

E/PC/T/C.II/PV/LO

UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

PRELIMINARY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

TENTH MEETING

of

COMMITTEE II

held in

The Hoare Memorial Hall,

Church House, Westminster, S.W.1.

on

Tuesday, 19th November, 1946

at 2.30 p.m.

CHAIRMAN:

DR. H. C. COOMBS (Australia)

(From the Shorthand Notes of
W. B. GURNEY, SONS & FUNNELL,
58, Victoria Street,
Westminster, S.W.1.)

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THE CHAIRMAN: Gentlemen, we have received from the Technical Sub-Committee of Committee II a draft Report for the consideration of this full Committee. I will ask Mr Videla, the Chairman of the Technical Sub-Committee, to introduce the Report.

MR VIDELA (Chile): Thank you, Mr Chairman. As the Chairman of the Technical Sub-Committee, I should like to say a few words before I ask our Rapporteur, Mr Roux, to present the Report. We were at least two weeks on the provisions and the previous procedure, and on the 1st November, for instance, we adopted on show of hands the deletion of the word "person" in Article 10, but on the same day the Heads of Delegations adopted a new procedure which was explained to our Sub-Committee, and on the 1st November it was adopted. Since the 1st November we have proceeded under pressure of work and under the arrangements made by the Heads of Delegations Committee in order to finish our work before or on the 12th November. This is the reason why, accepting and accomplishing our task with new procedure, we are able, I think, to be the first Sub-Committee to present to our full Committee a Report. I must say that the technicalities and other technical matters involved would have taken at least two or three months if we had adopted the procedure we first started with during the first two weeks. There was general agreement amongst the members of the Sub-Committee first not to divide the Sub-Committee into small Drafting Committees as regards the difference of wording between the French language and the English language, and also the technical questions involved made it very difficult to divide the work of this Sub-Committee, and every Delegation wanted to present and discuss fully the meaning of each word. That is the reason why this Committee, which is not a Drafting Committee but a Committee on technical matters, could not find a way to present a draft first, because we could not subdivide our staff into small Drafting Committees; and secondly because we had no time. The Secretariat asked us to finish our work before or by the 12th November. After what I have said, I would like only to thank my friends, my fellow Delegates, for their splendid work and for their

great help to the Chairman, and particularly I want to thank the Secretariat and all my friends here, because we have accomplished in a very nice and friendly atmosphere one of the most difficult tasks.

Thank you, Mr Chairman. I am now going to ask Mr Roux, who has just arrived, to present the Report of the Technical Sub-Committee to you.

THE CHAIRMAN: Thank you. I now call upon the Rapporteur.

THE RAPPORTEUR (Mr Roux) (Interpretation): Mr Chairman, I do not think there is any need for me to go into details of the work done by the Technical Sub-Committee. I shall merely say a few words on the subjects dealt with and try to bring out, as objectively as possible, the general trend of our discussions.

In the case of the problems raised in article 9, it is not enough to guarantee the different nations equality of treatment, that is, most favoured nation treatment; they must be granted equal treatment with the importing country itself, in other words, national treatment. One question raised here is the levying of internal taxes or duties other than customs duties, which necessarily affect imported products as they do domestic products: the other question is that of the industrial and commercial regulations applicable to such products once they are out of bond. The principle set forth in the Charter is unchallenged, but difficulties arise in its application either by reason of the apparent discriminatory nature of the various measures called for by particular situations, or as a result of the difficulties which certain countries - I particularly refer to States of a federal structure - experience in securing the application of these regulations by their local authorities.

Article 10, following the 1921 Barcelona Convention, on which it could with advantage be more closely modelled, asserts the principle of freedom of transit. The authors of the Charter have found it necessary, at this juncture, to raise the delicate question - which arises also in connection with Article 8 - of the tariff rate to be applied to products imported through the territory of a third country. On account of the widely differing regulations existing and the insufficiency of our information on this point,

we were unable for the time being to do more than retain the practices in force in various countries.

Article 11, dealing with measures designed to counter dumping and subsidies, shows the tendency of the United States, author of the suggested Charter, to modify its own legislation in accordance with its proposals. The text appears for the most part satisfactory and precise. It might, however, be improved by safeguarding States against the ill-considered application of these measures which, if they were applied without due deliberation, might well harm international goodwill.

In Article 12, which deals with tariff valuation, similar tendencies on the part of the USA can be observed. But in so controversial a matter it was not possible for the moment to formulate such detailed regulations, and the Committee is inclined to think that it would be better to omit from this Article anything other than general principles.

Article 13 deals with the simplification of customs formalities and condemns indirect protection. The final drafting of this text will be helped by the work of the League of Nations on which we might well base our work to a larger extent.

On the other hand, Article 14, dealing with marks of origin which, in certain countries, must be fixed to imported goods, raises a series of problems which had not before been very fully considered. Here also, as in the tariff valuations dealt with in Article 12, the wisest course appeared to be to keep to general principles. It was in connection with this Article that we had to face the important and delicate question of the protection required by several countries for the time-honoured trade marks of a geographical type covering certain goods of worldwide repute. As in both cases, the question at issue is, in short, to ensure fair trading practices and to safeguard the buyer, it was felt, for the very reasons underlying Article 14, that it might be wise to round off the Charter on this point by an explicit mention of the problem.

Article 15, on the publication of customs regulations, is, like Article 13, related to problems already considered at Geneva. General agreement was secured, but it seemed advisable to deal cautiously with

matters of internal fiscal dispute and inadvisable moreover to regulate too closely the temporary measures to be applied in favour of consignments already en route when tariffs are increased or fresh restrictions imposed.

A similar measure of agreement was reached regarding the statistical information called for in Article 16, provided always that we are content to make progress by degrees and to take into account the material difficulties experienced by some countries.

Article 17, dealing with the renunciation of boycotts that are likely to endanger economic peace, has less technical implications. We attempted to define the idea as fully as possible.

The Committee's last task was the examination of Article 32, in which are listed the general exceptions to Chapter IV of the Charter. We reviewed the list in the light of the principles put forward by Article 13, and felt that it was necessary to make it clear that the provisions of Article 32 should not be used as a cover for unjustifiable discriminatory practices or practices designed to secure indirect protection.

I must add that in connection with many of the Articles I have just mentioned, reservations have been expressed so wide in scope that they might be applied to the Charter as a whole: the necessity to make progress by degrees and to allow time for the putting into force of the obligations undertaken by States: the special position of federal States, of countries not yet highly industrialised and of countries in the process of re-establishing their financial or political position; the possibility of invoking the Organization before a particular measure is decided upon or afterwards, at the request of a Member State which considers that it has suffered prejudice. To spare the time of the Committee, I shall bring this analysis to an end. This Report is a piece of work done in good faith, laid before you in all humility by men of good will, accustomed to dealing with realities, desiring rather to put forward plans capable of practical application in the existing conditions, than to state abstract principles or propose ambitious new departures.

The Rapporteurs ask for your confidence, and beg that you will not reopen the technical discussions which have already been given opportunity for debate in the special Sub-Committee.

It behoves me here to note the liberalism, the courtesy, the goodwill and the breadth of vision with which the Chilean Delegate, M. Videla, has directed our work. It is thanks to his personal initiative that the most controversial questions have been threshed out, with the utmost cordiality, by delegates coming from widely separated countries, holding different viewpoints, yet constituting, in the course of their work as a Sub-Committee, a homogeneous group of experts amicably exchanging their views and suggestions, and animated by the same desire to create a lasting organization that would prove satisfactory to all.

And our efforts will have been fully rewarded, Mr Chairman, if you will be pleased to associate yourself with the tribute we all pay to M. Videla. In conclusion, I should like also to draw attention to the efficiency, the indefatigability and the perseverance of my American colleague, Mr Johnson, whose influence is still felt in our midst even after his return to the United States. It was with him that I began the examination of the Charter, and now, at the moment when, thanks to the labours of my fellow Rapporteurs from Belgium, Canada, the Netherlands and the United Kingdom, this task has been brought to its conclusion, it gives me great pleasure to associate Mr Johnson

in the success of the work in which he played so notable a part

from the very beginning.

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THE CHAIRMAN: Thank you. The Report of the Technical sub-Committee is now before the Committee for consideration. Before we pass to a detailed consideration of the Report, I suggest we turn our attention to the point to which the Chairman of the Technical Sub-Committee has drawn our attention, and that is that as a result of a desire to adhere closely to the instructions issued to the various sub-committees and because of the intense difficulty and the technical character of the subject, they have reported substantially along the lines that wherever differences of opinion were apparent those differences were recorded accurately and precisely, but little attempt was made, in detailed analyses and discussion, to seek alternative drafts which perhaps might have reconciled those positions. It is quite clear that the Technical sub-Committee in this way acted in accordance with the general direction which had been issued; but I do wish to obtain the views of delegations on the question of whether, in view of the fact that the duration of the Conference has been somewhat extended, it would be possible to take this question any further, or whether we should accept the Report finally in its present form. Quite clearly, it is appropriate, I think, subject to any particular views the Committee may wish to put forward, to adopt it so far as it has gone in its present form; but that does raise a question of whether it might be possible, in the few days left to us, perhaps to take the matter a step or two further, so that the task of the Drafting Committee in January and consequently the Second Session of the Preparatory Committee in April will perhaps be somewhat easier. I would therefore ask whether Delegates have any views on this general question, whether we should adopt the Report finally in its present form, or whether perhaps, after adopting it provisionally in its present form, we should attempt to seek a further reconciliation of views upon those matters where a substantial body of agreement appears to exist, even though some reservations may be necessary from the draft report of the Technical Sub-Committee itself. I shall be glad to have the views of delegations on this question.

