

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE II:

GENERAL OBSERVATIONS

OF THE

CZECHOSLOVAK DELEGATION ON THE AGENDA OF COMMITTEE II

A.1 - General most-Favoured-Nations Treatment:

The Czechoslovak Delegation is in agreement with the general formula of the most-favoured-nation treatment as suggested in Article 8, paragraph 1 of the Charter, and also requests the members of the Preparatory Committee to consider whether the definition of the most-favoured-nation clause as worked out by the League of Nations and already included in most commercial treaties, would not seem better suited for the purposes of a general expansion of world trade.

A.2 - National Treatment of Internal Taxation and Regulation:

The Czechoslovak Delegation agrees with the provisions of Article 9 of the Charter. Czechoslovakia has always afforded equal treatment to imported goods with regard to internal taxation, whatever their origin has been. The Czechoslovak Government has no intention of introducing legislation discriminatory as to internal taxation of imported goods. With regard to the regulations governing the procurement by governmental agencies of supplies for public use, other than for military establishments, the Czechoslovak Delegation feels that this exception should also apply to the supply of goods for either governmental establishments or establishments of local authorities which by their nature are public services, provided that equality of treatment is granted to all foreign competitors.

A.3 - Freedom of Transit:

Czechoslovakia has always maintained the principles contained in Article 10 of the Charter . . . Moreover, Czechoslovakia signed and still adheres to the Barcelona Convention of 1929 which in some respects is more elaborate and precise. It would be well worth while if the Committee could also deal with the question as to the relation between a future Charter of international trade and the above-mentioned convention.

In the opinion of the Czechoslovak Delegation the provisions of the Charter apply to the freedom of transit by air as well. . . On the other side, however, the Czechoslovak Delegation understands that the particular provisions of the Charter do not concern the right of air navigation over national territory and the establishment of air lines. This matter is competently dealt with by "PICAO", of which Czechoslovakia is a member.

In connection with Article 10 the Czechoslovak Delegation wishes to emphasize the importance of paragraph 5 of this Article providing for reasonable charges on traffic in transit. We know from our own experience that post-war reconstruction of trade in certain European countries is being retarded by excessive freight rates and various other abnormally high transport charges as imposed at present, as, for instance, in Germany.

A.4 - Anti-dumping and countervailing Duties:

The Czechoslovak Delegation feels that the definition of the Charter does not cover all cases of dumping in general, and submits for the consideration of members the question whether also cases of an extraordinary influx of goods from one country to the other due to special governmental or other measures, like hidden subsidies or refunds, prolonged working hours or other unfavourable working conditions or which are due to a depreciation of currency not provided for by the Articles of Agreement of the International Monetary Fund should not be dealt with by the Charter.

On the other hand, the Charter ought to provide also a guarantee that anti-dumping and countervailing duties will not be applied arbitrarily.

A.5 - Tariff Valuation:

The Czechoslovak Delegation wishes to point out that the value of a product for duty purposes should be equal to the sum of the purchase price of that product in the place of its production plus all costs (packing, transport, insurance and other charges) originating prior to the arrival of the product at customs territory of importing countries. The basis for this valuation should be shown in the invoiced purchase price.

A.6 - Customs Formalities:

Customs formalities may in certain circumstances be looked upon as barriers to foreign trade that should not be underestimated. Czechoslovakia is in favour of as much simplification as can be achieved through an international convention.

The Czechoslovak Delegation is therefore in agreement with the provisions of Article 13 of the Charter. Moreover, it seems to us that this article does not cover the whole field of customs formalities in general, as compared, for instance, with the Geneva Convention of 1923. Bearing in mind that a majority of countries represented at the Preparatory Committee, adhere to the above-mentioned Convention, we submit that the provisions of the Convention, duly revised or amended, should be incorporated in the Charter or it should be recommended to States who did not adhere to them that they should do so as soon as possible.

A.7 - Marks of Origin:

The Czechoslovak Delegation feels that it is very important that a product should be protected on the world market against abuse of regional marks of origin and that the sale of goods under the name of another State ought to be regarded as unfair competition. We are

wondering if it would not be practicable to have a central register for regional marks of origin which should be internationally protected.

On the other hand, the Czechoslovak Delegation is of the opinion that obligatory marks of origin are a great impediment to international trade. Therefore it may seem advisable to abolish obligatory marks of origin altogether and leave it to the discretion of every member to emphasize the superior quality of its goods by marks of origin.

A.8 - Publication and Administration of Trade Regulations - Advance Notice of Restrictive Regulations:

The Czechoslovak Delegation agrees with paragraph 1 and 2 of Article 15 of the Charter. Concerning paragraph 3, we would prefer the provisions of Article 4 of the Geneva Convention which merely aim at having such changes duly published in advance. As to some technical details the Czechoslovak Delegation will be pleased to present its views in the technical subcommittee.

