the Protocol of Provisional Application and the Protocol of Signature, the principles of the Charter would be brought in. It would be quite simple to rectify that by changing the draft of Provisional Application, because that is the effect of the documents as at present drafted.

DR. H.C. COOMBS (Australia): Mr. Chairman, I am sorry but I missed the first sentence of Mr. Leddy's remarks, and the answer that I was seeking may have been in the first sentence, but if it was not, it certainly was not in the balance.

So far as I understood him, he said that it would be anomalous for one to sign the Protocol of Provisional Application without signing the Agreement, but I still did not detect any reason why it would be anomalous, except that the Protocol of Signature begins: "At the time of the signing of the General Agreement on Tariffs and Trade". Now, that is the only reason, and as far as I can see the proper thing to do is to alter that wording to: "At the time of the signing of the Protocol of Provisional Application".

The real problem, Mr. Chairman, is that it does not seem to me to be necessary to sign the Agreement to apply it provisionally. All you need to do is to have a text, on the contents of which you are agreed, and to sign the Protocol applying the provisions of that text provisionally.

Now, if something more is required - and I cannot see why - the only conclusion I can come to is that signing the Agreement implies something further than an undertaking to apply it provisionally, and if it is something further then I want to know what it is.

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, I think, nevertheless that the United States Delegate is right in the statement he made.

The Signature of the Agreement does amount to the beginning of a commitment, and the Provisional Application is a provisional

implementation of applying these principles. The ratification will mean the definitive entry into force of these undertakings. If only the Protocol of Provisional Application were to be signed, there would be no commitment regarding the principles of the Charter, and I think that Dr. Coombs, as everyone else, wishes that the executive powers should undertake to observe provisionally at least the principles of the Charter.

Therefore, the procedure for Signature would be the following: One would sign the Agreement and the Protocols and the Protocol of Provisional Application, and then the ratification of the Agreement would come at a later stage. There would be no trouble, in fact, in signing also the Agreement and the Protocols, because I think that the Signature of the Agreement is, for the time being, a less precise undertaking than the Signature of the Protocol of Provisional Application.

CHAIRMAN: The Delegate of the United States.

Mr. LEDDY (United States): I was just going to repeat the portion of my remarks which apparently the Delegate of Australia missed.

I said we had prepared a paper for our own use, listing the various instruments and describing them, and that we had said this about the General Agreement on Tariffs and Trade: the General Agreement is subject to an acceptance procedure; that is, each country accepts the Agreement only when it deposits an instrument of acceptance. Signature of the Agreement therefore does not bind any country, although it implies a moral obligation to submit the Agreement to its Legislature where this is necessary.

I think that is the substance of the part of my remarks which the Delegate of Australia probably missed.

With respect to the suggestion that we might re-cast the so-called Protocol of Signature, so that it would be signed at the time of signing the Protocol of Provisional Application, I do not see any difficulty there that some countries may sign and accept the General Agreement without ever signing the Protocol of Provisional Application.

We are certainly not sure what the status will be. Therefore I think it is wiser, unless there is some good reason for a country, having signed the Protocol of Provisional Application, not being in a position to sign the General Agreement, to leave the texts as they stand.

I am not quite sure I see any objection to signing the General Agreement if a country is able to sign the Protocol of Provisional Application, which puts it into effect provisionally.

CHAIRMAN: The Delegate of Norway.

Mr. J. MELANDER (Norway): Mr. Chairman, we look at this programme, perhaps, from a slightly different angle. We feel that the Final Act should contain the text of the General Agreement, with the Schedules and the interpretative notes, and that we should have a Protocol of Provisional Application laying down the principle that, by signing that Protocol, we accept Parts I and III according to the Draft here and Part II according to the Draft and also to the principles of the Charter. That would cover the position.

With regard to the definitive entry into force of the General Agreement or the signature of that Agreement by parties who have not signed the Protocol of Provisional Application, that, of course, could either take the form of signing a Protocol of Signature on the lines suggested here and letting that be laid before the appropriate constitutional authority - Parliament or Congress or whatever it is - for ratification, or it could also - to quote the case of Norway - probably be done in the way that the Agreement as such, as contained in the Final Act, would be laid by our Government before our Parliament, which would say whether or not it could be accepted.

After the decision of Parliament has been reached - if it were a decision for acceptance - then, and only then, a representative of Norway would sign the Protocol of Signature if we had not signed it provisionally, and that Protocol of Signature would, of course, contain also the provisions of the Charter as embodied in the General Agreement.

As far as I can see, it would certainly be possible to operate with a Protocol of Signature as outlined here, but, in my view, it ought not to be compulsory to sign at some time previous to the Protocol relating to provisional application. It could be made

optional, so that it would suit those countries whose constitutional system is such that they have to sign first and then ask for ratification. That, I think, would solve the problem. In that case, in the Protocol of Provisional Application one ought to have the principles of the Charter, so that it could be operated independently.

CHAIRMAN: The Delegate of Australia.

Dr. Combs (Australia): What the United States Delegate has said has confirmed me in my impression. He has made it quite clear that a signature of the Agreement, whatever it may be legally, is a moral undertaking on behalf of a Government; an undertaking to present the Agreement, in the form in which it is signed, to the Legislature with the Government's approval.

It does commit the Government. It may not commit it legally, but, in fact, it does commit it. When it signs the Agreement it is, in effect, saying: "We will put this Agreement, in the form in which we have signed it, to our legislators with our support. We will not guarantee that they will accept it, but we guarantee that we will put it up with our support."

My point is that that is neither necessary nor desirable at the time of provisional application.

So far as we are concerned, as I understand the position it is this: our Government says: "We are prepared to apply this because we believe provisional application will assist along the general course of agreement in this matter, but there are certain things in this Agreement which we do not like."

There is an understanding that if the provisions of the Charter turn out to be different, there will be automatic supersession of some of them, at any rate, subject to certain conditions. We do not know, therefore, what is going to be the final text of this Agreement until next year. It is not necessary for us to sign this

Agreement until next year, because it is not going to enter into force definitively until next year - possibly fairly late next year. At least, we have until 30 June 1948 to sign it.

Therefore we want to say we will sign this Agreement, or its provisions, provisionally. That is nothing; it does not commit us about the Agreement at all. It is an undertaking to do something. Next year, when we have seen the outcome of the World Conference and we know with reasonable certainty what is going into the Agreement, we will decide as a Government whether we will recommend this to Parliament or not. We can do that: we can apply the thing provisionally and then next year we can have a look at it and decide we are not going to submit it to Parliament, and we have not misled anybody.

We have said we will apply it provisionally; we have not said we will recommend it to Parliament. Our hands are free, although we have applied it provisionally. That is the position we want to keep.

We are prepared to apply this provisionally from the 15th November, or whatever date is agreed upon. We do not want the Government of Australia to be committed to recommend this Agreement to Parliament until next year and I do not think it is necessary to have the Agreement signed in order to make it come into force provisionally; that can be done by signing the Protocol of Provisional Application, and then we can have the signature of the Agreement - if that is necessary - before the final date for definitive application.

It will then be for the Government of Australia to make its final decision as to whether or not it will recommend it to Parliament.

It seems to me, Mr. Chairman, the position is almost the reverse of what Mr. Leddy has said, unless there is really something necessary about the signing of the Agreement at the same time as the signing of the Protocol of Provisional Application. It is preferable, it seems to me, not to provide for that signature.

CHAIRMAN: The Delegate of the United States.