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MR MORTON (Australia): Mr Chairman, I should like heartily to endorse your approval of the work of the Rapporteurs in reporting as they have done strictly in accordance with their instructions. They have produced an excellent piece of work, which clearly sets out the points of view on which there was found to be universal agreement, and in such cases amendments to the draft were made and they clearly noted the points of disagreement amongst the various countries. Nevertheless, the document as it now appears before you has indicated so few points of general disagreement and, in consequence, so few amendments to the Charter, that I think you should regard it for the moment from the angle of its assistance to the January Drafting Committee. From that point of view, Gentlemen, it is not in my opinion entirely satisfactory. We do not know what manner of form the January Drafting Committee will take or who will constitute its personnel, but I feel certain that the various countries will not be able to send solely for the purpose of drafting the Articles relating to general commercial policy the same customs talent that they sent to this present Committee, and to that extent I think more use may be made of our presence here and the extent of our discussions here than has been done with this document considered solely from the angle of its assistance to the drafters. With that object in view, I have a suggestion to make and it is this: That where an amendment to the original text has been actively advocated by a reasonable number of countries, either by way of a suggested alteration to the existing wording or by the addition of a further sentence or paragraph, and where such amendment was not actively opposed by any considerable number, say, four or more countries, then the sub-Committee should make a recommendation to the Drafting Committee for the adoption or the inclusion of the amendments in the proposed draft. If you agree with that suggestion - and I think you owe at least that co-operation to the January Drafting Committee - it would open the way for each delegate now to propound such of his reservations and/or amendments as he attaches particular importance to, without, of course, delaying the Committee by reopening the

arguments for or against it, the idea being solely to ascertain whether there is or is not a reasonable amount of acceptance of that particular viewpoint which is expressed throughout the Rapporteurs' Report. If a reasonable amount of agreement is found to exist on any of the points there raised, then the Committee should recommend that that amendment or alteration be incorporated in the January draft. Failing such reasonably general agreement, the draft and the report may stay as it is at present. If that programme appears to you to entail quite an amount of work, still I would suggest that it would be worth it. Thank you.

THE CHAIRMAN: Does any other Delegate wish to express an opinion on this question?

MR. HAWKINS (U.S....): I would like to say first that I agree with the views of other delegates that the Committee has produced an excellent report. It has analysed the subject fully and has brought out what we all need to know in a meeting of this kind - on the difficulties all the various countries are in in respect of a given subject. However, it is evident from a hasty reading of the report, which is all that I have been able so far to give it, that there is wide difference of view on many of the provisions. Now the problem is how and when to reconcile them. I would agree with the delegate of Australia that it would be highly desirable to spend more time on this with a view to getting nearer agreement at least on important provisions at this meeting. My difficulty on that is simply one of time. These are very difficult questions, as the Committee has found in its discussions. I do not believe that hard-worked delegates in the closing days of this meeting, as now scheduled, will be able to find the time to give this the thorough study which it needs.

If that is so, there are two alternatives, the first of which I am sure will not be particularly popular. That would be to contemplate remaining in session some days longer. If we could clear away the other things and free ourselves so that we could concentrate on this, I am perfectly sure that in 3 or 4 days of concentrated work - and I do not believe it could be done in less - we could obtain a substantial measure of tentative agreement on this, as all our agreements are subject to approval at home. As far as the American delegation is concerned, we are perfectly willing to spend as much time as is necessary to do that. I know, however, that this would be difficult for many delegates, if not impossible. If that is so, the only other alternative is to turn the whole report over to the Drafting Committee which will meet after this Conference adjourns. If that were done - and I am not

necessarily advocating it, - it raises a question of the form of this Committee's report. I would suggest this as a possibility: that the articles covered by the Sub-Committee be included in the next draft completely in brackets; that the technical sub-committee's report be adopted as a working document sent to the drafting committee but not made public. Now my reason for not wanting to make it public is that I am sure it would give an impression of a much wider area of disagreement than will be found ultimately to exist, which most of us would like to avoid. As far as I am concerned, either of those alternatives would be acceptable.

MR. KUNOSI (Czechoslovakia): I am advised by the members of my delegation who have been taking part in the work of this sub-committee, that it would be much more practicable, and probably the only practical way to get some desirable result, to accept the second alternative put forward by the American delegate, and to consider the report of the technical sub-committee as unfinished, perhaps sending a special instruction to the Drafting Committee in New York, at the same time drawing the attention of the different delegations to the fact that in this field it will be necessary for them to get further instructions from home in order to reconcile the differences now existing. I think it is possible to indicate quite clearly to the Drafting Committee that this is a task of the Drafting Committee in New York in the field of conciliatory work. I myself do not believe that, at this stage of our Conference, and after very long sessions, we could achieve anything more than has been achieved in the report presented to us.

MR. FRESQUET (Cuba): I want to express Cuba's support of the second

alternative presented by the U.S.A. delegate.

MR. VAN KLEFFENS (Netherlands): I think we are all greatly indebted to the Sub-committee for its very clear work. It has been suggested that we should try to let the Drafting Committee make an alternative proposal, dealing not only with difficulties which are of a more formal nature but matters of substance. There are a lot of alterations, additions and amendments on which it ought to be possible, without very great difficulty, to come to an understanding, and in other respects there are very severe problems on which there is a certain amount of disagreement. I think the Drafting Committee would not be fully qualified to deal with matters of substance, if they are very important ones, and I would suggest that we should at least attempt here to try to condense the existing difficulties and to reach some understanding.

MR. MCKINNON (Canada): I do not for a moment wish to detract from the tributes paid to the Technical Sub-Committee, still less to detract from those which have been paid to the Rapporteurs. Although not a member of that particular Committee, I dropped in often enough to witness the highly technical discussions that were going on, and to sense the difficulty which the members of the Technical Committee - and necessarily, therefore, the members of the Drafting Committee - were facing in coming to any sort of conclusion on some of those articles which had been referred to them. At the same time, I cannot overlook the fact that the delegate of the United States referred to it as an excellent report. Quite frankly, I do not know if it is or not. I have not had a chance to go through it. It consists of some 40 pages of closely typed matter, packed with technical detail. I would think it is excellent if, by excellent, we mean exhibiting very large and substantial areas of disagreement! In that respect it is perhaps outstanding! And I say that, I repeat, without

casting the slightest reflection upon the Committee. I think that is inevitable when you get a Committee made up largely of technical personnel, administrative officials, who look at these articles just as the camel would look at the eye of the needle if he were attempting to go through it! I should feel that I was not discharging my responsibility to my Government if I attempted here today, tomorrow or next week, to say that this is an excellent document or not. I might find that it was highly unacceptable. At the same time, I realise that if, as the main committee, we attempt to go through this line by line - because that is what is necessary - we would be here not only four or five days but, I am quite certain, on a few points of substance alone, we might be here four or five weeks. One article leads to another. Administrative practice in one country is so different from the administrative practice in another. The valuation system in one area differs so much from that in another. Nomenclature enters so much into the consideration of the whole thing, that we would find that technical considerations such as we, not tutored in that respect, could not give, would lead us into ramifications of policy. Much as I hate to see this particular report stand off in square brackets (to adopt the U.K. delegate's suggestion), I doubt whether we can do anything else with it. If it goes to the Drafting Committee, we must keep in mind the rule that has been accepted in the meeting of the heads of delegations, that the Drafting Committee which will meet in New York is not a policy committee; it is not a committee that is supposed to express opinions. If we keep that in mind also allow that it is bound to make an honest effort to reconcile opinions where there appears to be a reasonable area of agreement and if, in addition to that, we postulate now that the Drafting Committee which we have settled is to

consist of not more than two or three at most from each member-country, should be assisted by a highly competent body of technical advisers, then I think something might come out of the drafting sub-committee that could be considered at the next session of the Preparatory Committee.

In view of the pressure under which we are working, (the fact that we have a date fixed for the termination of these proceedings) I do not see how we can possibly go into this report, Article by Article, and adopt it or disapprove of it. Therefore I would somewhat reluctantly endorse the suggestion of the delegate of the United States, that the report in toto, without comment, go in square brackets to the Drafting Committee.

MR. HAWKINS (U.S.A.): I did not make myself entirely clear, I am afraid. The second alternative was that you would put in brackets the Articles in draft, the ones that are under consideration, to show that they are not accepted, and that the report of the Technical Committee be adopted as a working paper for the Drafting Committee, but a working paper only, not to be made public.

MR. MCKINNON (Canada): I am very glad the U.S. delegate has given that explanation. I think that makes his suggestion still more acceptable.

MR. CHERRY (South Africa): The proposal of the delegate for Australia is presumably, and in fact it is, to assist the Drafting Committee. If this is a matter of prime importance, the South African delegation will endeavour to do its best and pull its weight to proceed further with this matter. On the other hand, there is the possibility - in fact I think it is a probability - that the delegates will shortly return to their countries, report to their governments on the points raised, and there is always the possibility that they will be able to return to the next meeting in a position to withdraw certain reservations or not to oppose certain reservations raised by

other countries. I think most delegates have experienced the particular position of hearing reservations made on points which have not crossed their horizons up to the present, and which they consider their governments need further to review. We must face up to the possibility that if this procedure is adopted, the Drafting Committee may find themselves forced simply to put forward the report of the Sub-Committee as their report, without doing very much work on it. If, however, the matter is made easier, as I have suggested, by delegates being in a position to withdraw reservations or to agree with proposals made by other delegates, perhaps this will not matter so much. Whichever scheme is adopted, South Africa will be content to do its best to fit in with it.

