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TRADE AND EMPLOYMENT**

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THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE G (SWISS PROPOSAL)

REVISED DRAFT REPORT OF SUB-COMMITTEE G TO COMMITTEE III

OBSERVATIONS BY THE DELEGATION OF THE UNITED STATES

1. The revised draft report circulated as E/CONF.2/C.3/G/W.11 was prepared in a Working Party for submission to Sub-Committee G. This report contains the following paragraph:

"13. The delegate of the United States, while agreeing with the final conclusion, stated that he is not in agreement with certain aspects of this report."

2. The delegation of the United States here sets forth its objections to certain aspects of the revised draft report.

3. The delegation of the United States is in agreement that various factors in the Swiss economy constitute a combination of circumstances requiring special consideration (paragraph 4 of the revised draft report). It also agrees that the proposal put forward by the delegation of Switzerland to meet this problem "would dangerously weaken the structure of the whole Charter" (paragraph 7 of the revised draft report). It further agrees that the Sub-Committee has been unable to devise a solution which would accommodate Switzerland without excessive weakening of the Charter (paragraph 8 of the revised draft report). It also agrees with the final conclusion of the Working Party that the Interim Commission should invite the Swiss government to participate in a study of the problem facing the Swiss economy with a view to devising a solution (paragraph 9 of the revised draft report).

4. However, the delegation of the United States cannot accept some of the statements contained in paragraphs 5 and 6 of the revised draft report. In our view these paragraphs go so far in accepting the arguments and proposed solutions put forward here by the delegation of Switzerland as in effect to limit the freedom of the Interim Commission in exploring this question. Thus, to say that "there is in present conditions a threat of

/imports

"imports flooding in at a rate which would endanger domestic production and employment" and to say that "it was. . . recognized that these provisions (Articles 21 and 40) are insufficient to meet the exceptional needs of Switzerland" and to say that "it was accordingly agreed that if such a country has to engage in bilateral negotiations with other countries which are themselves applying restrictions to their imports, it will need bargaining powers to safeguard its export interests by the threat and, if necessary, the imposition of quantitative restrictions" is to concede most of the arguments put forward by Switzerland and the basic solution proposed by Switzerland and thus effectively to limit the scope of the inquiry of the Interim Commission.

5. The delegation of the United States is prepared to agree that Switzerland would face certain special problems as a Member of the ITO and is prepared to give its full co-operation in seeking a reconciliation of the Swiss problems with the general structure of the Charter. But it is not prepared to enter upon such an inquiry under an advance commitment which would make it extremely difficult to come to any other conclusion than that here sought by the delegation of Switzerland.

6. The delegation of the United States proposes therefore that paragraphs 5 and 6 be deleted from the draft report.