

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

Annotated Agenda

Prepared by the Secretariat for discussion of Article 30

This agenda supersedes the relevant parts of document E/PC/T/W/64, and should be read in conjunction with the Report of the Drafting Committee (E/PC/T/34) hereafter referred to as "D.C. Report." It incorporates proposals reported to the Secretariat by Delegations to 11 June 1947 inclusive. (E/PC/T/W/72, 81, 140, 182, 185, 186, 188).

In quotation of the proposed texts, where practicable, deletions are indicated by square brackets, and additions by underlining.

Article 30 - General Undertaking regarding Subsidies -
Elimination of Export Subsidies - Exceptions

General Comments

1. The Sub-Committee on Chapter III in its Report (cf. E/PC/T/95, page 6, paragraph 22) recommends that, among others, Article 30, being one of the provisions of the Charter referred to in Article 7 (now proposed to be Article 8) should be re-examined to ensure that there be adequate safeguards in the Charter to meet situations referred to in Article 7

2. In the discussion Article 15 (cf. E/PC/T/A/SR/10, page 32) the United States Delegation proposed the following addition to Paragraph 5 of Article 15:

"Moreover, the provisions of this Article shall not apply to governmental purchases in carrying out any form of subsidy permitted under Article 30."

Paragraph 1.

The Chinese Delegation (cf. W/72) suggests the deletion of this paragraph.

Paragraph 2.

1. The Delegates mentioned under (c) and (d) of the Comments (cf. D.C. Report page 26) represented China and Chile respectively.

2. The Chinese Delegation (W/72) proposes to delete the words "directly or indirectly" at the beginning of Sub-paragraph (a).

3. The United States Delegation (cf. W/185) proposes to insert in sub-paragraph (a) at the beginning of the second part of the sentence, the word "sub-paragraph" between "Provided that this" and "shall not prevent."

Comment of the United States Delegation:

The proposed addition is to make quite clear that the proviso does not exempt subsidies paid out of the proceeds of processing taxes from the requirements of paragraph 1. The New York Drafting Committee considered this clear and deleted the reference to paragraph 1 that had been in the proviso. The proposed revision should remove any doubt.

4. The Indian Delegation (cf. W/81) proposes to substitute the words "one year" for the words "three years" occurring in the first sentence of sub-paragraph (b)

5. It is suggested that the last sentence of sub-paragraph (b) might be amended to read:

"The Organization shall then determine ..."

6. The United Kingdom Delegation (cf. W/182) proposes to add a new sub-paragraph (c) to read as follows:

"The provisions of this paragraph shall not at any time preclude a Member interested in the export of any product, which considers that its interests are being prejudiced by a subsidy applied, directly or indirectly, in respect of the product by a non-Member which is a competing exporter, from subsidising its own exports to any destination to which that non-Member is exporting, to the extent which the Member deems necessary to neutralise the injury to its interests and for so long as the non-Member's subsidy continues in effect, but no longer. Provided that if any other Member considers that its interests are being adversely affected by the measure of counter-subsidisation applied by the first-mentioned Member, these Members shall consult together, and, if necessary with the Organisation, in order to reach a mutually satisfactory adjustment of the matter."

Suggested New Paragraph 2A

The Cuban Delegation (cf. W/186) proposes to insert after paragraph 2, a new paragraph as follows:

"If a Member, whose resources are as yet relatively undeveloped, considers it necessary to grant subsidies to foster its economic development, it may do so, notwithstanding the provisions of Article 15, by exempting in whole or in part national products from duties or taxes on domestic consumption, by remitting such duties or taxes which have accrued, or by using the proceeds of such duties or taxes to make payments to domestic producers."

Paragraph 3.

1. The Delegate mentioned in the D.C. Report (page 26) as having at the First Session raised the question of the "domestic price" represented New Zealand.

2. The Australian Delegation (cf. W/188) proposes the following changes:-

"A system for the stabilisation of the domestic price or of [returns] the return to domestic producers of a primary product [which results over a period in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market] shall [may] be determined not to involve a subsidy on exportation under the terms of paragraph 2 of this Article, if provision is made for the maintenance at fixed levels of prices for domestic consumption irrespective of the movement of export prices and [it] because of such provision the system has [also] resulted or may result, over a period, in the sale of the product for export at a price higher than the comparable price charged for the like product to domestic buyers and if the

system is so operated, either because of the effective limitation or production, or because the export price is held below current comparable representative export prices, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interest of other Members."

Comment of the Australian Delegation:

This amendment is designed to clarify the requirements which domestic price stabilisation schemes must satisfy before they may be removed from the application of Paragraph 2. It is felt that the present text does not quite convey the intentions of the First Session of the Preparatory Committee; in particular, that it does not cover new arrangements, where movements in prices have perhaps not had time to meet the condition that export prices have actually been higher than domestic prices.

Paragraph 4.

1. The United States Delegation (cf. W/185) proposes to make the following change at the end of sub-paragraph (a):

"... laid down therein, the Member may have resort to the procedures of [the difficulty may be determined to be a special difficulty of the kind referred to in⁷ Chapter VII⁷, and in that event the procedure laid down in that Chapter shall be followed⁷;

Comment of the United States Delegation:

The procedure of Chapter VII requires the determination by a study group or a commodity conference that there is a special difficulty.

2. The two Delegates who suggested the deletion of sub-paragraph (b) (cf. D.C. Report, page 27, and W.140, represented Canada and New Zealand.

Paragraph 6.

The United States Delegation (cf. W/185) suggests the

following changes:-

"Any determination required by or appropriate to the operation of this Article shall be made through under procedures established by 7 the Organization by consultation among the Members substantially interested in the product concerned in accordance with paragraph 4 of Article 667."

Comment of the United States Delegation:

The revised paragraph would incorporate the provisions the provisions of Article 66, paragraph 4, thus eliminating the cross reference.