Mr. JOHNSON (New Zealand): I think we are all agreed that it would have been highly desirable to be able to send to the Drafting Committee a document on which it could work, and from that point of view we must support the suggestion made by the Delegate of Australia. The only difficulty I see in connection with the matter is the time factor. I was wondering whether it might not be possible, even in the space of a couple of days, for the Rapporteurs or the Committee which went through all this material and are familiar with the views put forward, to have a look at it again with a view to setting out clearly those points on which there was agreement, as suggested by the Australian delegate. Personally I visualise great difficulty, if a document like this is to be sent to the Drafting Committee in the United States, particularly since it is suggested by the Canadian delegate that it is not a policy-making body. That being the case, I can see great difficulty in various member-countries having the experts available to go into this matter further at the time when the Drafting Committee is doing its work on other sections

of the Charter. It seems to me that it would be more appropriate if those technical sections which could not be brought to a more conclusive stage here, might be held over until the early stages of the meeting in the spring when the various countries will have the personnel available to do the job more completely. In the meantime, each of the countries concerned will have had an opportunity to consider the various views that have been put forward and, as has been suggested, should then be in a position perhaps to co-ordinate their ideas and get some clear understanding fairly readily. So I would suggest that, if there is a possibility of any further examination being made of this document at this stage, we should endeavour to arrange it.

M. LE BON (Belgium-Luxembourg) (Interpretation): In re-examining the Charter in the way proposed by the Australian delegate, I think we should begin a new series of discussions which would promise to be difficult ones. If we touch this report, it may very well disintegrate. We should then have to begin all our work anew, perhaps without achieving better results than we have achieved. In view of this, I think we might follow the proposal of the United States delegate.

MR SHACKLE (United Kingdom): I should say, to begin with, that, owing to the pressure of work in the last few days and weeks, there has not been time for me to obtain a firm view from the United Kingdom delegation and, therefore, what I am about to say must be regarded, to some extent, as my personal impression. It seems to me that, in looking at this chapter, the first thing we have to consider is how far the provisions of this chapter form an indispensable basis for our further immediate work, and how far they do not, on the other hand, constitute a necessary part and basis for our immediate work and, therefore, could be remitted for more leisurely consideration later on. It seems to me that among the first class of those things which are essential as a basis for our further work, there fall such matters as tariff valuations, tariff classifications, anti-dumping and national treatment in matters of internal taxation and internal regulations. I think that, as regards those particular questions, we have to consider what is the sort of necessary minimum to lay down in order to provide a firm basis for the further work which awaits us in the immediate future.

Now, applying that principle to the various particular questions in the chapter, it seems to me that in the matter of tariff valuations, the question of arriving at some standardised uniform basis of valuation which would serve internationally as a long-term matter which we cannot hope to settle now, what is important for immediate purposes is that we should decide that tariff valuations and also tariff classification systems should not be so altered or capable of alteration that the results of the tariff negotiations which we are about to embark upon could be invalidated. It must be certain that, when we have negotiated tariff schedules, the methods of customs valuation and the systems of classification should not be altered in such a way that the rates of duty which we have negotiated can be altered. We must have firm ground under our feet for that purpose.

It seems to me, therefore, that, as regards tariff valuations and also classification, there should be a general provision which says that changes should not be made which would result in increases or negotiated and consolidated rates of duty. That is the first principle which I would like to suggest. When we go beyond that, it seems to me that the study of a standardised international system of valuations is a matter which the International Trade Organisation might very well consider when it has got into the saddle. It requires time and careful thought which only a body in the position of the International Trade Organisation can give it. We certainly cannot give it such consideration at the present time.

The same sort of considerations apply to the questions of national treatment in the matter of internal taxation and regulations. We need to make sure that internal taxation cannot be so manipulated as to evade the intentions and bindings of conventionalisations of tariff rates. We need also to make sure that internal regulation cannot be so manipulated as to circumvent the intentions of the provisions which we are about to suggest in the matter of quotas and quantitative regulation. I think also that, as regards anti-dumping, we need to have a certain understanding that the existing systems shall not be so modified as to invalidate the results of the tariff negotiations which we are about to undertake. It may be that, from that point of view, the best thing is to agree to something on the broad lines of what stands in the draft charter. At the same time, we must recognise that there are a great many difficult, very complicated questions involved in this matter of anti-dumping, which again it is proper that a body which has time to give consideration to the matter should take up. I think that is a matter which should be referred to the ITO, but we should be sure that meantime the situation is not, so to speak, made worse so that the effect of the tariff conventionalisations should be invalidated and undermined.

As regards the matter of internal regulation, there is just

one exception which I think it is necessary to make as regards the exhibition of films. That is an extremely difficult and complicated matter. It goes beyond the field of purely economic considerations. It raises cultural questions and so on. I think one must take it as more or less axiomatic that as matters stand at present countries will insist on being able to reserve to themselves a certain proportion of their own domestic market for films. Therefore, I feel that this is a matter in which, even though we may recognise that with a theoretical principle national treatment may be the right thing in the long-run, that is not attainable at the present time. At the present time, insofar as the action of individual Governments may need to be, as it were, moderated by international agreement, I feel that those agreements should be of a bi-lateral character, and that we cannot hope, as matters stand at the moment, to see a general recognition of the principle of national treatment in the matter of the exhibition of cinematograph films. I think there I have said the main thing that I have to say.

There is only one other thing I want to say, and that is that, in some of these fields such as freedom of transit and customs formalities, a great deal of work has been done by the League of Nations. I feel that it would be a pity if that work were to go unregarded, and that we should look at the results which the League of Nations produced, see what there is of value in them and see whether we may not, to some extent, at any rate, be able to incorporate the League of Nations agreement in our corpus of agreements which will form part of the body of agreements under the auspices of the International Trade Organisation.

To sum up, I would say that the dividing line should be what is necessary for the purposes of our immediate work and what is not necessary for the purposes of our immediate work. We should concentrate, in the first place, to settle such matters as may be indispensable in order that there may be a solid basis for the work on tariffs, quantitative restrictions, and so on, which

we are about to undertake. Everything that goes beyond that should, I think, be remitted not perhaps to the Drafting Committee which, if it lives up to its title, will be concerned purely with drafting, not with questions of substance, but should rather be remitted to the International Trade Organisation, which might study these matters at leisure.

MR. LOKANATHAN (India): I do not propose to follow the delegate of the United Kingdom in the detailed observations he made on some of the Articles which are the subject of the report. I do not believe that at this meeting we can settle anything at all, and therefore the question as to whether any smaller portions of the various Articles, which are the subject of investigation here, could be accepted now, does not arise. Confining myself purely to the procedural matter, on behalf of the Indian delegation I support the suggestion made by the U.S. delegate - that is, his second alternative that the whole thing should go to the Drafting Committee and that the Drafting Committee should bring it to the next meeting of the Preparatory Committee. The difficulty, however, is this: that since the area of agreement in this is not as wide as in other cases, the Drafting Committee, not being a policy-making committee but only a drafting committee, cannot do anything very much itself. If it attempts to go further, and tries to draft on the basis of trying to reconcile, it cannot do so, obviously, without getting assistance on a technical level from various member-countries. As we know, the meeting in New York is not expected to be a forum for that kind of work. Hence, all that the Drafting Committee can do is to take note of these things and send them along, with other drafts, and there will be a real difference between the Drafting Committee's work in respect of this Committee's report, and the rest of the things.

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I think it is necessary that we should send it only on the assumption that when it comes back it is allowed to be completely reconsidered in the light of the various suggestions that have been made by various Delegations.

MR RUFFIN (Brazil): Mr Chairman, I should like to associate myself with the suggestion made by the Delegate of the United States. The only thing I should like to suggest in addition is this. We have already, by instructing the Drafting Sub-Committee to attempt to reconcile differences of opinion, changed the character of the Drafting Sub-Committee. Would it be possible to go a step further and instruct that Drafting Sub-Committee, at least on this very important chapter here, to deal straight away with matters of substance? That is all I wanted to say.

MR KUNOSI (Czechoslovakia): Mr Chairman, it is entirely superfluous, now, after what the Delegate of Brazil has said, for me to take up the time of this meeting again, but I merely wanted to ask you quite definitely if you would be kind enough to read out the resolution accepted by the Heads of Delegations Meeting concerning the functions of the Drafting Committee in New York, because I believe that some Delegations have an idea as to what the Drafting Committee should do, but I am afraid they have not yet taken any notice of the decision taken at yesterday's meeting of the Heads of Delegations, and if you could now gratify my desire that you should read out the resolution concerning the functions of the Drafting Committee in New York, then you would see that an important suggestion concerning the reconciliation of the different points of view as set forth by the Drafting Committee is possible and indeed very probable, and perhaps the Drafting Committee will try to do that. On the other hand, I sympathise very much with the views of the Canadian Delegate, who set forth a point of view with which nobody, I think, will disagree, but I am wondering if some differences of views and some reservations in this Report have not arisen for the simple reason that some questions came up just because the Technical Sub-Committee was composed of such brilliant but very definitely technical experts that perhaps just for the Drafting Sub-Committee members it will not be necessary for them to be technical

experts on very specialised questions, but they will, on the other hand, have the considered opinion of the different Governments, and in that way it might be just the body that will be able, without very great difficulty, to come to some kind of agreement.