Mr. LEDDY (United States): I would like to point out that signature of the Agreement does not commit a Government to submitting the Agreement to its Legislature at any particular time or to accept it at any particular time. So far as the Government of the United States is concerned, we will not be in a position to accept until the middle of next year.

What we do feel is that the signature of the Agreement by Governments does indicate that the Governments support it and are satisfied with it. We have gone a long way, it seems to me, to provide for cases where countries are dissatisfied with a particular provision, and for reservations to the same provision in the Charter, by providing for supersession of the Agreement by the Charter.

Now the undertaking with respect to the Protocol of Signature - that is to say, to abide by the principles of the Charter - presents a difficulty for us, because it means that the Executive Branch is undertaking obligations within its power which normally cannot be given full effect except after approval by the Legislature; undertakings so far as the Executive has authority in matters of internal policy. And it seems only reasonable to us that if we are to be asked to sign an instrument of that sort other countries can be asked to subscribe to the policy of the Trade Agreement without tying them to any time or place of submitting the Agreement to their Legislatures or accepting it officially. Naturally, many countries will WAIT to deposit their instruments of acceptance until they see that other countries are going to do so.

CHAIRMAN: Are there any other speakers?

The Delegate of Brazil.

Mr. E.L. RODRIGUES (Brazil): Mr. Chairman, if we are not able to put this Agreement of Provisional Application into force we should like to make the entry into force in order to apply the Agreement to begin with January 1st, but in order to get the approval of our Congress we have to wait until November 18th and we will have only 12 days for getting this approval for putting into force before January 1st, because 30 days are required after the lodging of this Instrument of Acceptance. Now, what I should like to know is, how could you get the Agreement put into force definitively if up to January 1st less than 85% of the countries representing world trade had not accepted the Agreement definitively. I think it is a very difficult situation for us.

CHAIRMAN: I am not quite sure that I understood the question of the Delegate of Brazil. I quite understand the problems we have in connection with the constitutional procedure. The position would seem to be this. The Delegate of Brazil would probably wish to sign the Agreement and the accompanying Protocol before presenting it to his Parliament.

Mr. E.L. RODRIGUES (Brazil) Yes.

CHAIRMAN: Brazil could sign the Protocol of Provisional Application before November 18th if she felt certain that she could apply the Provisions after January 1st; if Brazil was not certain of that, then she would probably wish to wait and sign the Protocol of Provisional Application later when she could be sure as to the date on which she could give force to the Provisional Application.

As to the definitive entry into force, that would depend upon what countries representing 85% of the trade had accepted the Agreement, and it is quite possible that Brazil could be one of those countries and could contribute to the 85%. If not, then the Agreement would come into force definitively for the other countries that represented 85% of world trade and the entry into force as for Brazil when she had so accepted.

Mr. R.L. RODRIGUES (Brazil): I would like to add another word, Mr. Chairman. Let us assume that you cannot get the approval of Congress for the definitive entry into force one month before January 1st 1948. Then would Brazil have to wait for 85% of the other countries before the Agreement of Provisional Application could be put into force, if Congress's approval has not been obtained for putting the definitive agreement into force, I think it will be necessary, for Budgetary and technical reasons, to put the Agreement into force after January 1st.

CHAIRMAN: I see no reason why Brazil could not deposit the instruments of acceptance and sign the Protocol of Provisional Application at the same time, if that is what the Delegate of Brazil means.

May I suggest to the Delegate of Brazil that as these problems are of a very difficult nature arising out of the constitution of the situation in Brazil, perhaps it would be profitable if he could discuss them with the Tariff Negotiations Working Party at the Meeting they will have some day this week, who could go into them and give him the answers he is seeking.

Mr. R.L. RODRIGUES (Brazil): Yes.

CHAIRMAN: The Delegate of New Zealand.

Mr. J.P.D. JOHNSON (New Zealand): Mr. Chairman, I just wish

to add general support to the viewpoint put forward by the Delegate of Australia. It is quite probable that apart from key countries there will be other countries which before the 30 June would wish to give provisional application to the Agreement. It, however, there is no sense of commitment by signing the Agreement and that signature has got to be attached at the same time as the signing of the protocol of Provisional Application, it is quite possible that such action may be withheld. It is, therefore, essential that the Agreement should be signed at the same time as the protocol of Provisional Application and as that does not as yet appear to have been definitely demonstrated, we would prefer that that requirement should not be there.

CHAIRMAN: Are there any other speakers?

There is a difference of opinion in the Committee as to whether or not there should be an obligation upon countries when they sign the Protocol of Provisional Application at the same time to sign the General Agreement and the accompanying Protocols if they have not already done so before. I think Mr. Shackleton pointed out that the way the Protocol of Provisional Application is worded now, there is no such obligation to sign the General Agreement. So the point at issue is, whether or not we should provide in the Protocol of Provisional Application that at the time of signing that instrument the countries should first of all have to sign the General Agreement and its accompanying Protocols if they have not already done so.

I do not know how we should endeavour to resolve this question. Would the Committee consider it a desirable step if we appointed a sub-Committee to go into this matter and see if they could not reach some agreement?

The Delegate of the United States.

Mr. J.M. LEDDY (United States): I think that would be a good plan, Mr. Chairman, because it does present some very difficult problems on both sides. For example, what we would propose is to obtain legislation which would enable us to deposit the instrument of acceptance with the Secretary General. If in seeking that legislation we talked about an agreement which had not been signed by anybody, it might be a little embarrassing, and I think we ought to have an opportunity of examining the difficulties on all sides to see if we cannot reach some agreement that would be acceptable.

CHAIRMAN: Is the proposal to appoint a sub-Committee to examine this question approved?

The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, I quite agree with the procedure which you have outlined. I would only ask if Dr. Coombs could not envisage the following suggestion, that is, if he could not sign the Agreement ad referendum.

CHAIRMAN: Does Dr. Coombs wish to comment on the proposition of the Delegate of France.

M. ROYER (France) (Interpretation): I have only made that suggestion so that Dr. Coombs could talk over this question at the Meeting of the sub-Committee.

CHAIRMAN: I take it that the proposal for a sub-Committee to examine this question is approved? I should like to nominate the Delegates for this sub-Committee: The Delegates of Australia, Brazil, France, Norway, the United Kingdom and the United States, and I should like to nominate as Chairman of the sub-Committee Mr. Melander of Norway.

CHAIRMAN: Is the composition of the Sub-Committee approved?

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, I am willing to renounce representation of the United Kingdom.

CHAIRMAN: In that case we will have a Sub-Committee of five instead of a Sub-Committee of six. I think that would be agreeable. Are there any comments regarding the composition of the Sub-Committee?

Approved.

The Sub-Committee will meet tomorrow morning at 10.30.

The Delegate of Cuba.

Dr. Gustavo GUTIERREZ (Cuba): Mr. Chairman, before passing to any other document, I would like to make a reservation in connection with the text of the General Agreement. The document says both texts, English and French, are official texts of reference and authentic, but I would like to state that the Republic of Cuba will consider the English text as the text of reference and will use the Spanish translation of the English text. While awaiting the official translation into Spanish of the United Nations, the translation made by the Cuban Government would be considered the official one for the Cuban Government and its officials. We cannot present to our Congress, nor can our Customs Officers apply, a document in a foreign language and we wish to make clear that we accept both texts but we shall use as the official text, inside the country, the Spanish translation of the English text, provided that the United Nations can supply us with a proper official Spanish text.

CHAIRMAN: Due note will be taken of the statement just made by the Delegate of Cuba which does give rise to certain problems of a technical character which the Secretariat would not be

expected to give an answer on; therefore the Working Party would consider the question he has raised and give an answer on a later occasion.

