

THIRD COMMITTEE: COMMERCIAL POLICY

SUMMARY RECORD OF THE TWENTY-SEVENTH MEETING

COMMITTEE IIIb

Held at Havana, Cuba on Wednesday, 7 January 1948 at 3.00 p.m.

Chairman: Mr. L. L. WILGROSS (Canada).

SECTION C - SUBSIDIES

(References are to items in the Annotated Agenda, E/CONF.2/C.3/8)

1. Article 27

Paragraph 1

Mr. CORIAT (Venezuela) said that the amendment (Item 8) proposing that the words "that the system has also resulted" in sub-paragraph (a) be replaced by the words "that the system may also result" was connected with his delegation's amendment to Article 26, on which he had already spoken; he would discuss the proposal further in sub-committee.

It was agreed to refer the amendment to the Sub-Committee.

Proposed New Paragraph 2

Mr. de VRIES (Netherlands) stated that his delegation's proposal (Item 9) recognized a prevalent system of domestic price stabilization for a product of which a country produces less than its total consumption and depends on imports for the balance. The first objective of the amendment was to provide Members with full information of all such measures in advance of any possible need for concerted action. It did not follow, however, that this should necessarily lead to a commodity conference.

Secondly, he agreed that it was not clear to what extent Article 27 included domestic price stabilization arrangements. Paragraph 2 did not appear to be limited to export subsidies; it stated "in any case" and would therefore seem to include import price stabilization schemes. For this reason it was desirable to make it clear in Article 27 that the type of scheme which he had described would be considered as a case under Article 25. A more complete explanation had been circulated by the Netherlands delegation and was to be found in document E/CONF.2/C.3/8.

/Mr. CAFLAN (United Kingdom)

Mr. CAPLAN (United Kingdom) thought that the discussion had clarified several points. The amendment warranted careful study in Sub-Committee.

Mr. McCARTHY (Australia) said that it was his understanding in Geneva that Article 27 (2) applied only to export subsidies and was intended only to be a qualification of Article 26. If this were true, the Netherlands position was already met by Article 25. It was agreed to refer the amendment to the Sub-Committee.

Paragraph 2

Mr. BRIGNOLI (Argentina) explained that the deletion of paragraphs 2 and 3 was proposed so as to simplify procedure. Calling a commodity conference might cause delays and difficulties detrimental to the Members concerned. It would be preferable for the ITO itself to study and discuss many of the matters at present in Section C. It could then make recommendations to the Members concerned.

Mr. FERRERO (Peru) stated that his delegation was opposed to subsidies in general and therefore opposed the inclusion of paragraphs 2 and 3 which allowed, in certain circumstances, the continuation of subsidies to which it was opposed. It was agreed to refer these amendments to the Sub-Committee.

Paragraph 3

Mr. KENNEDY (United States of America) said that the United States amendments (Item 18) to Section C arose from their reservations on paragraph 3 of Article 27 and on Article 28. The amendments were designed to secure uniformity of treatment for all subsidies on primary products. His delegation opposed the predatory use of subsidies, but merely desired fair treatment as between one type of subsidy and another as applying to primary commodities. He would be glad to have the amendments referred to the Sub-Committee.

It was agreed to refer the amendments to the Sub-Committee.

2. Article 28

Mr. BRIGNOLI (Argentina) proposed the deletion of Article 28, because the application of a base period would handicap underdeveloped countries.

It was agreed to refer the amendment to the Sub-Committee.

3. Article 29

Mr. BRIGNOLI (Argentina) proposed the deletion of Article 29, since the proper place for such matters was Chapter VII. However, if the paragraph were retained, he proposed that the word "determination" be changed to "recommendation". It was agreed to refer the proposal to the Sub-Committee.

4. Proposed New Article

At the request of the representative of Costa Rica, the CHAIRMAN stated that, since the Minister for Foreign Affairs for Ecuador was not present to

/discuss the new

discuss the new Article proposed by his government, consideration should be postponed until the next meeting.

5. Sub-Committee - Terms of Reference

It was agreed that the terms of reference of the Sub-Committee to study Section C of Chapter IV should be:

- (a) to consider all proposed amendments to Section C of Chapter IV of the Draft Charter contained in document E/CONF.2/C.3/8, together with all suggestions and proposals made during discussion of these proposed amendments in Committee IIIb; and
- (b) to recommend texts to reconcile the various points of view expressed.

6. Sub-Committee - Membership

It was agreed that the following should be represented on the

Sub-Committee:

| | | |
|-----------|-------------|--------------------------|
| Argentina | Denmark | Sweden |
| Australia | France | Turkey |
| Brazil | Netherlands | United Kingdom |
| Canada | Peru | United States of America |
| Cuba | Philippines | Venezuela |

The meeting rose at 3.45 p.m.
