

THIRD COMMITTEE: COMMERCIAL POLICY

SUMMARY RECORD OF THIRTY-SIXTH MEETING

Held at the Capitol, Havana, Cuba on 14 February 1948 at 10.30 a.m.

Chairman: Mr. L. D. WILGRESS (Canada)

1. Consideration of the Report of Sub-Committee 'H' on Subsidies
(document E/CONF.2/C.3/51).

The CHAIRMAN drew attention to the proposal by the delegation of Ecuador to add in Section C a new Article on "The equitable regulation of prices in international trade". The Committee had decided that Sub-Committee 'H' was not the appropriate body to discuss the proposal, which had then been referred to the Joint Sub-Committee of the Second and Sixth Committees, who had recommended the addition of a sub-paragraph (f) to Article 69. That recommendation had been accepted by the Sixth Committee and was understood to be satisfactory to the delegation of Ecuador.

Mr. WARWICK SMITH (Australia), Acting Chairman of Sub-Committee 'H', presented the Sub-Committee's Report.

The major changes in the Report as a whole derived from a United States proposal to exclude primary products from the scope of Article 26 and to delete Article 27. The original proposal had not been acceptable to the Sub-Committee, and the United States had submitted alternative suggestions.

The Sub-Committee had finally reached general agreement on a considerably relaxed version of Article 27 - in particular of paragraph 3 (now paragraph 5) - which contained, however, certain new provisions, e.g. a greater emphasis on the importance of commodity agreements. Article 28 was strengthened, and now covered general subsidies affecting exports as well as export subsidies. The concept of a "previous representative period" had been replaced by that of an "equitable share in world trade" as the basic criterion, and provision made for findings by the Organization where consultation failed. Factors were specified which the Organization should take into account in making its findings.

Mr. Smith called attention to sub-paragraph (d) on page 7 of the Report. This contained a statement of the viewpoint of one delegation and it had been /suggested

suggested that there might be some ambiguity as to whether this fact was clearly expressed in the text. To remove any doubt, the full stop after the first sentence should be changed to a semi-colon and the following word "This" should begin with a small "t".

Mr. RODRIGUEZ (Brazil) said that his delegation's general reservation on Section C would have to be maintained until he received instructions from his government.

Mr. FERRERO (Peru) maintained his reservation on the grounds that there was a difference of treatment between subsidies which operated to maintain or increase the exports of a primary commodity and subsidies which operated to reduce the imports of a primary commodity. The former were subject to the provisions of Article 28, while the latter were subject only to the much weaker provisions of Article 25. Such a difference of treatment was illogical as the interests of exporting countries were prejudiced just as much by either type of subsidy.

Mr. CAPLAN (United Kingdom) recalled his delegation's doubts regarding the removal of the principle of prior concurrence from Article 27 and also regarding the inclusion in Article 28 of general production subsidies affecting the export of primary commodities. Having regard to the new safeguards introduced, his delegation had decided, however, to accept the text presented by the Sub-Committee. He attached special importance to the concept of the "equitable share" in Article 28 and to the findings thereon by the Organization. He welcomed the greater emphasis in Article 27 on the multilateral solution of primary commodity difficulties, in the form of the general obligation on Members granting subsidies to co-operate in efforts to secure inter-governmental agreements. The provisions of paragraph 4 of Article 27, restricting the granting of new or additional subsidies during a commodity conference, also constituted a valuable safeguard.

Article 25

Mr. ORTIZ-LAMADRID (Cuba) stated that his delegation maintained its reservation on Article 25.

Mr. GUTIERREZ (Bolivia) reserved his delegation's position provisionally on Article 25, pending instructions from his government.

At the suggestion of the Australian representative, the letter "s" was added to the word "interest" in the last sentence of Article 25.

The Cuban and Bolivian reservations having been noted, Article 25 was approved.

Article 26

Mr. CAMPS (Argentina) explained that his delegation's reservation on paragraph 3 referred to the determination by the Organization rather than

/to the time-limit.

to the time-limit. He maintained the reservation pending instructions from his government.

The reservation of Argentina having been noted, Article 26 was approved.

Article 27

Mr. CAMPS (Argentina) maintained his reservation on paragraph 4 of Article 27 pending instructions from his government.

Mr. FERRERO (Peru) specifically reserved his position on paragraph 5 of Article 27 as it would permit export subsidies on primary commodities without the prior approval of the Organization.

The Argentine and Peruvian reservations having been noted, Article 27 was approved.

Article 28

Mr. CAMPS (Argentina) maintained his delegation's reservation on paragraph 3 pending instructions from his government.

The Argentine reservation on paragraph 3 having been noted, Article 28 was approved.

Article 29

The deletion of Article 29 was approved.

The CHAIRMAN announced that the Committee had completed its second reading of Section C.

2. Article 34 - Amendment Proposed by the Delegation of Australia
(document E/CONF.2/C.3/38/Add.4).

Mr. MORTON (Australia), referring to the amendment submitted by his delegation, said that Sub-Committee H had made a substantial change in the conditions laid down in paragraph 1 of Article 27 of the Geneva draft in relation to systems of price stabilization for primary products. The delegation of Australia therefore considered it desirable to delete the cross-reference to Article 27 contained in Article 33, and to specify in the text of the latter Article the conditions under which products exported under a stabilization system would be considered not to result in material injury within the meaning of that Article. His delegation proposed that the final sentence of paragraph 6 of Article 33 should be deleted and a new paragraph 7 should be added.

Mr. SCHWENGER (United States of America) supported the amendment proposed by the delegation of Australia.

Mr. RODRIGUEZ (Brazil) although accepting the new paragraph 7 as a compromise solution, felt there was some inconsistency between the wording of paragraph 1 of Article 27 and the proposed new paragraph.

/Mr. MORTON

Mr. MORTON (Australia) in reply, said that it had been considered desirable to add to Article 27 provisions for schemes that were designed to operate in a certain way. It had been felt that it would be too much to ask countries to forgo this right to impose countervailing duties in respect of products exported under such schemes. Consequently it was considered that under Article 33 the right of a country to impose countervailing duties should only be limited to the extent that had been previously agreed upon, i.e. where the system over a period of years had been tried and proven to show that it was not a subsidization scheme in the ordinary sense of the word. In any other case the right to impose countervailing duties should be carefully studied.

The amendment to Article 33 proposed by the delegation of Australia was approved.

The meeting rose at 11:35 a.m.