We will now take up, so far as it is possible to do so, the Protocol of Signature. When we were considering the Protocol of Signature on Friday evening we agreed to hold it over until we had considered the question of the relation of the various documents set forth in the Secretariat's statement which we have just been considering. I take it now that it will be in order for us to consider the Protocol of Signature.

We had agreed at our meeting on Friday evening that we would have the Secretariat set forth a text of the Protocol of Signature with the amendments which had been tentatively agreed at that meeting. This has been done and is given in document W/332. The members of the Committee will, I think, on examining this document, see that while the Secretariat have attempted to incorporate certain suggestions put forward at that meeting, the resulting document is not at all a satisfactory one.

The difficulty of course arises in the reference in the first paragraph to "the undersigned" and the various implications that that brings. We then go on to say in the third paragraph that the undersigned "in their capacity as Members of the Preparatory Committee for the Conference". That seems to a certain degree illogical. And then in the final paragraph we say that the undersigned undertake, "pending their acceptance of a Charter in accordance with their constitutional procedures, to observe to the fullest extent of their executive authority the principles of the Draft Charter".

I am wondering if, rather than taking this text as a basis, we might not more profitably return to the text which was given in our original draft prepared by the Tariff Negotiations Working Party and consider the two texts together: I think in that way we are more likely to arrive at a satisfactory text for the Protocol of Signature.

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, may I say I think I have a solution. I am inclined to think that, without reopening discussion on the general form of this text, we might possibly be able to solve the problem if we replace the words "the undersigned" by this formula: "The signatories of the present Protocol". The word "signatory" is quite often used to denote a country which signs any agreement and I think if we say "the signatories of the present Protocol through their duly authorised Representatives" that would as it were pick up the fact that it is the countries on behalf of whom the Protocol is signed who undertake to do the various things the Protocol involves. I suggest that as a simple way of getting over this difficulty without returning to the original text.

CHAIRMAN: I want to thank the United Kingdom Delegate for having made that proposal, which may solve our difficulties. I would like to know if this proposal does meet with the approval of the Committee.

The Delegate of Czechoslovakia.

Dr. Z. AUGENTHALER (Czechoslovakia): Mr. Chairman, I have no objection to that, though I see no difficulty in "the undersigned": I thought that the difficulty was not in the word "undersigned" because it is quite clear that "undersigned" is not personally, but it is my country or my government who is the undersigned and I am only the authorised representative; so I thought that the whole problem is solved at the end by the signatures which would be given: that is to say, for example: Belgium, Mr. So-and-so, The Czechoslovakian Republic, Mr. So-and-so, The Government of the United Kingdom, Mr. So-and-so. So that would overcome the difficulty of the signature itself. But otherwise I have no strong feeling against "the signatories".

CHAIRMAN: Is the Committee in accord with the substitution of the words "the signatories of the present Protocol" in place of "the undersigned"?

Agreed.

Are there any other comments with regard to paragraph 1?

Dr. H.C. COOMBS (Australia): Yes, Mr. Chairman. In view of the question which we have raised as to the necessity for signing this Agreement at the time of signing the Protocol of Provisional Application, there are some problems which arise. If it is not necessary to sign the General Agreement at that time, in that case it would be necessary to provide for the undertaking at present embodied in the Protocol of Signature to be accepted by those parties who merely sign the Protocol of Provisional Acceptance. And from some points of view, Mr. Chairman, it does seem to me that the whole question of the text of this Protocol is so bound up with this question we are discussing and have referred to the Sub-Committee that there may be some advantage in deferring consideration of the text until after that Sub-Committee has reported.

Mr. J.M. LEDDY (United States): Could we refer this back to the Sub-Committee?

CHAIRMAN: Dr. Coombs has proposed that we defer further consideration of this Protocol until the Sub-Committee has made its report. Mr. Leddy has just made an alternative proposal that we should refer the question of the Protocol of Signature to the Sub-Committee. I would like to know if that would also meet with the accord of Dr. Coombs, in which case we could combine both suggestions.

Dr. H.C. COOMBS (Australia): Yes, I would agree.

Mr. J.P.D. JOHNSEN (New Zealand): Mr. Chairman, I have no objection to that procedure, but I had prepared an amendment to the final paragraph and I wonder if I might refer that to any Sub-Committee set up? I was also going to suggest that the title might be more properly in these words: "Protocol of Provisional Application of the Principles of the Charter" rather than "Protocol of Signature".

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, would it not be better to say "Protocol of Provisional Observance of the Principles of the Charter" rather than "Application"?

CHAIRMAN: If there are going to be proposals with regard to a change in the title or in the operative part of the Protocol, I think it would be useful to have a general discussion of these proposals before we refer the question to the Sub-Committee, so that the Sub-Committee could take into account the views expressed in the Committee. I therefore think it would be useful if we did now consider the question of the title.

The New Zealand Delegate has proposed that the title be changed to "Protocol of Provisional Application of the Principles of the Charter", to which Mr. Shackle has proposed an amendment "Protocol of Provisional Observance" The Cuban Delegation also suggested a change in the title at our meeting on Friday afternoon. It will be recalled that at that time there were suggestions for a number of Protocols. Since then we have eliminated one, the Protocol of Interpretative Notes, by making it an Annex, and I understand that there is a possibility that it may not be necessary to have one of the other Protocols we had in view; so it may be that we are left with only this Protocol in which case the title "Protocol of Signature" might not be as inappropriate as it seemed at first. However, before referring the title to the Sub-Committee, it might be useful if we had an expression of views of any members of this Committee who have any views at this time.

CHAIRMAN: Are there any comments on the title of the Protocol?
The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, if there is only one Protocol left, then we could adopt the title which appears here: "Protocol of Signature". If there is to be more than one Protocol, the Protocol would have more strength if its title were to be modified and we could adopt, perhaps, the following title: "Declaration Relating to the Observation of the Principles of the Charter". That is just a suggestion.

I would like to add, Mr. Chairman, that, to my mind, it does not seem indispensable here to use the word "provision".

M. P. FORTHOMME (Belgium): Mr. Chairman, could we not put all the suggested titles in a hat and draw one!

CHAIRMAN: Are there any other comments?

I think we can refer this question to the Sub-Committee in view of the fact that Members do not feel very strongly on the question of the title.

Could the Delegate of New Zealand tell us what his proposal is regarding the last paragraph?

MR. J.P.D. JOHNSEN (New Zealand): Yes, Mr. Chairman, in the second paragraph from the end I think there is just a slight verbal amendment.- the word "draft" before "Charter" should, I think, be with a capital "D".

So far as the final paragraph is concerned, the difficulty that I see in it is that countries are being asked there to give effect to the principles of the Draft Charter, even though there may be some of

those principles to which they may not, at the time of Signature of the Agreement, subscribe. Furthermore, it is quite possible that, at the time of that Signature, a Charter may have emerged from the World Conference, and presumably in that case the idea would be that it would give effect to the principles of the Charter, subject again to any reservations which you may have made in connection with it.

To cover that particular position, I have suggested a re-wording of that paragraph in the following form: "UNDERTAKE pending their acceptance in accordance with their constitutional procedures, of any Charter which may be adopted by the Conference, to observe to the fullest extent of their executive authority but subject to any reservations they may have made on particular provisions, (a) the general principles of such Charter, or (b) in the event of no such Charter having been adopted at the time of their signature of the General Agreement, the general principles of the said Draft Charter until such time as the text of the Charter is finally established, in which case the foregoing undertaking shall then relate to the general principles of the Charter.