A.9 - Information, Statistics and Trade Terminology:

As there are countries whose statistical service for budgetary and other reasons like shortage of specialists etc., is not yet developed to such an extent as that of other countries, the Czechoslovak Delegation would like to suggest that a provision be incorporated into the Charter advising the ITO to work out a scheme of reasonable minimum basic statistical requirements which are absolutely necessary for the purposes of the Organization and are to be supplied regularly by members.

B.1 - Tariffs and Tariff Preferences:

It has always been the policy of Czechoslovakia to reach lower tariff rates by commercial agreements with other countries. Any reduction of duties was automatically applied to other countries on a multilateral basis with whom Czechoslovakia had existing commercial treaties and to whom she granted most-favoured-nation treatment. Czechoslovakia is today, as she always has been, in favour of a policy envisaging a lowering of customs barriers and finds herself therefore

in agreement with the procedure proposed in article 13 of the Charter .

As to the practical application of that procedure the Czechoslovak

Delegation would like to make the following observations:

(a) Negotiations concerning the reductions of custom duties should not be obligatory for every two States concerned as there may be countries whose reciprocal trade has always been, and for natural reasons is expected to remain very small and hence not at all representative.

(b) Negotiations should concern primarily products typical and most representative in the commerce of the respective two States.

(c) The Czechoslovak Delegation assumes, having in mind that the future negotiation will be conducted at a time when probably many states will be in a position of uncertainty as to future developments, that the future schedule of custom reductions would be progressively enlarged by further bilateral negotiations, applied multilaterally to other members by most-favoured-nation treatment.

(d) A sufficiently flexible provision should be included in the "Charter" as to possible revisions of individual reductions granted. If no such provisions were made in the "Charter" many states would probably hesitate to grant reductions at the present moment, having in mind future changing conditions of their own economies, the general economic development of the world and changing relations among its different economic regions.

(e) It should also be borne in mind that countries which have higher tariffs should grant greater reductions than low tariff countries.

(f) The Czechoslovak Delegation assumes that countries having specific tariffs would always have the chance, prior to the granting of reductions, of bringing tariff protection into harmony with its own exchange rate.

We feel also that ITO should be entrusted with a continuation of all work concerning the unification of tariff nomenclature.

C and D - Quantitative Restrictions and Exchange Control:

The Czechoslovak Delegation feels that it should be a common endeavour of all countries to remove gradually all quantitative restrictions. However, it seems to us for practical reasons impossible that all countries could arrive at the stage of a complete elimination of these restrictions simultaneously, because this depends to a great extent on the economic and financial conditions and development of the countries concerned, and on conditions of commercial policy prevailing in those countries which are predominant as Czechoslovakia's commercial and financial partners. Czechoslovakia does not intend to maintain quantitative restrictions for any other reasons but for the safeguarding of the equilibrium of her balance of payments. Since a substantial part of Czechoslovakia's foreign trade was done with countries with inconvertible currencies, and since there are some industries in Czechoslovakia whose products cannot be marketed elsewhere, it follows that due to a considerable shortage of convertible currencies, these must be used economically and primarily for reconstruction purposes as well as for the purpose of fulfilling obligations of a financial character. It seems to us, therefore, that an elimination of quantitative restrictions, going hand in hand with the procedure as foreseen in Article XIV of the Articles of Agreement of the International Monetary Fund, would be more appropriate. Thus the various provisions of the Charter concerning the elimination of quantitative restrictions should, especially as to time limits and other conditions run parallel with the provisions of Article XIV of the above-mentioned agreement. Moreover the elimination of exchange restrictions should precede the complete elimination of quantitative restrictions by a period which might afford to the State concerned a certain breathing space so as to enable it to accumulate a certain amount of monetary reserves and to prevent a short-term disturbance of its balance of payments due to a sudden abolition of the rest of the quantitative restrictions still in force.

Czechoslovakia endeavours even at present to hinder her imports and exports as little as possible. It may be mentioned in this connection that the importation of most of the raw materials (about forty per cent of total imports) is practically free, as the control of it is maintained only for the purpose of registration of payments obligations.

F.2 - Expansion of Trade by State Monopolies of Individual Products:

The provisions of Article 27 should in the opinion of the Czechoslovak Delegation, not apply to these governmental monopolies which in certain countries traditionally have a financial character i.e. have been introduced as a suitable method of indirect taxation. Otherwise the country concerned would be compelled to change the monopoly into another form of indirect taxation which would be an administrative problem of considerable difficulty.

H. Relations with Non-members:

The Czechoslovak Delegation feels that it would be extremely disastrous if the creation of ITO would mean the formation of conflicting economic blocs. We feel that each country should be entirely free to decide if and how far it could grant to some non-member countries advantages which it grants in accordance with the Charter to member countries. The Czechoslovak Delegation is fully convinced that if some country is willing to grant these advantages to one or more non-member countries, that this cannot be regarded as being in contradiction to the purposes and objectives of ITO; on the contrary, it might help to enlarge the scope of the principles agreed upon in the Charter to those countries which for some reasons which are unknown to Czechoslovakia, would not be inclined to accept the provisions of the Charter. Of course, it will remain the desire of Czechoslovakia that States as possible should become members of ITO.