

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

WORKING PARTY ON TECHNICAL ARTICLES

Summary Record of the Ninth Meeting held on  
Tuesday, 20th May 1947, at 10.30 a.m. in the  
Palais des Nations, Geneva.

Chairman: H.E. Erik Colban.

1. Article 22. - Information, Statistics & Trade Terminology.

The CHAIRMAN recalled that, at the request of the Delegate for South Africa at the Fifth Meeting on the 14th May, the Legal Officer of the Secretariat had been asked whether he considered it advisable to retain in Article 22, paragraph 5, the specific statements of the functions of the Organization or whether they should be incorporated in Article 61. The Legal Officer had now reported that, in his opinion, the present arrangements were preferable although the wording of Article 61 might be considerably improved. The Delegate for South Africa said that he was satisfied with this report.

2. Article 16 - Freedom of Transit.

It was noted that the Sub-Committee on paragraphs 5 & 6 had presented their report (document AC.1/SR/1) and it was agreed that this should receive the attention of the Working Party at the next meeting.

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

The CHAIRMAN enquired whether delegates wished to continue the general discussion on Article 17 or whether they would

be content to leave further discussion to the Sub-Committee which would meet on the following day to examine the proposed amendments.

The general discussion was not resumed.

4. Article 18 - Tariff Valuation.

The CHAIRMAN suggested that the Working Party should follow the same procedure as with Article 17, namely, to engage in a general discussion on the scope of the Article and then to refer all the proposed amendments to a sub-committee. He mentioned that the most important amendment proposed was that submitted by the Canadian Delegation (W.24) and therefore he invited the Delegate for Canada to lead the discussion.

The Delegate for CANADA said that one of the main objects in framing the Charter was to bring about the reduction of trade barriers, including administrative obstacles such as arbitrary valuations. He stated that reductions in customs duties might be of little value if the system of valuation could be so manipulated as to discourage importers. Therefore, the CANADIAN Delegation proposed that Article 18 should incorporate more detail by endeavouring to give some precise meaning to the term 'actual value'.

The Delegate for CHINA supported the Canadian amendment. He attributed relatively less importance to the Chinese amendment (W.78), the object of which was to ensure the declaration of the bona fide actual value and to prevent collusion between buyer and seller.

The Delegate for the UNITED KINGDOM said that he fully supported the Canadian amendment, in particular because it would allow sufficient latitude in the system of valuation. It would, he thought, not be advisable to add anything to the Canadian amendment.

The Delegate for INDIA said that he was in general agreement with the Canadian draft.

The Delegate for the UNITED STATES said that he could not agree; the technical and administrative problems of valuation are tremendous and innumerable and to endeavour to be as specific as the Canadian draft raises more questions than are solved. He expressed the opinion that alternative A in the Report of the Drafting Committee goes as far as is practicable and would abolish the worst practices in valuation. He drew attention to the fact that paragraphs 1 and 2 provide for continued study of valuation problems by the Organization and lay down a set of principles. Further, he said that even if alternative A is adopted, many countries, including the United States, will have to alter their present practices.

The Delegate for SOUTH AFRICA stated that he was in general agreement with the Canadian draft but wished to propose an alternative (document W/57) as otherwise the importer who pays a relatively higher price because he is purchasing a small quantity will have to pay a higher duty.

The Delegate for AUSTRALIA repeated the point made by the Delegate for Canada that the problem of tariff valuation is closely bound up with the tariff negotiations. He said that Alternative A is "negative" and so vague that each country would be free to carry on with its present valuation system; he thought the Working Party should endeavour to find the solution of this problem and that, if it failed, the Organization, when established, would not do much better.

The Delegate for the UNITED STATES replied to the Delegate for Australia, drawing attention to paragraph 2 of Article VIII of the Draft General Agreement on Tariffs and Trade

which provides that "no contracting party shall alter the general principles.....for determining the dutiable value.....so as to impair the value of any of the concessions.....". He stated that this provided a safeguard against methods of valuation nullifying the value of tariff reductions. The Delegate for AUSTRALIA replied that he had referred to existing rather than to new practices which could render tariff reductions valueless.

The Delegate for BELGIUM drew attention to the note in the Report of the Drafting Committee recording the desire of his Delegation that the Article should provide a definite early date for the entry into force of paragraph 2; he gave unreserved support to the Canadian amendment and referred to document W/58 containing an addition proposed by his delegation. He said that he could not share the United States Delegate's view that the question of valuation should be left for further study.

The FRENCH Delegate informed the meeting that he supported the Canadian proposal with the addition of the paragraph set forth in document W/58.

The Delegate for the UNITED KINGDOM thought that the Canadian proposal did not attempt to provide the details of a method of valuation and that failure to define the term 'actual value' would leave each country in a state of uncertainty. He said that valuation is a keystone of the Tariff Provisions of the Charter.

The Canadian amendment was supported also by the Delegate for the NETHERLANDS, who said that the Working Party should not avoid lengthy discussions if these should be necessary to reach agreement.

The UNITED STATES Delegate said he could not agree that the Canadian text gave a precise meaning to the term 'actual value';

many delegates had said that they supported the Canadian amendment but, in fact, they had submitted documents containing numerous proposals for amendments; he thought the appearance of precision was deceptive and that where the amendment was precise it pointed in the wrong direction.

The Delegate for NEW ZEALAND said that his country was not much affected by the wording of the Article insofar as imports were concerned but, as an exporter, New Zealand favoured the Canadian proposal.

The Delegate for the NETHERLANDS suggested that the Canadian draft should be used as a basis for further discussion in an endeavour to reach a more precise definition.

The UNITED STATES Delegate said that he would agree to take Alternatives A and B as the basis for discussion.

The CHAIRMAN, in summing up, said that there appeared to be a large majority in favour of a more elaborate text than Alternative A and that the discussion should be continued in Sub-Committee.

The following Sub-Committee was appointed:

The Delegates for Australia, Canada, China, France, the Netherlands, the Union of South Africa, the United Kingdom, the United States, with the Delegate for South Africa as Chairman.

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It was agreed that the next meeting would be held the following day to discuss Article 37 and then Article 15.

The Meeting closed at 11.50 a.m.

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CORRIGENDUM to E/PC/T/WP.1/SR/6

Article 23 - Boycott.

The Delegate for India has asked that it be noted that the statement attributed to him on page 2 of the Summary

E/PC/T/WP.1/SR/9  
page 6.

Record of the Sixth Meeting held on the 16th May should read  
as follows:

The Delegate for INDIA announced that although his  
Delegation felt that there was really no place for an Article  
of this kind in this Chapter, they would not insist upon its  
deletion or amendment.