THEY UNDERTAKE further that should a Charter not be adopted by the Conference or if adopted, should not have entered into force by November 1, 1948, to meet again to consider in what manner the General Agreement should be supplemented".

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, may I remind the Committee that, some months ago, I had a long discussion in New York with Mr. Nash on a somewhat similar subject. The discussion was about the provisions, the observation of the principles embodied

in Chapter 7 of the Charter, which is now Chapter 6. Mr. Nash made some objections to these principles of the same kind as those which have been made now by the New Zealand Delegate. I pointed out to Mr. Nash that his position was entirely safeguarded and that one was asked not to observe specific provisions, but general principles. Here, I would like to point out to the New Zealand Delegate that the situation is the same and what the Governments of countries are asked to do is to observe general principles and not specific provisions of the Charter.

Therefore, if we agree on the principles, his position is safeguarded, and I think we all agree on the principles of the Charter - otherwise nothing, of course, would be meant by the Protocol of Signature if we did not.

There is the slight difficulty that the Charter might be adopted at Havana during the period of validity of the Protocol of Signature, but we have to work, and we have been working, on the assumption that the principles of the Charter as it is adopted in Havana will not differ from the principles of the Charter as laid out in Geneva. There might be some difference of detail in the provisions of the Charter, but the principles will remain the same.

I have a number of objections to the text which was submitted by the New Zealand Delegate, and one of these objections is that we would be agreeing to any Charter which might be adopted at Havana, and that seems to be implied in the New Zealand text.

As to the last point of the New Zealand amendment, I think that this point does not matter very much because, in any case, this last passage will be replaced by the provisions of Article XXVII.

CHAIRMAN: Are there any other comments?

MR. J.P.D. JOHNSON (New Zealand): Mr. Chairman, I might say that I put forward this proposal merely to clarify these issues with a view to assisting and giving a text that might be generally acceptable. It was mainly for the purpose of calling attention to the fact that there might be a commitment to specific principles, and so long as the Committee attain to general principles only that would cover the situation.

So far as the last paragraph is concerned, or the last sentence, that is merely a re-writing of the provision that is already in the draft in another form.

CHAIRMAN: Are there any other comments on this Protocol?

Then, I think we can leave it in the hands of the Sub-Committee to consider the Protocol of Signature, after they have discussed the relationship of the Protocol of Provisional Application to the General Agreement and the Protocol of Signature.

I am wondering, now that the terms of reference of the Sub-Committee have been broadened, whether Mr. Shackle desires to be included in the Sub-Committee now?

MR. R.J. SHACKLE (United Kingdom): Yes, Mr. Chairman, I am prepared to join it. Thank you.

CHAIRMAN: The Sub-Committee will now, therefore, consist of six Members and will meet tomorrow at 10.30, and they will study the Protocol of Signature as well as the original Terms of Reference.

The next order of business is Article XXVII, paragraph 1. The Australian Delegation circulated their proposal, which is given in

document E/PC/T/W/334, and this afternoon there was circulated another proposal of the Australian Delegation, which is given in document E/PC/T/W/ 335. I take it this supplants the proposals given in the original document.

M. ROYER (France) (Interpretation): Mr. Chairman, I would just like to make a brief remark, in the name of the French-speaking Delegations, on the French text of E/PC/T/W/335. I do not wish to go into details of the errors which have been made in establishing that text, but there is one important point, that is, the word "décider" in the sixth line of paragraph 2 of the French text ought to be replaced by the word "convenir", and that same word has to be replaced in the third line of paragraph 3, and also in the fifth line of paragraph 4.

M. ROYER (France) (Interpretation): Mr. Chairman, to avoid debate on the subject, I would like to point out that the words "ou de modifier" which appear in the sixth line of Paragraph 2 of Document W/335 ought to be deleted, because there is no question here of modifying the provisions of the Charter.

CHAIRMAN: I wish to thank the Delegate of France for having pointed out these mistakes in the French text and I may say that a re-draft of the French text in the form agreed upon by the French-speaking Delegations is now being prepared and will be circulated to Delegations in a few minutes.

The Delegate of Australia.

Dr. COOMBS (Australia): Mr. Chairman, as we indicated at the conclusion of the last meeting, we felt that the previous draft we prepared was open to possible misunderstandings. In particular, we felt perhaps it was open to the criticism directed towards it by the Delegate of India; that it did not deal clearly with the two problems.

The first arose from the fact that it was desirable that those parties to the Agreement should accept all the obligations of the Charter, whether they were obligations which were incorporated in Part II - General Commercial Policy undertakings - or whether they were obligations arising out of other parts of the Charter, such as those relating to employment, industrial development and commodity policy.

The second problem was that of possible difference in the nature of the text of the General Agreement and the corresponding Charter provisions when finally decided upon.

We have therefore prepared a second draft which seeks to deal with those two problems quite separately.

The first two paragraphs deal with the position of a possible difference between the text of the Charter when agreed upon and that of the General Agreement as authenticated at this meeting.

The third paragraph deals with the situation which may arise where one of the contracting parties does not accept the Charter, which, however, has come into force.

The last paragraph deals with the situation which might arise if the Charter does not enter into force or ceases to be in force.

Generally speaking, so far as the other provisions of the Charter are concerned, this draft seeks to establish a position where, if all the contracting parties to the Agreement do not adhere to the Charter, action can be taken to decide whether they can be called upon to accept corresponding obligations - perhaps not in their entirety but at any rate to the degree considered necessary by the remaining contracting parties.

So far as the possible differences between the Charter as finally agreed upon and the General Agreement are concerned, the procedure is that, in the absence of any objection, the provisions of the Charter automatically replace the provisions of the Agreement as they are agreed upon here. If there is an objection, then provision is made that the contracting parties must meet to consider that objection, with a view to agreement as to what action shall be taken in relation to that provision.

I want to make special reference, Mr. Chairman, to the fact that we have used the word "agreed." This is intended to mean that every effort shall be made to obtain agreement between the parties. What is intended is that there will be discussion and negotiation, out of which it is hoped that all the contracting parties will agree unanimously to some course of action: either

the supersession by the Charter provisions as they stand or the retention of the original Agreement provisions, or the adoption of some compromise between those two which is acceptable to everybody.

We think that shade of meaning is implied by the use of the word "agreed" rather than by the use of the word "decide," but it is clear that if any agreement is reached to which some party cannot adhere, then he should have the right to withdraw. We have covered that by the recommendation attached to the bottom of this document, where we suggest that the definitive entry into force of the Agreement shall not take place until after it has been agreed what will be the precise provision in the Agreement, whether it will be the provision in the Charter or some variation therefrom.

That means that if it is unacceptable to one of the contracting parties that contracting party still possesses the right of withdrawal which it has during the period of provisional operation.

I do not think it is necessary for me to add anything further, Mr. Chairman, except to say that the text was prepared after consultation with a number of the countries which expressed interest in the matter, and I think most of the Delegations have had some opportunity of having a look at it.

CHAIRMAN: Are there any other comments?

The Delegate of the United Kingdom.

Mr. SHACKRE (United Kingdom): Mr. Chairman, I think the substance of the proposal would be entirely acceptable to my Delegation.

There is just one small drafting point I would like to mention. In the second line of Paragraph 2 there is an ambiguity in the words "or as soon thereafter as is practicable." Does the word "thereafter" refer to the period after 60 days have expired or does it refer to after the final date of the lodging of the objections?

If it refers to after the final date of the lodging of the objections, then it seems to me that a reference to the 60 days is probably superfluous and one could say "as soon as practicable."

If, on the other hand, the 60 days shall be an absolute limit, then I think one should drop the words "or as soon thereafter."