MR SIMON (UK): Mr Chairman, might I ask a question at this stage? I am afraid it is a disgraceful admission, but I do not know exactly what was the decision reached by the Heads of Delegations regarding the functions of the Drafting Committee. I feel it is very important for this task that we should know exactly what that was.

THE CHAIRMAN: I am trying now to find a copy of the record of the decision of yesterday, but speaking from memory the decision of the Heads of Delegations Committee was to the effect that the Drafting Committee would not be authorised to concern itself with reconciling differences of opinion; it was to concern itself solely with the tidying up of the drafts coming forward from this Committee, with the proviso that it would be open to the Drafting Sub-Committee to forward to the second meeting of the Preparatory Committee to be held in April next their explanatory notes and comments on the various drafts which it had submitted to it or which it had prepared itself. Now, that addition giving the Drafting Committee the right to make explanatory notes and comments would enable the Drafting Committee, if it felt as a result of its examination what appeared on the face of it here to be conflicting views, in fact to reconcile them without a change in drafting, merely adding a note of an explanatory character to its Report, in which it would draw attention to the fact that it believed that the difference in substance was more apparent than real, and to suggest for the consideration of the Committee an alternative draft. But its fundamental principle, as far as I recall it, on which the Heads of Delegations decided was that the work of the Drafting Committee was to be concerned with the preparation of neater, tidier, more accurate and more self-consistent drafts of the Articles generally agreed upon by this Committee; so that, I believe, is a point which would not necessarily have to be borne in mind in the consideration of what it is proposed to do with this Report.

MR SHACKLE (UK): Thank you, Mr Chairman. I should like to say one thing. It does seem to me that that reinforces the suggestion that I have just made, namely, that the immediate task that we should set ourselves is to consider how far matters which fall within this chapter are such as we must settle in order to provide a solid basis for the immediate work that lies before us.

MR HARRIS (USA): Mr Chairman, I must say I have been rather impressed with what Mr Shackle has said. We have for next Spring a difficult negotiating meeting to deal with tariffs, and it should get under way immediately without having to formulate provisions which are a prerequisite to getting on with those negotiations. Now I wonder - and this will again, I am afraid, raise a question of the functions of the Drafting Committee - would it, do you think, be within the proper functions of the Drafting Committee, if we were to ask the Drafting Committee to formulate provisions dealing with the subjects Mr Shackle mentioned and any other which it finds to be, on full examination, indispensable to the getting on with the work of negotiating tariff schedules next Spring?

THE CHAIRMAN: I now have the resolution as agreed upon at the Heads of Delegations Meeting, and I will read it: "It is resolved that it will not be a function of the Drafting Committee to endeavour to reconcile differences of opinion revealed in the work of the Preparatory Committee. The Drafting Committee will confine itself to preparing a Draft Charter including such alternative draft clauses as may be appropriate to take account of the different views expressed at the First Session, together with such explanatory notes and commentaries as the Drafting Committee should consider desirable and useful". It was, as I said earlier, brought out in the discussion that it would be competent for the Drafting Committee in its explanatory notes and commentaries, if it thought that a difference in a point of view was apparent rather than real, to draw attention to this opinion on this matter and perhaps to suggest by way of commentary a draft of words which would reconcile the points of view which, while they appeared to be different, were not in effect in conflict. The

Committee has before it several fairly concrete proposals. First there is the suggestion that this Committee II might work rapidly through the Report of the Technical Sub-Committee and seek to obtain from Delegations a more precise short statement of their fundamental views on the issues covered in this Report, so that it could perhaps be decided here without great argument that on the majority of questions there was a majority of Delegates in agreement. It would then perhaps be possible to include that draft as an agreed draft, with certain countries reserving their positions. It has been pointed out, however, that there would be difficulty in reopening this question in any way at this stage, particularly in full Committee. Alternatively it has been suggested that we might proceed on the understanding that this work would take us rather longer than we anticipated, and stay on beyond the projected date of our conclusion until we were in a position to report a greater measure of agreement on these draft Articles. Thirdly, it has been suggested that we might approve the Report of the Technical Sub-Committee as a working document, that the relevant draft clauses of the Charter might be included in the published document in square brackets, indicating that they had not been agreed, and that the Report of the Technical Sub-Committee as an approved working document should go to the Drafting Committee Meeting in January, and that the Drafting Committee should be entrusted with the task of seeking out of the material contained in the Report a set of draft Articles which could perhaps form the basis of a closer examination in April. Finally it was suggested that before we seek to take this matter any further we should perhaps attempt to divide the subject matter covered in this Report into two parts, the first part dealing only with those provisions which it is felt essential we should reach agreement upon before we are in a position to embark upon our detailed examination particularly of tariff questions in April of next year, and that that attempt might be made presumably here, to reach some greater degree of unanimity upon this question, and that the balance might be referred for the ITO itself to deal with when it is finally constituted. I must say, as Chairman, that there seem to be considerable difficulties about any one of these proposals, but as

attention has been drawn to the very definite limitations of the powers of the Drafting Committee which have been agreed upon by the heads of Delegations, I feel myself that the suggestion that we should entrust the Drafting Committee with the task of reconciling the clearly conflicting views embodied in this Report would both involve the Drafting Committee in the type of work which the Heads of Delegations Committee clearly did not envisage it should embark upon, and secondly it would make it necessary for them to be able to draw upon the services of technical experts perhaps from a number of countries, if their deliberations were to proceed in a way likely to produce results. I wonder whether it is possible to adopt a compromise solution of this question. I think there is a great deal in Mr Shackle's point that there are certain of these issues upon which it would be highly desirable, to say the least, to have some resolution on the issues. Those may not be very numerous - I am not in a position to say without studying the Report in more detail - but if a resolution is to be sought before the April Conference it seems to me that it must be attempted here; but, on the other hand, it would be clearly unwise to hold up our whole proceedings pending a re-examination of those issues. For the consideration of the Committee I put forward those suggestions: first, that we adopt the Report of the Technical Sub-Committee as it stands, in the way proposed by the United States Delegate, as a working document, which would be forwarded in the first instance for the Drafting Sub-Committee to do what it could within the limitations imposed upon it, and that would mean that the work that has been done so far would at least obtain the stamp of approval of the Committee as a whole, and we would lose nothing. Secondly, that we seek by the appointment immediately of a very small Drafting Sub-Committee to work over again the material contents in this Report by doing two things: first of all, to select those items which conform with Mr Shackle's standard which would appear to be essential to reach finality on as soon as possible, and in the light of this Report and the record of the discussions to bring forward alternative drafts for the consideration of the Committee, upon which a

greater measure of agreement might possibly be obtained, and on the remainder of the contents of the Report we would not seek any further reconciliation, but it would come to the Drafting Committee, and if the Drafting Committee within its limitations and powers did not feel capable of taking the matter any further by the preparation of alternative drafts, it would go to the April Conference, which could decide whether it wished to discuss the matter further itself there or whether the matters were such as could be left for the ITO itself to examine later. If we appoint such a small Drafting Sub-Committee to re-examine only the essential issues, I believe it is possible that they may be able to bring back to the Committee before the end of the week drafts upon which we may get a majority of agreement, with reservations of a minor or fundamental character perhaps being necessary on some of the issues by some Delegations; but that, I believe, would be a considerable advance. If I can sum up the suggestions which I have put before you, the first is that we approve the Report of the Technical Sub-Committee as it stands as a working document to be forwarded to the Drafting Sub-Committee to be dealt with within their terms of reference; secondly, that we appoint now a small Drafting Sub-Committee, which I suggest might include the two Rapporteurs together perhaps with a representative of some other Delegations; I think the two Rapporteurs were appointed by the Delegations of the United States and France; and we might add to them, and I suggest it for your consideration, someone from the Delegations of the United Kingdom and of Australia (Delegates may have views on the composition of such a Drafting Sub-Committee), but I suggest we attempt to keep it very small. That Sub-Committee would first of all attempt to separate from the Report issues upon which early decision appeared vital, and secondly should prepare for the consideration of the Committee alternative drafts which in the light of the previous discussions appear to them to offer the prospect of a majority approval. With those revised drafts returned to the Committee, we would seek approval if possible and, if not complete approval, then approval with reservations by particular countries. The balance of the Report, as I said earlier, would go

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to the Drafting Committee, and subsequently, with any alternative drafts they might prepare, to the April Conference. As far as the publication of the Articles is concerned, that might make it possible for us to publish certain Articles without square brackets, although it may be necessary in this case to record reservations for others where it was not considered essential to reach finality or where it had not proved possible to reach finality, and we

could adopt the suggestion put forward by the United States

Delegate, to print the Articles in square brackets clearly

indicating that they had not been agreed.

MR SHACKLE (United Kingdom): I agree with everything you have said. There is just one corollary I would like to add, and it is this, that this Drafting Committee should not only be instructed to consider what are the minimum provisions, the minimum area of the subject-matter which it is necessary to cover for the purposes of our immediate work, but also the minimum provisions within the divisions of the subject-matter. For example, under tariff valuation, what is the minimum provision which is necessary in order to provide a solid basis for tariff negotiations? As regards quotas, what is the minimum provision in regard to internal negotiation? The task of this Drafting Committee should be to consider necessary minima both as regards the particular types of subject matter and the provisions within those subject-matters.

MR LOKANATHAN (India): I should like to know: when, after the Sub-Committee reports, and certain process or discussion is agreed on, does that mean a binding agreement, or just an agreement in exactly the same form in which we agreed to everything else? Mr Shackle has raised a more fundamental point. If at this meeting countries approve of certain drafts on those minimum topics, does it mean that the agreement has a binding effect in any sense of the term? It is a very important question because if there is an attempt to bind any country to the agreement which we may generally reach here, it is going beyond the purpose of our discussion.

