

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE A (ARTICLES 16, 17, 18 AND 19)

REVISED ANNOTATED AGENDA FOR CHAPTER IV

NORWAY: PROPOSED AMENDMENT

Article 18

A new paragraph 4 to be inserted in Article 18 after paragraph 3, reading as follows:

"The provisions of this Article shall not preclude domestic price stabilization arrangements involving subsidies on imported products for the purpose of preventing or modifying inflationary pressure and the imposition on imported products of charges to be paid into a stabilization fund for the purpose of preventing or modifying deflationary pressure; Provided that the charges must not be imposed in a higher degree than what would correspond to the total amount of the subsidies for the same product paid during the preceding period of rising prices, and Provided, further, that the scheme for such arrangements shall be reported to the Organization within three months after it has been put into operation, or for existing arrangements within three months after coming into force of the Charter."

The old paragraph 4 of Article 18 to be renumbered 5.

COMMENTS

The Charter recognizes as its fundamental purpose to promote full and productive employment and large and steadily growing effective demand. Among the different measures which have to be put into operation to achieve that end are also actions to control inflationary and deflationary tendencies. See Draft Resolution on Employment, proposed by the Sub-Committee C of Committee I (document 2/C.1/17).

The harmful price fluctuations on the world market can only be successfully met by co-ordinated actions taken by all, or a greater number of the countries which are important in the world trade. According to this

/view the

view the Norwegian delegation is of the opinion that it would be appropriate to insert in the Charter specific obligations for the Members to take immediate steps to prevent too wide fluctuations of prices. The Norwegian delegation refers to the amendments which it has proposed to Article 3, paragraph 1, and to Article 7 (document 2/C.1/3/Add.7 and document 2/C.1/7/Annex).

However, as there are rather differing opinions among the delegations in regard to these questions, it is not likely that we, for the time being, should reach an agreement in regard to such co-ordinated actions. On the other hand, the Charter should not bar the members from putting into operation domestic price stabilization arrangements if they themselves deem it necessary to safeguard as far as possible their internal economy against inflationary or deflationary pressure from other countries. The amendment to Article 13 now proposed aims at making this clear. It is at the same time formulated in such a way as to prevent any contradiction with the general principles of this Article.

As many other countries Norway has fought inflationary tendencies during and after the war by very comprehensive and detailed price regulation, applying also subsidies to reduce the internal sales prices both of imported and domestic products. This policy has been rather effective. Since the liberation the increase of the cost of living has been insignificant. The index has gone up only two or three per cent. Nor do we in Norway have any blackmarket worth mentioning. As a consequence we have been able to regulate the wages without any strikes. Norway wants, - and surely other countries also want - to have the opportunity to conduct to a certain extent a corresponding policy to meet future deflationary pressure from other countries. The undesirable consequences of a sudden and too far-going decline in the prices on the world market can not, of course, be counteracted only through domestic price stabilization arrangements. Norway, in particular, which is in a high degree dependent upon international trade, will necessarily have to adjust its level of production costs to the prices on the world market. It is important, however, that one should have sufficient time for such adjustments in order to avoid difficulties with respect to regulation of wages and to prevent a break-down of the production and of the general demand. In consequence a country should have the possibility of modifying a deflationary pressure caused by a general fall of the prices of imported products by imposing on such products stabilization charges corresponding to the subsidies paid on the same product during the preceding period of

/rising

rising prices. This point should be stressed. It makes it quite clear that there is no question of protection, but only of fixing average prices over a period of time according to the principle adopted in Article 31, paragraph 4. To safeguard against abuse of the provisions for protective purposes, it is also proposed that the schemes for the price stabilization arrangements should be reported to the Organization within three months after the arrangements have been put into operation and for existing arrangements within three months after coming into force of the Charter. Possible complaints should be dealt with according to Article 89 and Article 90.

The proposal aims at inserting in Article 18 permanent provisions in regard to price stabilization arrangements. Consequently, they fall outside the scope of the provisional measures of Article 43, paragraph 2 (b).

-----