I do not know what is intended, but I think there are two possible alternative ways of making the point clear.

CHAIRMAN: The Delegate of Australia,

Dr. COOMBS (Australia): Well, Mr. Chairman, I think what was meant was that the aim should be to hold this meeting within 60 days after the final date for the lodging of objections. We did not want to make that absolute, as it might cause serious inconvenience to do so. Therefore we added the phrase "As soon thereafter as is practicable," so that there would be some let-out. But it would be clearly the intention that the meeting should be held within 60 days after the final date of lodging the objections.

However, we would not attach great importance to it and if it is decided to adopt either of the two solutions suggested by the United Kingdom Delegate we would raise no objection.

CHAIRMAN: The Delegate of the United Kingdom.

Mr. SHACKLE (United Kingdom): In the light of the explanation which Dr. Coombs has given, I think I was probably too meticulously logical, so I think I will go back to the original text.

CHAIRMAN: The Delegate of Chile.

M. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, I would like to come back to the reservations which we have made here regarding certain special provisions of the Charter. I am now referring to Article 16 of the Charter, which appears in Part I of the Agreement.

We have stated previously that Parts I and II of the Agreement, as far as they embody provisions of the Charter, should follow the same rules of supersession, especially regarding the provisions of the Charter on which we made some reservations.

CHAIRMAN: Are there any other comments?

The Delegate of the Lebanon.

Mr. J. MIKAOUI (Lebanon): Mr. Chairman, the Lebanese Delegation had presented the same reservations to Article 16 as the Chilean Delegation. Therefore I must say that the text presented by the Australian Delegation is fully satisfactory to us, except that we should prefer that the reservations we made to Article 16 should automatically be superseded in the text of the Agreement in the same respect as the reservations made to Part II of the Agreement.

CHAIRMAN: The Delegate of Cuba.

Dr. GUTIERREZ (Cuba): Mr. Chairman, as I have so many times stated the position of the Cuban Delegation with reference to reservations, I really think it is a pity that I have to take up your time. But I must say that we are under the impression that Paragraph 2 of the Final Act, which deals with reservations to the Draft Charter, is still open for a final decision, when, in our opinion, a way will be found to settle this matter to the satisfaction of all the Delegations.

CHAIRMAN: Members of the Committee will recall that on Friday afternoon, when we were discussing the second paragraph of the Final Act, it was agreed to defer further consideration of this paragraph and the whole subject of reservations until we had agreed on the text of Paragraph 1 of Article XXVII. We are now in the process of endeavouring to reach agreement on Paragraph 1 of Article XXVII. That will enable us, when we have reached agreement on these particular provisions of the General Agreement, to take up again the question of reservations. I propose to allot an afternoon - which will probably be Wednesday afternoon - to the discussion of that subject.

CHAIRMAN: The Delegate of New Zealand.

Mr. J.P.D. JOHNSEN (New Zealand): Mr. Chairman, there are one or two points I should just like to raise in connection with this draft; in the third line of the first paragraph, it speaks of suspension and supersession. In the third and last lines of the first paragraph it says "suspended or superseded". I do not know what the sense is there - I think it is intended to be "suspended and superseded".

Another point I should like to make, which is really of a drafting nature, is that in the first paragraph, fourth from the last line, we speak of "any provision or provisions". Now, in the second paragraph, fourth line, we refer to the "relevant provision". That could be covered by the word "any" - "any relevant provision".

The other point I wished to comment on was in connection with the notification of objections. The way I read this is that a contracting party to the Agreement, signatory to the Agreement or signatory to the Protocol of Provisional Application would advise the other contracting parties of any objection. That objection would be determined in accordance with paragraph 2. Now, any countries who are signatory to the Final Act would, I think, be very interested in knowing what objections had been lodged and also in knowing what decisions had been taken on those objections. The decisions reached on objections made may influence their attitude towards signing the Agreement themselves. I would suggest, therefore, that provision may be made that all countries signatory to the Final Act should be advised of such objections and decisions thereon.

CHAIRMAN: We shall be able to deal with the drafting points suggested by the New Zealand Delegate when we take up the Australian proposal paragraph by paragraph.

The Delegate of India.

Mr. B. N. ALARKAR (India): Mr. Chairman, we will accept the draft suggested by the Australian Delegate, but we would like to have some clarification about paragraph 2. If I heard him correctly, the Delegate of Australia stated that it is hoped that the contracting parties, when they consider objections would agree unanimously on whether the objections would stand or whether the corresponding provisions of the Charter should be applied in place of the existing Agreement.

He stated that it was hoped, and that is also our hope, and we should be grateful if the Committee would confirm that this paragraph 2 would operate in a flexible way and will not be interpreted so as to imply any definite and precise rule about voting or other matters of procedure. Of course, we hope that we shall reach unanimous agreement, but if such unanimous agreement is not reached it will not necessarily block any amendment which is acceptable to the other contracting parties.

We would point out that we did not experience any practical difficulty in the course of our deliberations in London or Geneva as a result of not having adopted beforehand any precise rules about the particular voting requirements for reaching a decision on any particular matter. That encourages me to think that it is unnecessary at this stage to lay down any precise voting rules. It is only that consideration which makes us accept the very flexible formula embodied in paragraph 2. We would, therefore, like the Committee to confirm our understanding that this paragraph 2 will actually operate in a flexible manner so far as voting is concerned.

As regards paragraph 1, we would only suggest the insertion of the word "corresponding" before the word "provision" of the Charter, appearing in the last but one line of that paragraph 1.

In the third line of paragraph 1, one finds "corresponding provisions of the Charter". Since the original proposal will

only deal with the corresponding provisions of the Charter there is no question of any contracting party objecting to incorporating anything but the corresponding provision of the Charter. As it stands it is rather inconsistent with the earlier part of this paragraph and we would therefore suggest the insertion of the word "corresponding" before the words "provision of the Charter" in the last line but one of paragraph 1 in order to make it clear.

CHAIRMAN: Are there any other general comments before we begin to deal with the Australian proposal?

The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, I would only like to state that it was precisely to get the flexible text that is required by the Indian Delegate that we asked the Australian Delegation to revise the text which it had formerly proposed. We quite agree with Dr. Adarkar that this text which we have now before us is flexible enough.

We have to read this text in a spirit of compromise for the negotiations and in such a spirit should these negotiations be approached. This is the reason why no precise rule of voting was provided for in the text here.

CHAIRMAN: Are there any other comments?

We can now take up paragraph 1 of the Australian proposal. The first suggestion which we had was the suggestion of the New Zealand Delegate to replace the word "or" in "suspended or superseded" in the 8th line, by the word "and".

Mr. R.J. SHACKLE (United Kingdom): I think that is right, Mr. Chairman.

CHAIRMAN: Are the Committee in agreement with the proposal

of the New Zealand Delegation that the word "or" in the third line from the bottom of page 1 should be replaced by the word "and". The Delegate of India propose to add the word "corresponding" between the word "any" and the word "provision" in the second line from the end. Are there any objections to the proposal of the Indian Delegation?

Mr. R. J. SHACKLE (United Kingdom): Mr. Chairman, I should like to be clear about this. It seems we are here defining the things to which a contracting party may object. We are saying here that a contracting party may object to the incorporation of the Agreement in the Provisions of the Charter. Now, supposing we put "any" corresponding provision, it would seem to follow there that the contracting party could not object to the incorporation of some non-corresponding provision - I may be wrong.