THE CHAIRMAN: So far as the suggestions I put forward are concerned (and this would probably apply to the United Kingdom suggestion also), it was precisely the same as we said it was, that it would be tentative agreement for the purposes of this first meeting.

MR MCKINNON (Canada): You are by nature so constructive, Mr Chairman, that I hate to indicate any measure of disagreement with you, and Mr Shackle is so persuasive that it is very difficult also to take any other line. However, Mr Shackle's suggestion boils down to this, in a very few words, that the small Committee now appointed select a minimum number of vital and essential articles as being those on which there must be some measure of agreement reached before the spring; and, secondly, draft what, to them, appears to be a satisfactory solution. I did not follow him closely enough to notice whether he mentioned

four or five subjects. I was not making notes at the time, but from memory I think he did mention valuation, dumping, national treatment and classification, and one other. That is five. My recollection is that there were only ten articles referred to the Committee and they have been working on them for weeks. The vital one, on which it is desirable to reach a decision, is No. 5, which is 50 per cent of the field, and I would venture to say that in substance those five probably encompass 90 per cent of the field, and on some other sections, such as customs forms, there might be no discussion whatever. I just cannot follow Mr Shackle when he suggests a dividing line. I do not believe that there is one. I do not believe that we can find it unless we stay here another week or two weeks, in which time we might reach a reasonable area of agreement on four or five of the most substantial portions of this section of the Charter. Otherwise, I think the only thing to do is to adopt the suggestion of the United States Delegate and send it, for better or for worse, to the Drafting Committee, with the Charter in square brackets, for them to do with it what they can, and to the extent that they cannot create something, that will indicate fairly general agreement, it will have to come back at the spring Session. I think we are throwing away the substance and grasping at the shadow, if we think that in a few days a new sub-committee can reach a substantial area of agreement in five or six important subjects in this section.

THE CHAIRMAN: First of all, the proposition I put forward did not involve accepting Mr Shackle's classification of what it was necessary to reach agreement on. I think that is quite clear, and it may prove that the area upon which agreement is desirable is rather narrower than Mr Shackle has suggested. If that is so, it would make the task easier. If it is not so, it may still be that the task is impossible in the time available. There is one comment I would like to make on the remarks of the Delegate from Canada, which is that, if we adopt the suggestion I have put forward, we can in no sense be worse off than we are now, because at the end of the time which Delegates are prepared to give to this task, we can be no further back than we are now, because we have approved the suggestion put forward by the United States Delegate that we adopt this report as a working document to go forward to the Drafting Committee.

If it proves possible, in the few days remaining to us, for a small number of the drafters to work out from this something which might receive general acceptance, not necessarily complete acceptance, we would at least have made that much progress. If the time comes and it is found that the Drafting Committee has not been able to reconcile the views on anything, we are just where we would have been if we adopt the United States suggestion. If they manage to reconcile the views on one point, there will have been that much progress.

MR OFTEDAL (Norway): The Norwegian Delegation doubts whether we could accomplish very much if we started discussing this any further at this moment. We would be more likely to agree to have this report sent over to the Drafting Committee as a working document and let them look at it. If we appoint at this moment a small drafting committee to go through it, we doubt very much whether such a committee could reach agreement on more articles than, for example, the Drafting Committee in New York would be able to do. I might mention that I have taken part in the Technical Sub-Committee which has discussed these matters which are now before us; and although I am not one of those brilliant technicians who have been mentioned here, I am one of the ordinary service officers, I would say that when we, in Norway, went through the American draft Charter, we did not find many things to which we were very much in opposition. It also seems to me that many of those objections which have been raised during the discussions of the Technical Sub-Committee are matters of technical substance which the different Delegates, going back to their different governments after this meeting, might be able to bring up with the appropriate government authorities. I presume that most of the countries represented here will take part in the work of the Drafting Committee in New York, and they may be able to inform their representatives there of possible withdrawals of the objections, in order to reach agreement on the different articles. Therefore, I think the best thing might be for this report to be sent to the Drafting Committee as something of a working document, in the hope that they will possibly be able to reach agreement in a much larger degree than we would be able to do at this moment.

MR VIDELA (Chile): At this stage, I would like to call the attention of the Committee to the last part of the report, under the heading "Concluding Remarks". It was agreed at the meeting to report to this Committee II these concluding remarks. The point which arises on several articles in this section is the definition of certain terms used therein, such as "like products", "similar products", "country of origin", and so on. The Drafting Committee might consider the desirability of including in this section of the Charter an article containing definitions of these terms and other terms which present any ambiguity or obscurity. I must call the attention of this to the Committee, because this was one of the great difficulties in proceeding with our task, and I think this difficulty will arise also in any Drafting Committee.

MR SHACKLE (United Kingdom): There are just one or two remarks I would like to add, with more particular reference to the observations of the Norwegian Delegate. It does seem to me that, in deciding what questions we will or will not refer to the Drafting Committee, we have to have regard to the character and composition of the Drafting Committee. If we are going to remit to the Drafting Committee any questions which involve substance, that involves a different type of Drafting Committee. That involves a Committee on which there are experts in the particular subject-matters to be discussed. That will mean a very much larger Drafting Committee, in fact a different type of Committee altogether. It will not then, properly considered, be a Drafting Committee at all. It will be a Committee on questions of substance, and therefore a very much larger and more representative type of Committee. It seems to me that if we ask the Drafting Committee to settle any questions of real substance, we shall be laying down for it a mandate larger than that which the Heads of Delegations have already contemplated for it. I would therefore say that my suggestion is not that the Drafting Committee set up at this meeting should attempt to settle the function of any of these particular articles. What, in my suggestion, it should attempt to settle is, firstly, the particular types of questions on

which it is necessary to reach some measure of agreement, to provide a basis for our immediate future work. Secondly, I suggest that, as regards those particular types of question, all that our small Drafting Committee should attempt to do is to settle the minimum provision which it is necessary to make in order to lay the foundation for our future immediate work. It should confine itself strictly and solely to that. I would add this: I entirely agree with you that by setting up a small Drafting Committee of that type we shall have done no harm and probably will have done a great deal of good. Therefore, there can be no possible objection to setting up a small Drafting Committee. It may settle what we need to settle; it will not leave a large number of unresolved questions of substance to be settled by a Drafting Committee which, by its nature, is inappropriate to consider then.

THE CHAIRMAN: I am sorry that it is necessary for me to go to another appointment for half an hour or so, and with your permission I would like to ask another member of the Committee to take the Chair for half an hour. As the Vice-Chairman, Mr Speekenbrink, is absent today, may I suggest that Mr McKinnon of Canada takes the Chair? Would that be acceptable to the Delegates? ("Hear, hear".)

(At this point the Chair was taken by Mr McKinnon, the Delegate of Canada).

THE ACTING CHAIRMAN: This is my first experience of being in the Chair at an international meeting, so that I hope, for the sake of getting on with it, you will temper the wind for the shorn lamb.

MR KAFKA (Brazil): It would be much more satisfactory if I could associate myself with the optimism of the previous Chairman, but I am afraid that the pessimism of the present Chairman, as to the possibilities of this little Drafting Committee which it is suggested should be set up, are much more realistic. In view of the declaration made by the Norwegian Delegate, I think we might expect much better results if we acted in that way. I believe that possibly no harm could be done by setting up this small Drafting Committee, but I think that it is almost certain that no good will be achieved, because it is quite clear that, whatever the composition of this Committee, unless it contains all the Delegations, its recommendations will not be of such fitting excellence, and when they come before the Committee there may be hosts of reservations. Therefore, I do not think very

much would be gained by setting up this small Committee. Then I think that Mr Shackle is right when he says that if we are to refer this matter to the Drafting Committee to function in New York, then the character of this Drafting Committee will have to be changed. I think there is nothing to rouse opposition about this, even though we have a determination by the Heads of Delegations that the Drafting Committee should be strictly a Drafting Committee. That determination was made prior to this difficulty cropping up, and I wonder if the Heads of Delegations could not reconsider that decision.

MR LE BON (Belgium)(interpretation): It is quite certain that, in order to do a certain measure of work, the Committee would have to attack the most sensitive points; so that we must expect discussions as long as the one we have finished. Therefore, I would like to support the last proposal; I mean yours, Mr Chairman.

MR NATHAN (France)(interpretation): Mr Chairman, the Delegates of Belgium and Brazil have said more or less what I wanted to say. I would only add that the remarks of the United Kingdom Delegate have been most persuasive and full of interest; they have shown more clearly that it is impossible to make a distinction in a problem of this kind between procedure and substance. As the Canadian Delegate has said recently, there is a possibility that the work will go backwards if all these problems are raised again. Therefore, I believe, with my Belgian and Brazilian colleagues, that the best thing we can do is to adopt this report as a working document and send it to the Drafting Committee.

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MR. VAN KLEFFENS (Netherlands): We can be optimistic and we can be pessimistic about the work of this small drafting committee which has been suggested, but we would welcome anything which might reduce the number of items in dispute. So I repeat that we are in favour of an attempt being made. In the second place, if we are going to adopt the report before us as a working document for any drafting committee, there is a point which interests us, and which is not included, so I would ask if I may mention it in order that it may be dealt with?

ACTING

THE CHAIRMAN: I would suggest that you indicate the point so that the Committee know whether or not it appears to be one of substance and relative to this particular section of the Charter.

