

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE E (ARTICLES 20 AND 22)

REPORT OF WORKING PARTY NO. 8

1. Working Party No. 8 was set up at the Sixth Meeting of the Sub-Committee and consisted of the delegates for Mexico, New Zealand, Peru, the United Kingdom and the United States. The Working Party enjoyed the benefit of co-operation with the delegates for Turkey and Uruguay at its meetings.

2. It was appointed to consider sub-paragraph 2 (d) of Article 22 in the light of the amendments proposed thereto and was given authority to consult on matters of common concern with a Working Party of Sub-Committee F.

The following items fell within its terms of reference:

Item 51 (Uruguay)

Items 52 and 58 (Mexico)

Item 54 (Turkey)

Item 59 (Geneva Draft Note)

Item 60 (Syria and Lebanon)

and the footnote to sub-paragraph 2 (d) in the Geneva Draft.

Item 51 (Uruguay)

The Working Party agreed that the objectives of this amendment were fully covered by the present draft of paragraph 2 because price and delivery conditions were obviously among the main factors which would determine the distribution of trade in the absence of import restrictions. In the light of this explanation, the delegate for Uruguay withdrew the amendment.

Items 52 (Mexico) and 54 (Turkey)

These amendments were withdrawn in view of the proposed revision of the footnote (see Item 59 below).

Item 58 (Mexico)

The Working Party considered that the fact that it was the member applying the restriction who allocated the quota was already sufficiently clear, both because paragraph 2 (d) specifically mentioned this and on the more general ground that there was no hint elsewhere that anybody else was to allocate the quota. The delegate for Mexico therefore withdrew this amendment.

Item 60 (Syria and Lebanon)

The delegates for Syria and Lebanon stated that they had no objection to
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their amendment being considered in connection with Article 23 and on the request of the Working Party they presented their views to the appropriate Working Party of Sub-Committee F of Committee III. The Working Party of Sub-Committee F considered that the amendment had properly been referred to it and Working Party No. 8 did not therefore examine this amendment further.

Item 59 (Geneva Draft Note)

The Working Party agreed that this note should be retained and that it should be framed to cover the objectives of the amendments of Mexico (Item 52) and Turkey (Item 54). It was also agreed that the note should refer to the term "special factors" wherever used in Article 22.

Accordingly the Working Party recommends that the following wording be added as an interpretative note to the text in place of the existing note to paragraph 4:

"The term 'special factors' as used in this Article includes inter alia the following changes as between the various foreign producers which may have occurred since the representative period:

- (i) changes in relative productive efficiency;
- (ii) existence of new or additional ability to export; and
- (iii) reduced ability to export;

but does not include changes artificially brought about since the representative period by means not permitted under the Charter."

The Working Party agreed that the use of the words "inter alia" should be called to the attention of the Central Drafting Committee in order that the various footnotes to the text might be standardized throughout the Charter.

Geneva Note to Sub-Paragraph 2 (d)

The Working Party recommends that this footnote be deleted, though this recommendation is conditional upon the adoption of the new footnote proposed above.