Dr. H. C. COOMBS (Australia): I am not sure, Mr. Chairman, that it would not be adequate if we stopped the sentence at "superseded". I think the last sentence is unnecessary, and I think the meaning will be quite clear if we stopped at "superseded".

CHAIRMAN: Is the proposal of the Australian Delegation to delete the last sentence, or at least, the last part of the last sentence which says "or to the incorporation in this Agreement of any provision of the Charter" approved?

Any objections? Agreed.

The Delegate of Chile.

Mr. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, we have moved that the words "Part I and Part II of this Agreement shall be suspended and superseded", because, as we have stated previously, Part I and Part II would follow the same rules of supersession and we would like to have the opinion of the Committee on this question.

CHAIRMAN: The Delegate of Lebanon.

Mr. J. MIKAOUI (Lebanon) (Interpretation): Mr. Chairman, the Australian proposal admits the principle of substitution of the Articles of the Charter for the Articles of the Agreement, but it limits the substitution to the Articles included in Part II of the Agreement. Nevertheless, there are several Articles of the Charter which appear in the Agreement, namely Article I, which is in Part I and which corresponds exactly to Article 16 of the Draft Charter.

For this reason I second the proposal which was just made by the Chilean Delegate and this proposal could be implemented in either or both of these ways; or we could, as the Chilean Delegate proposed, insert the words "Part I" before the words "Part II" of this paragraph "Part I and Part II of this Agreement shall be suspended" or we could draft paragraph 1 as follows:

"On the day on which the Charter of the International Trade Organization enters into force the application of the Articles of the Charter embodied in the present Agreement shall be suspended or superseded".

CHAIRMAN: The Delegate of Norway.

Mr. J. MELANDER (Norway): Mr. Chairman, on this paragraph 1 of the Australian Delegation's draft, we completely agree as to the points raised by the Delegate of Chile and the Delegate of the Lebanon. I have the impression that the Committee discussed that problem rather thoroughly a couple of weeks ago and that we really settled in principle that the solution should be as contained in the Australian draft which we have before us.

CHAIRMAN: The Delegate of Norway is quite correct, as I think the verbatim record will show. When we were discussing Article I at the second reading there was a very full discussion as to whether or not Article I should be included in Part I or Part II of this Agreement. The basis on which the General Agreement has been divided into Parts I, II and III is that Part II should be superseded in some manner or other by the Provisions of the Charter and this Article XXVII is to give effect to that provision. So that the Committee has already decided that Article I should be in Part I and what we are doing now is simply giving effect to the supersession by the Charter of Part II of the Agreement.

Mr. J.M. LEDDY (United States): Mr. Chairman, as I understand it, the difficulty that the Lebanese Delegate had with the Most-Favoured-Nation Clause of the Charter was on the question of regional preferences for economic development and I think that properly goes into Part II anyhow, because the provisions relating to economic development are in Part II of the Agreement, so presumably whatever is included in the Charter at the Havana Conference on that subject will then supersede Part II of this Agreement. So I believe therefore that the position of the Delegate of Lebanon is already covered.

CHAIRMAN: The Delegate of Lebanon.

Mr. J. MIKAOUI (Lebanon) (Interpretation): Mr. Chairman, I regret very much that I should have to waste the time of the Committee, but nevertheless we want to state that if we made reservations on Article XVI it was on the instructions of our Government.

I would like to thank the Chair for the explanation which the Chairman has just given on the division of Part I and Part II. What I asked is not that we should come back on a decision which was made some days ago that part of Article I should be inserted in Part II, but I asked only that the text of the first paragraph of the Australian amendment should be amended so as to include also Articles of the Charter which are, just as well as the Articles appearing in the second Part, Articles of the General Agreement.

Mr. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, the Chilean Delegation could agree, on conditions, to the Australian amendment. Since the beginning of this discussion relating to the Draft Agreement the Chilean Delegation has pointed out that the idea to be followed was the possibility of substituting the Articles of the Charter for the Articles

of the Agreement, and here therefore it seems somewhat anomalous that we should agree to follow a different procedure in respect of certain of the Articles of the Charter. This furthermore would place certain of the delegations, delegations which have made reservations on certain Articles of the Charter, in a most embarrassing position. This refers mainly to reservations made to Article XVI of the Draft Charter. This would be a situation may I say which would be entirely unbearable for certain delegations. Regarding Article XVI I should say that the situation would be unbearable for the Chilean Delegation and I suppose also for the Syrian and Lebanese Delegations. If Article XVI is to be modified by the Conference, then it would seem quite logical and natural that Article I of the Charter could be also modified, in the same way as other Articles of the Charter which will replace the corresponding Articles of the Draft Agreement will be modified at Havana.

Mr. Chairman, we would not be in a position to accept the draft of the Australian amendment regarding paragraph 1 if alongside with Part II of this Agreement Part I were not also to be mentioned. One Delegate here gave as an explanation that some of the points raised by one of the Delegations was covered by Article 13 of the Draft Charter on Economic Development. It seems to me Mr. Chairman, that the whole matter would not be covered by that Article and anyhow we have now received instructions from our Government which compel us to insist on the insertion of Part I in the first paragraph of Article XXVII.

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, I fully understand the point of view of the Chilean and Lebanese Delegations, but nevertheless I would like to draw your attention to a material fact, it may be a minute fact, but a fact which is here, that is that Article I is not entirely identical with Article 16 of the

Draft Charter and the conditions laid down in Article I of the Agreement are somewhat different from the conditions laid down in Article 16 of the Draft Charter and it would not be possible to replace, without alteration, Article I of the Agreement by Article 16 of the Draft Charter. The only procedure to be followed if this replacement were to take place would be the procedure of Amendments, and therefore I think that this question ought to be raised when we come to discuss this question of amendment, that is when we come to take up the examination of the following Article on Amendments.

Mr. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, I am afraid I cannot answer the French Delegate on the point which he has just raised because I have not the text of the Article before me, but I would like to ask him a question: that is, do the Articles of the Draft Agreement reproduce faithfully the provisions of the corresponding Articles of the Draft Charter?

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, I think I can answer in the affirmative, except perhaps on just one point. I will not insist on this point because the corresponding Article has not yet been adopted by the Committee, but nevertheless in Part II the Articles of the Draft Agreement reproduce faithfully the Articles of the Charter. On some points there are modifications, but they are only formal modifications - for instance, the insertion of the words "contracting parties" - and there would be no difficulty for the functioning of the Agreement to replace the Articles of the Draft Agreement by the Articles of the Draft Charter.

CHAIRMAN: The Delegate of Chile.

MR. A. FAIVOVICH (Chile) (Interpretation): Mr. Chairman, I have now found the text which I did not have before, and I would like to answer the remark just made by the French Delegate with his usual clarity and state that the Articles of the General Agreement in Part II do not represent exactly the Articles of the Draft Charter, and that rule which he sets forth for Part II also applies to Part I.

CHAIRMAN: We have two proposals before us. One, of the Chilean Delegation, which provides that Parts I and II of this Agreement shall be suspended and superseded by the corresponding provisions in the Charter, and another, of the Syrian Delegation, which reads somewhat as follows: "On the date on which the International Trade Organization enters into force any provisions of this Agreement which correspond to the provisions of the Charter

shall be suspended and superseded by the correspond provisions of the Charter.

(Interpretation)

MR. J. MIKAOUI (Lebanon): Mr. Chairman, speaking in the name of both the Syrian and Lebanese Delegations, we would like to state that either one of these formulae would satisfy us.

CHAIRMAN: Does any other Delegate wish to comment on this proposal?

