

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE E ON ARTICLES 20 AND 22

NOTES ON THE ELEVENTH MEETING

Held on Thursday, 12 February, at 3.00 p.m.

Chairman: MR. J.E. HOLLOWAY (South Africa)

CONSIDERATION OF THE DRAFT REPORT OF SUB-COMMITTEE E TO COMMITTEE III,
(E/CONF.2/C.3/E/W.22)

PART I

1. Part I of the report was approved with the alteration of the word "elect" to "elected" in paragraph 3.

PART II - Article 20 - General Elimination of Quantitative Restrictions

The Sub-Committee agreed that the following changes should be made in Part II of the Report:

2. Paragraph 3 should read as follows:

"A Working Party set up to consider the amendments proposed by Chile and Argentina (Items 1 and 2) reported that its work had not been completed as it depended on a proposed amendment to Article 21 and a proposed interpretative statement by a delegate on the text of that Article. The representative of Chile reserved his position until the proposals mentioned above had been accepted and pending the final text of Article 13. The representatives of Argentina (who was not a member of the Sub-Committee) and Ireland also reserved the positions of their delegations pending the final text of Articles 13 and 21."

3. The first sentence of paragraph 4 should read:

"The representative of China reserved his position until the general situation became clearer."

4. At the end of paragraph 16, add, in parentheses, the words "see paragraphs 17 and 19 below".

5. In the last line of paragraph 17, delete "paragraph 16" and substitute "paragraph 15".

6. In the second line of paragraph 22, insert the words "introduced during the discussion" after "an amendment of Colombia".

/7. Paragraph 24

7. Paragraph 24 should read as follows:

"The Sub-Committee cannot recommend the adoption of the amendments of Uruguay (Items 14 and 20) and Ireland (Item 18 and E/CONF.2/C.3/E/W.6)

8. In the last line of paragraph 31, delete the word "Sub-Committee" and substitute "Committee".

9. Paragraphs 33, 34 and 35, should read:

33. The word "utilization" refers to the ultimate use of the products and is not used in a technical sense. For example, wheat and flour are so closely related as regards utilization that flour is to be regarded as a processed form of wheat such as is referred to in the interpretative note.

34. The Sub-Committee took note that paragraph 3 (a) was not intended to and did not establish any new exception permitting the use of quantitative restrictions on imports. It is to be understood that the basic requirement of the effective operation of restrictions on domestic production or marketing remains as a condition precedent for all cases in which import restrictions may be imposed under paragraph 2 (c) (1).

35. With regard to the interpretative note on "special factors" the Sub-Committee agreed that it was desirable to make clear that changes in relative productive efficiency between the home producers and foreign producers should be taken into consideration in determining the size of import quotas under Articles 20 (2) (c) (1). The Sub-Committee recommends that the note to Article 20 (2) (c) of the Geneva text on "special factors" should be retained as an interpretative note to sub-paragraph 3 (d) in the form set out in Part III of this Report."

It was further agreed that the first sentence of paragraph 35 in the Report should be inserted in paragraph 5, under Article 22, where it properly belonged.

10. Paragraph 37 should read:

"The Sub-Committee agreed that the use of the words "inter alia" in the footnotes to Articles 20 and 22 on "special factors" (see pages 13 and 16) should be brought to the notice of the Central Drafting Committee....."

11. In paragraph 38, delete "in terms of" and substitute "under".

12. In paragraph 39, delete the words "procedure for establishing Quantitative Restrictions under" and insert the wording of paragraph 39 as thus revised in paragraph 1 of Part II also.

Article 22 - Non-discriminatory Administration of Quantitative Restrictions

13. In paragraph 5 for "paragraph 36" read "paragraph 37".

/PART III - Text of

PART III - Text of Article 20

14. The second line of sub-paragraph 3 (a) should read "measures referred to in sub-paragraph 2 (c) are in force; and, when applied"
15. In the Interpretative Note to sub-paragraph 2 (c) delete the words "to the" which appear in the third line.
16. Delete the Interpretative Note to paragraph 3, the wording of which, with some minor alterations, should replace paragraph 34 of Part II. (see above).

Text of Article 22

17. The representative of Colombia referred to paragraph 2 (a) of Article 22, and enquired whether the import licensing system in force in Colombia would be considered to conform to the requirements of this paragraph. He explained the practice of the Colombian authorities was to divide all imports which were subject to restriction into a few broad categories (e.g. raw materials and machinery) according to essentially and to permit traders to import any goods they chose within each category up to a fixed maximum value. There was no discrimination between different foreign sources of supply, but he wondered whether the use of such broad categories would be permissible under paragraph 2 (a).

The representative of the United Kingdom said that in his view the system described by the representative of Colombia was fully in conformity with paragraph 2 (a). This paragraph did not specify what was to be regarded as a "product", and, where this was practicable for the exporting country, there was some advantage from the point of view of international trade in applying import restrictions to wide rather than narrow categories, since this allowed importers a wider degree of choice as to the particular types of goods they could import.

18. In response to a question by the representative of Colombia, it was the consensus of the Sub-Committee that a Member which had allocated a quota might, during the quota period, reallocate it to other countries if adequate supplies were not in fact entered under the original allocation.
19. The Sub-Committee took note of a letter from the Chairman of Sub-Committee A of Committee III to the Chairman of Sub-Committee E of Committee III. This letter stated that Sub-Committee A was recommending to Committee III the addition of a new paragraph 7 to Article 18, and pointed out that if this recommendation were adopted a consequential amendment to delete the words "and to any internal regulation or requirements under paragraph 2 of Article 18" in paragraph 5 of Article 22 would be necessary.
20. In the end of the second Interpretative Note to Article 22 on page 16, the format and wording should be changed as follows:

"..... public notification of the change. This no way affects....".