MR. VAN KLEFFENS (Netherlands): It refers to Article 11 and is a matter of dumping and countervailing. In the course of the recent discussions a number of subsidies have been made permissible under the Charter, and we feel that there ought to be a provision which makes it impossible for any important country to impose countervailing or anti-dumping measures on the ground of subsidies which are permissible under the terms of the Charter.

MR. SHOCKLE (U.K.): I feel it is rather a council of despair to suggest that all the different types of subject matter comprehended in this chapter have to be settled before we can go ahead. I think that if we take that view, it will postpone the attacking of our real task almost indefinitely. There are a number of complicated questions such as marks of origin, anti-dumping, and so on, but I think the essential thing is to decide what are the particular matters which we have to legislate for in order to proceed with the most important items of our work, the questions of tariff reduction and consultation, questions of quantitative restrictions, and so on. That is the point where the line should be

drawn - the things which it is indispensable to legislate for in order to provide a basis for our immediate work.

I suggest that it is both possible and necessary to draw that line, and that this small drafting committee should be set up with the express purpose of drawing this line.

MR. JOHNSEN (New Zealand): With regard to the point raised by the Netherlands delegate, Dr. Coombs said that one alternative was to adopt the report as it stands as a working document. In that case there should surely be opportunity for delegates to correct any misstatements or omissions from the document? Apart from that general statement, there is one particular point. At one meeting the general opinion expressed on paragraph 3 of Article 13 - with only the U.S.... dissenting - was that the second sentence on page 22 of the report should be deleted - "Moreover, members shall remit any penalty....."

ACTING
THE CHAIRMAN: In reply to New Zealand, I should say that if I were a member of a delegation from a country which felt that the report as it stands did not attribute to me properly the attitude I took, I would by all means insist that it should be altered, either through the secretariat or through the rapporteurs who prepared the report. The second point indicates the very considerable difficulty the Committee might have in arriving at the topics suggested by Mr. Shackle as being more or less vital to further consideration of the Charter.

The suggestion has been made that since there are now three proposals, quite distinct and different, before the Committee, and since there has been manifested a very considerable difference of opinion around the table, we might adjourn for 15 minutes and have tea and, in the 15 minutes, possibly compose our minds a bit and come back prepared to discuss the matter further. I would suggest, if possible, then that we might vote on one of these as a means of

reducing the alternatives. I believe the delegate of Czechoslovakia wished to speak?

MR. KUNOSI (Czechoslovakia): I want to draw your attention, Mr. Chairman, to the fact that the Czechoslovakian delegation submitted to the Secretariat comments and corrections concerning this draft report, and I assume that even if there is no discussion on these points, my delegation will have an opportunity to ask the Committee to take notice of, and perhaps accept the corrections and comments we have made on this report? I relate my remarks to the intervention of the New Zealand delegate. My second point is that our position remains unchanged, and we believe that nothing can be gained by creating a small drafting committee on which perhaps the United Kingdom, the United States and France would serve. If one looked at it optimistically, there might be some chance of eliminating differences between those particular countries, but what about the innumerable observations and comments and reservations that have been made by other delegates? I see in this proposition, if accepted, a dangerous precedent, and therefore I object to it.

THE ACTING CHAIRMAN: In reply to the first point made by the delegate of Czechoslovakia, I am informed that the comments forwarded on behalf of his delegation have been received by the Secretariat, have been handed to the rapporteurs, are now being transcribed, and will be added to this report.

MR. VIDELA (Chile): I have several criticisms to make on the proposals before us -

THE ACTING CHAIRMAN: Before we add to the criticisms, I had made a suggestion that we might adjourn for 15 minutes. I am not a tea drinker myself, but I am in the hands of the Committee, and if 15 minutes adjournment may be advantageous, I would suggest we have it between now and 5 o'clock. However, if the desire of the Committee is to go ahead without interruption,

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I shall be very pleased to do so. What is your wish,
gentlemen? Adjourn?

The Committee adjourned at 4:45 p.m.
for 15 minutes.

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after a short interval:

THE ACTING CHAIRMAN: When we broke up, the Committee had before it three different proposals. As I sense the feeling of the Committee, two of those proposals had a substantial measure of approval or backing. One of them appeared to have very little support. I would suggest that, as a means of getting down to something concrete and practical, we should dispose of the one that has very little support. Unless any Member has any objection, I propose to put that proposal which had very little support to the vote and dispose of it, so that we can narrow the field down. The proposal I have in mind is the one which the Chairman left in front of me, namely, that we attempt in this Committee No. II to reach a greater area of agreement by extending the time of our stay in London. How many are in favour of that proposal? --- I declare it lost.

We therefore now have the other two proposals. The first one is that we forward the document as a working document to the Drafting Committee in New York; the other one is that we appoint a small interim sub-committee to do a little drafting and see if something can be achieved, possibly by tomorrow night; his idea being that if nothing important is achieved, at least no harm will have been done and no time will have been lost; that was the proposition put forward by the Delegate of the United Kingdom.

I feel that, now that we have narrowed it down to two proposals, I should ask, if anyone wishes to speak further in connection with either of them/^{he} should do so as promptly and concisely as possible and that we then vote on the two proposals.

I believe, Mr Shackle, that you thought that possibly the Chair had misunderstood to some extent the true intention of your proposal, and it is not improbable that I have.

MR SHACKLE (United Kingdom): May I just repeat it as concisely as I can. The job I would suggest for this small Drafting Committee is to decide which questions, among this mixed bag which are in this chapter, are the essential and necessary questions to consider and arrive at some conclusion on, in order to be able to get on. The second point is that, as regards the particular

questions they select as the essential ones, they should try to determine what the essential minimum to decide about each question. I do not want at all to stake out a claim for the United Kingdom to be on this small Drafting Committee, should it be set up. I think that for this purpose there is a virtue in odd numbers. I would suggest that there should be five members on that small committee, and the particular composition I would like to suggest is: The United States, Australia, Canada, France and Czechoslovakia. The United Kingdom does not wish to press its claim. That is purely a tentative suggestion for consideration.

THE ACTING CHAIRMAN: Is the Committee ready for the question?

MR VIDELA (Chile): I would like to remind the Committee that when we started our work on the Technical Sub-Committee the Secretariat made a concrete proposal, and that proposal was unanimously turned down by the Delegates. The proposal was to appoint a Drafting Committee, to divide the matters and to make a few drafting committees inside. It was turned down for this reason, that it was considered that all Delegates should be there to discuss, word by word, the various matters, because the French language was different in meaning from the English language, and it should be compared word by word in English and French.

In those circumstances, I do not see how a drafting committee of 4 or 6, composed of members outside the technical Sub-Committee, could again revise the work of the Committee, and, when they have done some particular drafting, how that drafting will be approved by the seventeen Delegations who are not on the drafting committee. That is one point.

My second point is this: When we change a procedure, it is not because we want to change a procedure. It is because we are pressed by the Heads of Delegations in their Resolution taken on the 1st November, in order to achieve our task before the 12th November, and finish the whole work of the Conference before the 20th November. I will refer to a particular case: whether we delete the word "persons" in Article 10. We have spent practically one hour in the discussion on that deletion. That question was decided by a show of hands, the result being nine against three. Now, how can a sub-committee of 4 or six members, who are outside our discussions, supersede what we have already approved or turned down. For instance, in Article 15, when we were discussing the words "en route", there were 11 against. That is a disagreement. How, for

instance, before our six are going to approve the words "enroute", can you reconcile something which is already resolved in that sub-committee with a team of four or six, which were not in our Sub-Committee?

THE ACTING CHAIRMAN: Is not that exactly the point that the Committee is about to decide when we come to a vote?

I now want to hand the rather turbulent baby back to the Chairman. I can tell the Chairman that all we have been able to do is to get rid of one of the three proposals, namely that we extend the target date. That leaves us with two proposals, made by the United States and the United Kingdom, and I had just suggested that any Delegates who wished to say anything further on that should do so concisely and quickly and then we can go to the vote.

(Dr. Coomb's returned to the Chair.)

THE CHAIRMAN: I call on the Delegate of Chile.

MR WIDELA (Chile): When I raised that point about the deletion of one or two words in our Sub-Committee, I had in mind the important point just raised by the Indian Delegate a moment ago. If we are going to draft certain articles here, are they binding us? If a drafting committee of four is going to bind all our countries, this is a very important point; this point was raised by Mr Nehru, the Head of the Indian Delegation, the other day in our Sub-Committee; and we reached the conclusion that, even after we had taken a show of hands (nine against three) that resolution was not to bind the other countries; because this is a Preparatory Committee. I would like to ask Mr Nehru to give us an explanation and I would like to ask him why he came to our Sub-Committee and pressed us to change our procedure, because if we had not changed the procedure, we should not now be having this discussion and trying to remake the work of 17 members by 4 members who are outside our sub-committee. I had to raise this point on behalf of the Sub-Committee. If we are going to make any redraft, I think it should be again sent back to the Sub-Committee, and the Rapporteur could make a special request from this Committee.

MR SHACKLE (United Kingdom): I venture to think that the Delegate of Chile has misunderstood my proposition. My proposition is not at all that we should set up

questions
 a small Junta which should attempt to decide/which have been found impossible of decision in the Technical Sub-Committee. What I suggest is that there should be a small Committee which should attempt to decide which are the questions which, for our immediate purposes, need to be in some manner regulated. Then, to decide what is the minimum provision that needs to be made about those particular questions in order to enable us to get ahead. The small committee I suggest is not one of four or six, but of five people; I think there is virtue in an odd number. Whatever it may recommend will come back to this Committee; therefore, nobody will be deprived of their opportunity of criticism. As between propositions 2 and 3 which we are being asked to vote on, No. 2 being that we forward the Report of the Technical Sub-Committee to the Interim Drafting Committee and No. 3 being that we set up a small ad hoc Drafting Committee, I propose to vote for both.