MR. J.M. LEDDY (United States): Mr. Chairman, my view is that the general most-favoured-nation clause is an application of customs tariffs, and exceptions to this clause are, in our view, so inexorably bound up, that the putting into effect would affect Tariff Schedules, and it is not practical to provide for an amendment procedure with regard to this clause. Therefore, I do not feel that we can see our way to placing the most-favoured-nation clause on the same basis as Part II of the Agreement, from the point of view of supersession by the Charter.

CHAIRMAN: Any other comments?

The Delegate of Belgium.

M. P. FORTHOMME (Belgium): Mr. Chairman, I would just like to say that, although we are not absolutely wildly enthusiastic about the Agreement, at least we know what it is, and we will not favour any automatic extension of any part of this Agreement apart from what is necessary, and as there are amendment provisions which would enable people to take care of any necessary change that could be made in Article I, we would not favour these two suggested amendments.

CHAIRMAN: The Delegate of India.

MR. B.N. ADARKAR (India): Mr. Chairman, it seems to me that this question could be decided independently of whether any further exceptions should be admitted to the most-favoured-nation rule laid down in Article I. In fact, this rule is subject to exceptions not merely those stated in paragraph 2 of that Article, but also to several other exceptions laid down in certain parts of Part II.

If all that the Chilean and Lebanese Delegations wish is that this rule should be subject to one further exception, namely, the exception in favour of regional preference arrangements, they could secure that object by getting the necessary amendment adopted in the Charter and then Part II, when it is superseded by the provisions of the Charter, would automatically cover that point. It is therefore not necessary for them to insist on Part I also being subject to the process of supersession.

Of course, the existing Article, Article XVIII on adjustment in connection with economic development, sets forth the procedure which provides for release for any discriminatory measures needed for economic development or reconstruction, and under the terms of the Australian amendment we have only provided for a procedure for the provisions of Part II being superseded by the corresponding provisions of the Charter. Since there is no provision at present in Part II on the subject on regional preferential arrangements, the words "corresponding provisions" might perhaps create difficulties for those Delegations which wish to see some provision included in Part II in regard to regional preferential arrangements.

I would therefore suggest that we could find a solution to this problem by reaching an understanding here in this Committee that,

although Article XXVII speaks of Part II being superseded by the corresponding provisions of the Charter, we understand that if an Article on regional preferential arrangements, Article 15, is adopted, that will be included among the provisions of the Charter which would apply in place of Part II should supersession be decided upon in accordance with paragraph 2 of Article XXVII.

CHAIRMAN: The Delegate of the United States.

MR. J.M. LEDDY (United States): To meet the position of the Chilean and Lebanese Delegates, it would be possible to put in an interpretation in the Agreement along the lines suggested by the Delegate of India, that is, that Articles 13, 14 and 15 of the Charter do correspond with Article XVIII of the Agreement. I do not think that there is any doubt about that with regard to this group of Articles on economic development.

CHAIRMAN: Would that meet the point raised by the Delegates of Chile and Lebanon?

MR. A. FAIVOVICH (Chile) (Interpretation): Mr. Chairman, I would like first to thank my colleagues here for the goodwill and spirit of co-operation which they have just shown, but I must state that, to my regret, it is not possible for us on the instructions of our Government to accept paragraph 1 of the Australian amendment without including the words "Part I".

CHAIRMAN: The Delegate of the Lebanon.

MR. J. MIKAOUI (Lebanon) (Interpretation): Mr. Chairman, first of all I would like to thank all the Delegates who have shown such a

of comprehension in widening the field of understanding here, but I must state that with deep regret, in my name and in the name of the Syrian Delegation, we cannot accept the compromise which has just been put forward.

CHAIRMAN: I also regret that it has not been possible to reach agreement on this point. Therefore, due note will be taken of the statements just made by the Delegates of Chile and Lebanon.

Are there any other comments on paragraph 1?

Monsieur Royer.

M. ROYER (France) (Interpretation): Mr. Chairman, I would like to ask the Australian Delegation whether they have any objection to the deletion of the words "at Havana" in the first paragraph? I think that these words are useless.

CHAIRMAN: The Delegate of France proposes the deletion of the words "at Havana". Are there any objections?

Agreed.

Are there any other comments on paragraph 1?

The Delegate of China.

MR. D.Y. DAO (China): Mr. Chairman, may I ask whether there is any special significance which will be attached to the words: "Contracting Parties". I understand that when it is in capitals it means Contracting Parties meeting as a Committee. Is there any special significance to be attached to the capital letters of Contracting Parties here?

CHAIRMAN: Yes; if the Delegate of China will refer to Article XXV of the new text he will see that the purpose of putting capital letters to Contracting Parties means that the Contracting Parties are acting jointly. I would refer him to Paragraph 1 of the new Article XXV.

Mr. DAO (China): Yes, Mr. Chairman. I raised that point in connection with the definition of contracting parties because contracting parties would mean countries who are applying the provisions of the Agreement provisionally, or those who have accepted the Agreement. This case will probably happen only 60 days after the closing of the next Conference, say, in April, or earlier, and at that time I should imagine the Agreement would not come into force definitively. There are so many countries who will apply the provisions of the Agreement provisionally.

Now, when the Agreement is not definitively in force, would there be Contracting Parties as a Committee among the countries applying the provisions of the Agreement provisionally?

CHAIRMAN: I would take it that the Contracting Parties who would be acting as a Committee would be those who are contracting parties according to the definition of contracting parties given in Paragraph 1 of Article XXXII.

Are there any other comments?

The Delegate of New Zealand.

Mr. J. P. D. JOHNSEN (New Zealand): Mr. Chairman, there is just a point I would like to raise regarding the Final Act. I do not know whether you wish to deal with it now or when you deal with Paragraph 2.

CHAIRMAN: Does that relate to Paragraph 1?

Mr. JOHNSON (New Zealand): Yes; my suggestion was that any objection should be brought to the notice of the signatories to the Final Act.

CHAIRMAN: The New Zealand Delegate has proposed that in place of the words "contracting parties" in the sixth and seventh lines, the provision should read: "that any contracting party to this Agreement may lodge with the signatories to the Final Act an objection to any provision," etc. I take it that was your suggestion, Mr. Johnson?

Or was your proposal simply that all signatories of the Final Act should be informed of the objection and apprised of the decision?

Mr. JOHNSON (New Zealand): That was the sense of my suggestion, Mr. Chairman.

CHAIRMAN: Are there any comments on the suggestion of the New Zealand Delegate?

The Delegate of the United Kingdom.

Mr. SHACKLE (United Kingdom): Mr. Chairman, I do not know whether it is appropriate to discuss a drafting amendment at this point. My suggestion would involve a new paragraph, but I thought something simple would meet the case.

My suggestion would read: "Any objection lodged by a contracting party under the provisions of Paragraph 1 of this Article and any agreement which may be reached between the contracting parties under Paragraphs 2 and 3 shall be notified for information to the signatories of the Final Act which are not at the time applying the General Agreement either provisionally or definitively."

I thought of that as a new additional paragraph to this Article.

Mr. JOHNSEN (New Zealand): That would be satisfactory from my point of view, Mr. Chairman.

CHAIRMAN: Where would Mr. Shackle suggest that paragraph should come?

Mr. SHACKLE (United Kingdom): It should come at the end.

CHAIRMAN: Between Paragraphs 3 and 4?

Mr. SHACKLE (United Kingdom): Either there or after Paragraph 4.

CHAIRMAN: Are there any comments on the proposed new Paragraph 5 suggested by Mr. Shackle?

Are there any objections to the proposal just put forward by Mr. Shackle for a new Paragraph 5?

