

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.CHAPTER V. SECTION E.Suggested new text (by the Czechoslovak Delegation)Section E - State Trading.

Article A/i/ If any Member establishes or maintains enterprises, whether state owned or private which have been granted exclusive or special privileges, formally or in effect, to import or export, the commerce of other Members shall be accorded treatment no less favourable than that accorded to any country other than that in which the enterprises are located in respect of purchases and sales. To this end such enterprises shall, in making their external purchases or sales of any product, be influenced by commercial considerations, such as price, quality, marketability, transportation and other terms of purchase or sale, having due regard to any differential customs treatment maintained consistently with other provisions of this Chapter.

/ii/ The provision of subparagraph /i/ of this Article shall not apply to purchases or imports of products for governmental use and not for use in the production of goods for sale. However, the Members shall accord to the commerce of other Members fair and equitable treatment having full regard to all relevant circumstances.

/iii/ This Article shall apply to any enterprise, organ or agency in which there is effective control by a Member government.

Article B/i/ If any Member other than a Member subject to the provisions concerning a complete monopoly of foreign trade establishes, maintains or authorizes enterprises having formally or in fact an effective monopoly of the importation or exportation of any product, such Member shall, upon the request of any other Member, having an interest in the trade with that Member in the product concerned, enter into negotiations with such Member in order to assure exports or imports of the monopolized product in adequate quantities at reasonable prices.

/ii/ In applying the provisions of this Article, due regard shall be had to the fact that some monopolies are established and operated mainly for revenue, health or security purposes.

Article C If representations according to Article 35 are made in respect of state trading operations, the Member may withhold confidential information, relating to its national security or which, if disclosed, would materially damage the legitimate interests of the enterprise concerned.

Comment:

The Czechoslovak Delegation wants to draw the attention of the Preparatory Committee to the declarations made by various delegations at the beginning of the Second Session and also to the principle contained in the Charter, i.e. that the Charter should enable all states of whatever political, economical and social structure to collaborate peacefully in the attainment of the purposes of the Charter. One of the very grave problems which the Preparatory Committee has to solve is the economic collaboration of countries which are "free-trade countries" and countries which regulate their foreign trade. In many respects the institutions and systems of these two are quite similar but in other respects they differ. Having considered this, the Czechoslovak Delegation welcomes the New Zealand amendment as submitted in document E/PC/T/W/101 which it regards as the most appropriate way to harmonize these various systems of foreign trade. The Czechoslovak Delegation feels that this amendment merits a special section in the Charter, since the system of control of foreign trade envisaged there necessarily does not presume that trade has actually to be conducted by state trading enterprises only and operates through private or state enterprises. That is why the Czechoslovak Delegation suggests that the New Zealand amendment be placed first. The provisions concerning state trading would follow.

As to the D.C. Draft of Article 32 the Czechoslovak Delegation felt itself obliged to simplify the whole text because it appeared during the tariff negotiations that the provisions of Article 32 were impracticable. In this respect the Czechoslovak Delegation should like to draw the attention of the Preparatory Committee to the report of the International Chamber of Commerce (Document E/PC/T/44, page 32, Article 32, Expansion of Trade by State Monopolies of Individual Products). The text of the ICC's comment on this Article runs as follows:

This article, by attempting to establish principles for the price policies of State monopolies of individual products, enters into a very difficult and controversial field and establishes rules which will inevitably become the object of future controversy. The I.C.C. considers it preferable to limit the Charter's provisions concerning the behaviour of State monopolies of individual products to simple general rules, leaving the detailed interpretation and administration of those rules to the I.T.O. itself.

Note:

As may be seen from the present Draft, the whole text has been divided provisionally into 3 articles. The final numbering of these articles and their heading has been left to the consideration of the Subcommittee concerned.