MR KAFKA (Brazil): I am sorry if I appear to repeat myself, but I think we are in an escapable dilemma. Unless you set up a small Committee to deal with these questions, this Committee will not do any work quickly. If you set up a small Committee, then when the thing comes before the whole Committee there will be interminable discussions. I do not think anything will be gained by setting up this small committee.

MR KUNOSI (Czechoslovakia): I want to thank the Delegate of the United Kingdom for having thought of Czechoslovakia to be a member of this small committee. But I do not think that, if such a small committee is set up, Czechoslovakia should be on this committee, for the simple reason that the Czechoslovak Delegation has no, or very small observations to make, and what we have made has been more or less accepted. If any Drafting Committee should be set up, I am quite sure that the United Kingdom Delegate should be on it, and not the Czechoslovak Delegate. That is really wanted to say, and I do not think there is really any need to repeat that I myself agree with the views of the Brazilian Delegate.

MR NATHAN (France)(interpretation): Mr Chairman, one of our colleagues was saying earlier in the discussion that one could be either an optimist or a pessimist. I would like to say that the difference between an optimist and a pessimist is not very great. If one takes a glass from which one has already

taken a drink, the pessimist says "It is half empty", and the optimist says "It is half full". We all agree, and all agreed to believe that, thanks to the work of the Sub-Committee, the glass which the Technical Sub-Committee brought us is at least half full. Now our task is to see that it will not be emptied. I think that, if we send the work back to this Drafting Committee or Sub-Drafting Committee, or the Interim Drafting Committee which our British colleague is suggesting, our glass will be found empty; and finally we will see that there is many a slip 'twixt cup and lip. I insist, therefore, that we should vote on the proposal to accept the Report as it is as a working document, and send it as it is to the Drafting Committee.

MR NEHRU (India): Mr Chairman, I was not present at the earlier discussion, so I do not wish to speak at any great length, but since my name has been mentioned by Mr Vidella I feel that I should say something. I hope the suggestion is not that I am in any way connected with this very turbulent baby. If I have understood the point correctly, it is that, since on a number of matters the area of disagreement is very wide, an attempt should be made to explore the possibility of narrowing the area of disagreement, and if this can be done by tomorrow afternoon, the attempt may be worth while. So far as we are concerned, we have made our position absolutely clear, that we are not here to do any drafting, and that we are not going to commit ourselves finally to any proposition until we have examined the implications of the proposition carefully on our return to India. If it is considered worth while to make an attempt to explore the possibility of narrowing the area of disagreement by appointing a sub-committee which will have to complete its work by tomorrow and put forward fresh proposals, I can see no serious harm in the setting up of it. From my point of view, the position will remain absolutely unchanged.

MR MORTON (Australia): Mr Chairman, I regret that I have missed so much of what has been an interesting discussion. I have returned in time to find Mr Vidella making a point that I intended to bring up myself later; that is to say, in an attempt to narrow down the divergence of opinions and views, the only type of sub-committee that you can have is a sub-committee consisting of one representative from each country; and that a sub-committee of four or five

will only give you the views of four or five people and will get very little further forward than the original Rapporteur's Report.

MR VIDELLA (Chile) Hear, hear.

THE CHAIRMAN: Is there any further comment on these suggestions?

There are several proposals before you. They are not necessarily inconsistent, in that it is possible to approve of several of them at the same time. The first one is that, after having examined the Report as it is put forward, and having made any alterations which it is decided upon in Committee to make, that the Report should be approved, or, presumably, if you wish, rejected; but, on the assumption that it is approved, it would be treated as a working document and forwarded to the Drafting Committee to be dealt with within the terms of their reference. Now we could set that up.

The second alternative is that, whether we do that or not, we might attempt to reach before tomorrow night some closer reconciliation of some of the views that have been expressed than has been possible up to date.

Now, as a means of doing that, there have been two suggestions, as I understand it, put forward: one is that, as a first step, we might appoint four or five members, presumably from the Technical Sub-Committee, to examine the material to see whether they could arrive at certain possible reconciliations. It seems to me that if that suggestion is accepted, it would clearly be necessary, for the point that the Chilean Delegate and the Australian Delegate have made, to send those suggested reconciliations back to the Technical Sub-Committee tomorrow night for examination, approval or rejection. The third alternative is that we might omit the appointment of a preliminary Drafting Committee of four and refer the matter directly back to the Technical Sub-Committee for an attempt, in the short time available, to reconcile some of the issues which it may seem possible to reconcile.

I suggest that in reaching a decision on this we take the first question separately, because as I have understood the discussion it seems that all Delegates are, generally speaking, agreed about what should be done with this report; that except in so far as some reconciliation is possible the draft, if it is approved in the present form, or something substantially like the present form, should be approved as a working document. Now can we take that question, which is essentially one of whether we approve this report in the same way as we will, presumably, approve this report as a tentative agreement as to the way in which matters shall be dealt with, which would involve the publication of those reports; or, do we approve it as a working document not for publication but for transfer to the Drafting Committee and subsequently to the Second Session of this Committee? Having disposed of that question we can then pass to the question whether we seek to reconcile any further differences of opinion which are embodied in this report. In asking you to record your vote on this may I point out that the point on which you are voting at this stage is whether you approve of this document solely as a working document and therefore not for publication in the way in which other reports will be approved; that when we examine this document we should approve it as a working document rather than for publication. Will all those who agree to that approach please raise their hands?

MR. KUNOSI (Czechoslovakia): I have a point of order. In the event of our approving of this proposition would there be any mention in the printed report of the action we have taken? Would you say in the printed report that there was a Technical Sub-Committee which had been working on that, that their report is unfinished, that it was transferred, and so on?

THE CHAIRMAN: I should think that would be done.

MR. KUNOSI (Czechoslovakia): Do I understand that I am right in my assumption?

THE CHAIRMAN: Yes.

MR. NEHRU (India): What exactly is implied by the suggestion that the report will be used merely as a working document and will not be published? Is it suggested that the report on Articles 9 to 15 will not be published at all?

THE CHAIRMAN: The reason why it could not be published in its present form - at least without editing - is that it does attribute specific views to specific countries, and it has been agreed that that should not be done. So far as the publication of the relevant articles are concerned, it seems to me that is not really a question for this Committee. There was some discussion at the Heads of Delegations meetings as to how articles which did not receive a substantial body of agreement, and on which consideration was deferred, should be dealt with. I am not quite clear from memory what that decision was, whether it was decided to publish the original draft articles in square brackets as an indication that they had not been adopted and were still under discussion, or whether it was decided to leave the space blank, so to speak. Do you recall, Mr. Lacarte?

MR. LACARTE (Assistant Executive Secretary): I am afraid the Heads of Delegations have not taken any decision on that question. If I were very hotly pressed to make a statement I would give it as my own opinion that the consensus of opinion is that the article would not be published, but there might be some reference made to the fact that no agreement was reached on such-and-such an article of the Charter. As I have already said, there has been no agreement on that point among the Heads of Delegations.

THE CHAIRMAN: I think it would be unwise for us to try to seek a decision on that matter here, since it affects not only these articles but other articles in the draft Charter - for instance, one in particular relating to state trading I can recall, upon which it was decided that no discussion or decision should be made here. I suggest we leave that question for consideration by the Heads of Delegations. The question before the meeting is whether after examination we approve this report, that we approve it as a working document only for reference to the Drafting Committee, and subsequently to the Second Session of our Conference. Will those who are in favour raise their right hands? Those against? -- I declare the motion carried.

I suggest we take the second part of our discussion in two stages. First, would you indicate whether you favour an attempt to seek a reconciliation of some of the issues outstanding in the next two days? If the Committee is in favour of that we will proceed to the question of how that reconciliation

should be attempted. If, on the other hand, it is rejected we need not worry about the structure of the machinery to do it. Would you indicate whether you are in favour of an attempt before tomorrow night, to reconcile some of the outstanding differences, particular on matters where it would be a disadvantage to the Second Session of this Committee to be left without a clear decision?

MR. SHACKLE (United Kingdom): Might I say one thing before the question is put to the vote? My suggestion is not that we attempt reconciliation where reconciliation has not so far been found possible, but rather what we might call a filtering; that you try to sort out from this bunch of questions those particular ones upon which it is important to come to some decision as a condition of proceeding with our work. When you have filtered out the questions which are important in that way you should then attempt, or the sub-committee should attempt to decide what is the minimum provision that needs to be made. You have two filtering processes: (1) which questions are essential? and (2) what minimum provision is essential under each of those particular questions? That is what I suggest.

THE CHAIRMAN: Could I read what appears to me a resolution which expresses the idea?

"It is resolved that an attempt should be made within the next two days to reach agreement on minimum provisions on matters dealt with by the Technical Sub-Committee which it is important to have agreed before the Second Session of the Committee."

MR. NEIRU (India): I have a point of order. I think we have already decided that no agreement and decision will be reached at the present Session of the Committee. We can actually only make proposals for the consideration of our Governments. When the suggestion is made that within the next two days we should attempt to reach a decision or agreement it seems to me that we are going against a decision which has been taken in the Heads of Delegations meetings.

