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19th May 1947.

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SECOND SESSION OF THE PREPARATORY COMMITTEE OF  
THE UNITED NATIONS CONFERENCE ON TRADE AND  
EMPLOYMENT.WORKING PARTY ON TECHNICAL ARTICLES

Summary Record of the Eighth Meeting held on  
Monday, 19th May 1947, at 10.30 a.m. in the  
Palais des Nations, Geneva.

Chairman: H.E. Erik Colban.

Plan of Work. The EXECUTIVE SECRETARY attended the opening of the meeting and informed the Working Party of the arrangements which had been made by the Steering Committee for the conduct of the Charter discussions in executive session. He said that a short time, possibly two days, would be allowed for the general discussion of each chapter and for each of the several sections into which Chapter V had been divided. It was expected that the general discussions would reveal the main problems and these would then be referred to Drafting Committees. The EXECUTIVE SECRETARY stated that the Steering Committee would like this Working Party to finish its examination of the Technical Articles, if possible, by the end of the current week; problems which require some lengthy study could be referred to sub-committees whose reports could be submitted direct to the Executive Committee for discussion along with the reports of other committees on the other chapters of the Charter.

The CHAIRMAN said that he entirely agreed with the plan put forward by the Executive Secretary. He said that the Working Party should endeavour to complete its study of the Technical Articles by Saturday and that the sub-committees which had not reported to the Working Party by that time would submit their reports direct to the Executive Committee.

Sub-Committees. The CHAIRMAN announced the following meetings:

- (a) Sub-Committee on Article 16 Paragraph 5 & 6 - the same day at 3 p.m.
- (b) Sub-Committee on Article 19 - the following morning at 9.30

1. Article 20 - Marks of Origin. The Delegate for Cuba asked leave to refer to the Report of the Sub-Committee on paragraph 7 which had been adopted at the previous meeting. If he had been present when that report came up for discussion he would have stated that it was necessary for him to record the formal reservation of his Delegation. The new text would be studied by his Government and he might have objections to put forward at a later date.

2. Article 21.

Paragraph 2. The CHAIRMAN drew the attention of the members to document W/24 Add.1 containing a proposal of the United States Delegation to add a proviso to the amendment proposed by Canada and adopted by the Working Party at the third meeting on 12th May. It was agreed that an ad hoc Sub-Committee, consisting of the Delegates of Canada, the Netherlands, the United Kingdom and the United States, should be set up and report to the Executive Committee.

Paragraph 3. The Working Party then discussed the comments by the Legal Officer of the Secretariat upon Article 21 and the amendment proposed in document W/51 by the Czechoslovak delegation; the Legal Officer gave a choice of two paragraphs to be inserted as a new paragraph after paragraph 1. The CHAIRMAN suggested the adoption of the second alternative with the deletion of the words "of an exceptional nature". The UNITED STATES Delegate proposed the adoption of the second alternative, subject

to the deletion of all but the first sentence. The UNITED KINGDOM Delegate proposed the adoption of the first two-and-a-half lines of the first alternative.

The Delegate for SOUTH AFRICA raised a question of principle; he stated that many countries follow a practice of imposing increases in customs duties before the relevant law is approved by parliament. To meet this difficulty the Delegate for the UNITED KINGDOM suggested the insertion of the words "whether provisionally or finally effective".

To give further consideration to the points discussed, the CHAIRMAN suggested the appointment of a sub-committee composed of the Delegates for Czechoslovakia, France, the Netherlands, the Union of South Africa, the United Kingdom and the United States to report to the Working Party, if possible, before the end of the week or otherwise direct to the Executive Committee. The appointment of this sub-committee was approved and arrangements were made for a meeting at 3 p.m. on the following day.

3. Article 17 - Anti-Dumping and Countervailing Duties.

The CHAIRMAN gave the following list of documents containing amendments proposed by various delegations:

Australia	W/84
Benelux	W/68
Benelux & France	W/34, W/35 and W/35 Add.1
Cuba	W/29
India	W/53
Lebanon-Syria	W/66
United Kingdom	W/91
United States	W/23

In addition, the Secretariat had put forward a few drafting suggestions in the Annotated Agenda.

It was agreed to hold the general discussion in the Working Party and then to refer all the proposed amendments to a sub-committee composed of the delegates who had put forward amendments. M. Massart of the Belgium Delegation was appointed Chairman of the sub-committee and therefore the Netherlands was added to the membership of the sub-committee.

Arrangements were made for the first meeting of the sub-committee to be held at 3 p.m. on Wednesday, 21st May. The CHAIRMAN instructed the sub-committee to consider:

- (a) Reservations noted in the Report of the Drafting Committee.
- (b) Amendments proposed by delegations and by the Secretariat.
- (c) The views expressed by delegates during the general discussion in the Working Party.

On the suggestion of the Delegate for FRANCE, the Secretariat was asked to prepare the new annotated agenda for Article 17, incorporating all the proposed amendments.

The general discussion of the scope of Article 17 then followed.

The Delegate for the UNITED STATES urged that the Article should be confined to price dumping. He said that exchange dumping, for example, was a problem to be dealt with by Article 29 and by the International Monetary Fund. He drew attention to the fact that some of the proposed amendments went so far as to suggest penalties for dumping over and above special duties equal to the dumping margin.

The Delegate for the UNITED KINGDOM said that the Article appeared to involve two questions of real substance:

- (1) Should the Article be restricted to price dumping? -  
in his opinion it should be so restricted; freight

dumping could be more appropriately dealt with by countervailing duties though in some cases the carriage of goods at special low rates was a sound commercial practice.

- (2) In addition to the injury to established domestic industry, envisaged in paragraph 5, there was the problem of injury suffered in a third country, and on this account the United Kingdom had suggested an amendment.

The Delegate for SOUTH AFRICA stated that the discussion of this Article would provide the Conference with a test of its ability to be objective in the consideration of the interests of relatively small countries with young industries. He mentioned three respects in which the present Draft is incomplete:

- (1) It does not prevent dumping by means of sales to a branch office in the importing country and the resale of such imports at less than the nominal purchase price.
- (2) There may be many forms of dumping which are normally commercial, such as special low freight rates mentioned by the Delegate for the United Kingdom, but which are, nevertheless, injurious to industries in the importing country.
- (3) The problem of exchange dumping would be treated by the International Monetary Fund but it may be that the membership of the I.M.F. and the I.T.O. will not be the same, in which event members of the I.T.O. should be free to use exchange dumping duties against countries that are not members of the I.M.F.

The CHAIRMAN agreed with a suggestion of the Delegate for SOUTH AFRICA that injury arising from dumping in markets of third countries should be kept apart from the discussion of dumping duties and he stated that this should be noted for the information of the Chairman of the Sub-Committee.

The Delegate for CANADA agreed with the view of the Delegate for the United States that Article 17 should be restricted to price dumping. He referred to the first problem mentioned by the Delegate for SOUTH AFRICA and suggested that the question of the resale of goods bought on consignment should be specially considered by the Sub-Committee.

The Delegate for BRAZIL stated that he favoured the deletion of paragraph 5 but his Delegation would not propose amendments until after they had heard the general discussion.

The Delegate for CHINA stated that he wished to withdraw his proposal to extend the second paragraph of the Article by the addition of the sentence recorded in the Report of the Drafting Committee. On certain other Articles of Chapter V, however, the CHINESE Delegation would have to maintain their reservations.

The meeting rose at 12.55 p.m.

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