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REVISED ANNOTATED AGENDA FOR CHAPTER IV

SECTION D - STATE TRADING

This revised Agenda for Chapter IV includes all the items which appeared in the preliminary Agenda (E/CONF.2/C.3/1) and all proposals received from delegations up to Monday, 8 December. For the convenience of Delegates this Agenda is issued in six parts (numbered C.3/6 to C.3/11), one for each of the six Sections of the Chapter. All the documents to which reference is made are addenda to E/CONF.2/11 and E/CONF.2/C.3/1.

Article 30 - Non-Discriminatory Treatment

General

1. The delegation of Argentina proposes (document 11/Add.3) the deletion of this Article.

Paragraph 1(a)

2. The delegation of the United Kingdom proposes (document 11/Add.6) to replace "applied in this Charter to governmental measures" in lines eight and nine by "prescribed in this Charter for governmental measures".

3. The following note was appended to the Geneva Draft:

Governmental measures imposed to ensure standards of quality and efficiency in the execution of external trade, or privileges granted for the exploitation of national natural resources but which do not empower the government to exercise control over the trading activities of the enterprise in question, do not constitute "exclusive or special privileges".

Paragraph 1(b)

4. The delegation of New Zealand proposes (document C.3/1/Add.53) the insertion of the words "old-established connections, security of market," after the word "including" in line 6.

5. The delegation of the United Kingdom proposes (document 11/Add.8) to replace the word "prices" in line seven by the word "price".

6. The following note was appended to the Geneva Draft:

A country receiving a "tied loan" is free to take this loan into account as a "commercial consideration" when purchasing requirements abroad.

/Paragraph 1

Paragraph 1 - New Sub-paragraph

7. The delegation of New Zealand proposes (document C.3/1/Add. ) the addition of the following new sub-paragraph:

"(d) Wherever enterprise is referred to in this Article it shall be understood to include Marketing Boards, Commissions, or similar organizations."

Paragraph 1

8. The following note was appended to the Geneva Draft:

The operations of Marketing Boards, which are established by Members and are engaged in purchasing or selling, are subject to the provisions of sub-paragraphs (a) and (b).

The activities of Marketing Boards which are established by Members and which do not purchase or sell but lay down regulations covering private trade are governed by the relevant Articles of this Charter.

The charging by a State enterprise of different prices for its sales of a product in different markets is not precluded by the provisions of this Article, provided that such different prices are charged for commercial reasons, to meet conditions of supply and demand in export markets.

Paragraph 2

The delegation of Mexico proposes (document C.3/1/Add.43) the deletion of this paragraph.

10. The following note was appended to the Geneva Draft:

The term "goods" is limited to products as understood in commercial practice, and is not intended to include the purchase or sale of services.

New Paragraph

11. The delegation of New Zealand proposes (document C.3/1/Add. ) the addition of the following new paragraph:

"3. Notwithstanding the provisions of paragraph 1 and 3 of Article 20, a Member government may enter into a contract with another country for the sale of the whole or a substantial proportion of the Member's exportable surplus of a particular commodity or commodities; and such contract shall not be considered discriminatory.

(a) if the proportion of the exportable surplus thus sold is not significantly greater than the corresponding proportion sold during a previous representative period, due account being taken of any special factors which may have affected or may be affecting the trade in the product; or

(b) if the contract

(b) if the contract is designed to assist a country whose economy is suffering from the disruption caused by war."

Article 31 - Expansion of Trade

General

12. The delegation of Argentina proposes (document 11/Add.3) the deletion of this Article.

Paragraph 1 (b)

13. The delegation of the United States proposes (document C.3/1/Add.17) the deletion of the words "to an extent inconsistent with the provisions of this Charter" at the end of sub-paragraph (b), and the substitution therefor of the words "which might otherwise be permitted by the provisions of this Charter".

Paragraph 2

14. The delegation of Cuba proposes (document C.3/1/Add.52) the insertion of the following sub-paragraph:

"(c) To modify an order, a rule and/or any other regulating measures or interior measures from the Monopoly that, in the opinion of another Member country, shall be against the general objectives and/or against the dispositions of this Chapter."

Paragraph 3

15. The following note was appended to the Geneva Draft:

If the maximum import duty is not bound by negotiations according to sub-paragraph 2 (a) the Member is free to change at any time the declared maximum import duty, provided such change is made public or notified to the Organization.

Paragraph 4

16. The following note was appended to the Geneva Draft:

With reference to the second proviso, the method and degree of adjustment to be permitted in the case of a primary product that is the subject of a domestic price stabilization arrangement should normally be a matter for agreement at the time of the negotiations under sub-paragraph (a) of paragraph 2.

Paragraph 5

17. The delegation of Denmark proposes (document C.3/1/Add.38) that the following proviso be added to paragraph 5:

"Provided such rationing does not aim at restrictions over and above such restrictions that are otherwise justified according to the Charter."

Paragraph 6

18. The delegation of Switzerland proposes (document C.3/1/Add.16) that paragraph 6 be reworded as follows:

/"6. [In applying]

- "6. [In applying] The provisions of this Article [as regard shall be had for the fact that some] are not applicable to monopolies [are] established and operated mainly for social, cultural, humanitarian or revenue purposes or for safeguarding the country's supplies of basic foodstuffs."
19. The Delegation of Mexico proposes (document 11/Add.1) to delete the word "or" before the word "revenue" and to insert the words "or public service" after the word "revenue".
20. The following note was appended to the Geneva Draft of Article 31:
10. The Preparatory Committee deleted Article 33, as given in the Report of the First Session.

In revising the text of Article 32 (now Article 31), of the New York draft, the Preparatory Committee aimed at producing a text sufficiently flexible to permit any appropriate negotiations with a Member which maintains a complete or substantially complete monopoly of its external trade. However, since no representative of such a country attended the sessions of the Preparatory Committee, the question whether the present Article 31 provides an adequate basis for participation by such a country in the rights and obligations of the Charter remains open for discussion at the World Conference.

Arising out of a proposal by the New Zealand Delegation to make an addition to the previous text of Article 33, the Preparatory Committee considered the special problems that might be created for Members which, as a result of their programmes of full employment, maintenance of high and rising levels of demand and economic development, find themselves faced with a high level of demand for imports, and in consequence maintain quantitative regulation of their foreign trade. In the opinion of the Preparatory Committee the present text of Article 21, together with the provision for export controls in certain parts of the Charter, e.g. in Article 43, fully meet the position of these economies.

At Geneva the Delegation of New Zealand reserved the position of its Government on this question.

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