

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

Tariff Agreement Committee

The Chinese Delegation has submitted the views contained in the enclosure to this document, regarding the applicability of the General Agreement on Tariffs and Trade to areas at present under Allied military occupation.

So as to avoid calling a meeting of the Tariff Agreement Committee for the express purpose of giving preliminary consideration to this question, the Chairman suggests that a sub-committee composed of representatives of the Delegations of Australia, Belgium, China, France, Netherlands, United Kingdom and United States, should be established and should meet on Tuesday, September 30, at 10.30 a.m. in Room 216, unless any Delegation raises an objection to the procedure proposed herein by 5 p.m. on Monday, September 29. The sub-committee should report to the Tariff Agreement Committee as early as possible regarding the matter raised by the Chinese Delegation.

Views and Proposal of the Chinese Delegation Regarding
the Question of Applicability of the draft Agreement on
Tariffs and Trade to Areas at present under Allied
Military Occupation

In regard to this matter, the Chinese Delegation will at this stage confine itself to briefly commenting on the Final Note which was provisionally approved by the Tariff Agreement Committee, subject to further consultations, it is understood, among the various Delegations. The provisional draft, which was found in Document E/PC/T/214/Add.1/p.79, reads as follows:

The contracting parties have made no specific commitments in the General Agreement on Tariffs and Trade in respect of trade of and with the areas under military occupation. The question of the applicability of the Agreement to such areas is reserved with a view to further study at an early date.

The Chinese Delegation maintains the view that the questions arising from this matter should form part and parcel of the whole complex of problems connected with and relating to future peace settlements with Japan and Germany. In this sense, the Delegation has no difficulty in agreeing to the second sentence mentioned above, provided that further study refers to, and in no way precludes, study by the Peace Conferences. Interim arrangements, if necessary, can be discussed either by such organ as the Far Eastern Commission or through the ordinary diplomatic channels.

But the Chinese Delegation finds itself unable to agree to the first sentence of the Note, as quoted above, lest it might be, contrary to the intentions of the original authors of the formula, misconstrued as giving a free hand to the occupying authorities in trade matters in the areas under their occupation. In view of this and many other considerations, the Chinese Delegation still believes that the best and wisest solution of this problem would be to drop the whole matter and make no reference whatsoever to it, not even the point covered by the second sentence, in the draft Agreement.

However, if some delegations are anxious to introduce a reference to this matter, it is the considered view of the Chinese Delegation that there should also be inserted a specific provision by which effect should be given to the intentions of the occupying Powers that in thus handling trade matters in the occupied areas nothing will be done to prejudice the interests of the other contracting parties, and that in case any contracting party should consider its interests to be adversely affected by the action taken by the occupying authorities the procedure of consultation and negotiation should be resorted to. This is the more necessary and desirable, because it is only on these lines that a balanced formula could be worked out to the satisfaction of all concerned. The Chinese Delegation therefore would suggest an additional provision in the following words:

In case any contracting party considers its interests to be adversely affected by any action which another contracting party, which is also an occupying power of any one of such areas, takes or may take in trade matters concerning this area, the latter, when and if so requested, agrees to negotiate with the former in respect of the action thus taken or to be taken.