(At the Chairman's request, Mr. Shackle agreed to write out the text of his amendment, for transmission to the Secretariat).

CHAIRMAN: Whilst we are waiting for Mr. Shackle to write out the text, I will call upon the Delegate of Chile to raise another point.

M. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, regarding Paragraph 2, we read: "the contracting parties shall . . . confer to consider the objection and to agree whether the relevant provision of the Charter," etc. I would like to know, in relation to that word "agree", what kind of quorum would be required so that one could say there had been agreement.

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, if I may explain briefly what we had in mind when we adopted that draft, I would like to say that the word "agree", on which we agreed, was used instead of the word "decide" because if we had used the word "decide" here this would have implied some certain precision as to the condition of voting and the majority required to come to a valid decision. We tried to solve this problem in such a way as to include these various conditions, but all the formulas which we found were successively dropped. Therefore, if we now have the word "agree" it means implicitly that the former agreement in certain cases may have to be dropped and that a new agreement may have to be negotiated, and that this agreement, to be legally valid, will have to be a new one.

This was the subtle and elegant way which we found to indicate that a new agreement was to be negotiated. In fact, here we shall be in the same position as we were in London, but there is one interpretation which we have to discard; that is, that this word "agree" may mean the use of the right of veto for any of the parties.

CHAIRMAN: The Delegate of Chile.

M. FAIVOVICH (Chile) (Interpretation): Mr. Chairman, I would like first of all to refer once again to the subtle and elegant expression which was devised by the French Delegate, to use the word "agree" instead of "negotiate". This is a serious matter and I think we ought to find an appropriate word instead of finding an expression, although it might be elegant or subtle,

because this problem will be raised and it would be most interesting to know beforehand, in the case of the implementation of the provisions of Paragraph 2, what class of quorum will be used if the purpose is to come to an agreement.

In fact, the word "agree" obviously means to come to an agreement, and if there are more than two parties involved in negotiation it means that all must have the same opinion and that the opposition of only one party would be enough to prevent the provisions of Paragraph 2 from being applied.

Therefore we must state what category of quorum will be applied here: whether it will be the rule of the simple majority, or the rule of the two-thirds majority, or the rule of unanimity which will come into force, so that the provisions of Paragraph 2 can be applied freely.

I do not think we can leave this to the goodwill of the contracting parties, because if we open the door to goodwill I am afraid we will, in fact, be opening the door maybe to misunderstandings and to difficulties which might not easily be solved.

CHAIRMAN: The Delegate of Belgium.

M. P. FORTHOMME (Belgium) (Interpretation): Mr. Chairman, with regard to the Australian text which is now before us I would like to second the thesis which was put forward by the French Delegate. We only have to recall, as I certainly do, what happened here in Geneva. We had the rule of the simple majority, but we avoided always applying that rule and therefore when any problem was put forward we pondered over and over again to see if we could find a solution to this problem. That is the reason why finally we have arrived at a Draft Charter, in fact a Charter which is not so wordy that we cannot send it by Air Mail, we would have had to insert a page after the page of Notes and reservations, if we had not followed this rule to which I am now referring. Therefore, I think it would be wise not to insist on having here provisions relating to a Quorum. If questions arise, and they will arise, then these questions will have to be taken up and pondered on over and over again, and over these problems we may have to torture our brains to find a solution. But it will be the only way to find a solution which will give satisfaction.

CHAIRMAN: The point raised by the Delegate of Chile relates to paragraph 2 and we have not yet passed paragraph 1. We will have to return to paragraph 2 tomorrow, so I would now like to finish paragraph 1 before we break up tonight, and that involves the consequential approval of the new paragraph 5 in the form proposed by Mr. Shackle. I will now read over the latest draft which has been approved by Mr. Shackle.

"Any objection lodged by a contracting party under the provisions

of paragraph 1 of this Article and any Agreement which may be reached between the contracting parties under paragraph 2 or 3 shall be notified for information to those signatories of the Final Act which are not at the time contracting parties".

Is this proposal approved?

Agreed.

Is paragraph 1 approved?

Adopted.

Tomorrow we will continue with the Australian proposal regarding Article XVII, now new Article XXIX. After that I propose to take up the amendment to new paragraph 6 of Article XIV, formerly Article XIII and the Belgian-Luxembourg amendment, which was given in document E/PC/T/W/336 which was circulated today. After that we will take up the form of the Schedules.

I hope that it will not be necessary for us to have evening meetings, but if we do not make more progress than we have made today it may be necessary to call an evening meeting tomorrow.

M. P. FORTHOMME (Belgium): I would just like to say something which we forgot to include in this paper 336; that it supersedes the former paper 331.

MR. J.R.C. HELMORE (United Kingdom): I wonder if you would allow me to ask the Committee whether it would be convenient to take Article XIII, now Article XIV, paragraph 6, as the first business tomorrow? We have not very often asked for any arrangement of the business of this Committee to suit our convenience. I can only say I wish myself to be present for the discussion and it would be extremely difficult for me if the discussion Article XXVII, paragraphs 2, 3, and 4 lasted very long.

CHAIRMAN: Is the Committee in agreement to accept the request of the Delegate of the United Kingdom?

H.E. Dr. Z. AUGENTHALER (Czechoslovakia): I agree, but I was wondering if it would not be possible to have also a meeting tomorrow morning at eleven. If we are in sub-committees I would suggest in that case that the sub-committees should have night meetings.

CHAIRMAN: I would like to point out to the Delegate of Czechoslovakia that from the very outset we agreed to avoid holding morning meetings in order not to conflict with the tariff negotiations. There are certain Members of the Committee who are regularly attending the Committee who also have to participate in the tariff negotiations and I think it would be undesirable if we were to interfere with the tariff negotiations as they are going to last longer than the proceedings of this Committee.

Any other comments?

MR. E.L. RODRIGUES (Brazil): I would suggest that it might be possible to have a break, say at 5 o'clock, and to continue to 8 o'clock.

CHAIRMAN: The Delegate of Brazil has suggested we go back to the time-table we had for the Preparatory Committee - meet at 2.30, go on to 4.30, have a break of half an hour, and then go on to 8 or 8.30. Is that more acceptable to the Committee than holding occasional evening meetings?

The Delegate of Norway.

MR. J. MELANDER (Norway): I do not think that proposal would lead to any progress. I think we do work harder if we stay at it. Would it perhaps be useful to have a meeting tonight?

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): We should have thought that it would have been better to meet tomorrow morning. You stated a rule, but it has been our previous experience that the Charter provides that there is no rule which could not be amended by extension and therefore I would like to know whether some Delegations here would have any objection to our meeting tomorrow morning.

CHAIRMAN: I would strongly recommend against that suggestion, for the simple reason that it would interfere with the tariff negotiations. Some Members of the Committee asked me particularly not to arrange meetings that would interfere with the programme of the tariff negotiations. I do not think we should in any way interfere with the tariff negotiations because that is the meeting that has to make progress if we are to finish in time. I therefore hope that Dr. Augenthaler and Monsieur Royer will not insist upon their proposal.

I would like to find the sense of the meeting regarding the proposal of the Brazilian Delegate to carry on till 8 o'clock in the evening with a break of half an hour for tea. Will those in favour of that please raise their hands.

The proposal is carried. I cannot guarantee that there will be no evening meetings.

Accordingly we will meet tomorrow at 2.30 and continue until 8 o'clock or whatever time we feel that we have made enough progress, with half an hour break for tea.

According to this decision the Sub-Committee will meet tomorrow at 10.30 a.m.

The meeting is adjourned.

The meeting rose at 6.25 p.m.