THE CHAIRMAN: I think the point now taken is a very good one, and it is a valid criticism of the words suggested. What I had in mind was, not any different type of agreement from that which has been reached in other parts of the report.

I think perhaps it could be expressed by saying "to reach tentative agreement on proposals to be submitted to our Governments on minimum provisions."

MR. NEHRU (India): It is really a reconciliation of conflicting views. Mr.

Shackle objected to that, and that is the reason I raised this point.

THE CHAIRMAN: ". . . tentative reconciliation of views on proposals"?

MR. SHACKLE (United Kingdom): I must still object to the word "reconciliation."

It seems to me that any recommendation which may be made in this matter is in exactly the same order as all other recommendations of this Committee on any matter whatsoever. They are all for the consideration of Governments and without prejudice to consideration by Governments. What I do suggest is that we should try to arrive at some recommendation for consideration by Governments before the Geneva meeting as to which particular questions in this mixed bag of questions are essential for the immediate progress of our work, and as regards those particular questions what are the minimum indispensable provisions that need to be made.

THE CHAIRMAN: I do not seem to be very successful as a draftsman. Perhaps you will bear with me a little longer. I think the form which our proposals would take if we were able to reach this agreement, or reconciliation, or what have you, would be draft articles which, presumably, would be tentatively agreed. Could we avoid this problem by saying:

"An attempt should be made within the next two days to reach tentatively agreed draft articles on minimum provisions relating to matters covered by the report of the Technical Sub-Committee which it is important to deal with before the Second Session of the Committee."

MR. SHACKLE (United Kingdom): I would suggest only one microscopic gloss in that. We need not necessarily say "agreed articles" but "agreed bases for articles."

THE CHAIRMAN: I think that is so microscopic that we can leave it.

MR. SIM (Canada): I would like to say a word in explanation of the vote I would be prepared to cast upon the question you have indicated. I would like to preface my remarks, though, by saying a word or two about the report which is before the Committee. One would infer from some of the discussion that has taken place here this afternoon that it was not much of a report. I rather suspect that some who have participated in the debate have not given the

report the consideration which it warrants: As a matter of fact, it does represent some weeks of serious effort on the part of a committee ably presided over by the Delegate of Chile. There were not two Rapporteurs but five Rapporteurs, four of whom were exceedingly well qualified for the job: they represented the United Kingdom, United States, France, Belgium, Netherlands and Luxembourg, and Canada. During those weeks efforts were made to grapple with the work which had been referred to the Committee, and what you have before you this afternoon is the result of that work. I would be very doubtful that in 24 hours or 48 hours any other group, however competent, could effect any substantial improvement upon the work which has been done.

I do not deny that if there had been more time the same group could perhaps have continued to work on this report and improved it, because we rapidly found, in the course of our discussions as Rapporteurs, that fresh points kept arising. However, it is very difficult, in a subject of this kind, to say what articles are important and what are not. They are all important, Mr Chairman, in one respect or another; and I am really of the view that I must vote against this proposal, because I would think it very unrealistic to hope that within twenty-four hours or forty-eight hours we could really do a worth while job with this.

THE CHAIRMAN: Any further comments? If not, would delegates please record their vote in favour of or against the following resolution:

"That an attempt be made within the next two days to reach a tentatively agreed draft articles relating to the matters covered by the Report of the Technical sub-Committee, which it is important to deal with before the Second Session of the Committee."

Will those in favour please raise their hands? Those against?

(There was a show of hands). The motion is defeated.

The basis for our future work, therefore, is that we now have to examine the draft report of the Technical sub-Committee for the purpose of deciding whether in its present form we will forward it to the Drafting sub-Committee to meet in January, to be dealt with in accordance with their terms of reference. Is it your wish that we take this report paragraph by paragraph or Article by Article, or is the Committee prepared to vote upon it as a whole?

MR VAN KLEFFENS (Netherlands): Mr Chairman, during the course of your absence I have mentioned a particular point which has not been dealt with in the report as it stands, but which we think is very important, and with that proviso, I am in favour of adopting the whole report.

THE CHAIRMAN: I think that it would probably prevent any possibility of mistake if we took the reports quickly article by article and that will give anybody an opportunity to raise points relating to particular articles which they wish to deal with, and if delegates will refrain

from commenting on the report and the articles with which they are satisfied, I am sure we can deal with them expeditiously.

MR KUNOSI (Czechoslovakia): On a point of order, Mr Chairman, I wanted to remind you that so far as I am informed the Secretary has already asked all delegations to bring forward by twelve o'clock today written observations and comments on this document, and the Czechoslovak delegation has done so, and I believe other delegations have done so, so that I propose, with the proviso that the Rapporteurs take note of and incorporate the comments and the corrections, we should vote on the whole document at once.

THE CHAIRMAN: The Czechoslovak delegate states that delegations were invited to submit written comments on the draft report of the Technical Sub-Committee, and that a number of delegations have done so. Are those comments available? (After a pause) They are not yet available for circulation; they are in process of preparation.

MR MORTON (Australia): Mr Chairman, might I ask if it is still open for the Rapporteurs to receive more written reports on this subject? We were anticipating having a meeting on this yesterday afternoon, and in the view of the meeting and in the short time we had to study the document - we only received it about ten in the morning - it was not possible to make any written comments before noon; but I think it would be helpful if any delegation which still wished to make any written comments on the Report were in a position to do so within the next 24 hours.

THE CHAIRMAN: I think it must be quite clear that delegations have the right to submit views on these matters in writing at any time. If they arrive after the Committee has dealt with them, then presumably they would be incorporated in the records of the Conference and would go on with the other working documents. If, however, delegations are not able to do that, then they would clearly have an opportunity to state their views as we work through the report. I think that in view of the fact that there are some delegations who have submitted comments, it is essential that we work through the document article by article, and that it would be desirable that a copy of those comments should be

available to all delegations before we complete our discussions. That will probably prevent us from going very far with the actual articles. Perhaps we could approve the general narrative statement of the Technical Sub-Committee. Is there any comment on the first part of the report, the general narrative statement?

MR KUNOSI (Czechoslovakia): Mr Chairman, would that take care of my proposal? I proposed quite clearly that the report should be taken as a whole in view of the fact that corrections and comments have been put forward and accepted. There are some very minor corrections and comments so far as I am informed, so that I do not see any reason why we should go in a detailed way through this document.

THE CHAIRMAN: Of course, it does seem to me that every delegation must have an opportunity to comment adequately on this report if it desires to do so. How long it takes is clearly in delegates' hands. I would suggest to the Czechoslovak delegate that if he is anxious that we finish quickly he should deal only with those particular articles on which he has comments to make; I feel it is important that we should do that; otherwise we may deprive individual delegates of the opportunity to state their views.

MR LE BON (Belgium) (Interpretation): Mr Chairman, I would like to make a proposal of reconciliation. We might perhaps not examine each article but ask each member if he has any remarks to make on one or other or several articles, and we might gain much time in that way.

MR VIDELA (Chile): In my view, this procedure is very important, because we shall be creating a precedent for the other reports we are going to receive. Without prejudice to the next report we are to receive, I quite agree with and accept the suggestion made by the Belgian delegate, but I would like to reserve my right on each article of the draft report.

Thank you, Mr Chairman.

THE CHAIRMAN: I think if I take this document article by article and ask whether any delegation wishes to comment on those articles, and if no delegate indicates that he wishes to comment, we will take that article as approved and pass on to the next one. Is there any delegate who wishes

to comment on the general introductory statements? I take it that is agreed? Does anybody wish to comment upon the Technical sub-Committee's report to the drafting Committee? I take it that is approved. Article 9. Does any delegate wish to comment upon that part of the report dealing with Article 9?

MR MORTON (Australia): Mr Chairman, I do not know to what extent one is permitted to comment upon this and whether it might not be better to make one's comments in writing if they are to be at all full or useful. In paragraph 2 (b), for example, Australia, Belgium-Luxembourg, Czechoslovakia, Netherlands, New Zealand and South Africa reserve their position as to discriminatory restrictions on mixing, exhibition or other use, and so on. It is my suggestion that we add at the end of paragraph 2 a sentence reading: "unless it is demonstrable that such requirements are less restrictive or less onerous in operation than other allowable practices, of which matters the Organization shall be the judge." I think that is a sentence that could easily receive full support from the United States and from all other countries. Had we managed to get that added to paragraph 2 then there would be no reservation from any of the countries whom I have listed who have reserved their position on the matter. Is it proposed that we continue with comments of that nature or do you think it better if such matters are just referred to in writing?

THE CHAIRMAN: It seems to me, in view of the nature of the previous decision, that we should not seek to reach tentatively agreed draft articles, that that should apply generally and we should not attempt to do so even in relation to all the articles, and I would suggest to the Australian delegate, therefore, that his comments on this be incorporated in writing and thus be available to the Drafting Committee when they come to work upon it.

MR LE BON (Belgium) (Interpretation): Mr Chairman, in any case such as that just mentioned by the Australian delegate, which is one of the countries which have expressed their reservations, I think those countries will agree that we maintain the paragraph as it stands, adding

the sentence suggested by the Australian delegate, and in that way we would save time, because then we would not need to consult anyone. We would leave the paragraph as it stands and we would add the last sentence that has just been read out by the Australian delegate.

MR CHERRY (South Africa): Mr Chairman, referring to the same paragraph 2 (b) that the Australian delegate discussed a moment ago, the reservations about the discriminatory restrictions on mixing, exhibition or other use, it does not specify the particular sub-divisions that were under discussion. South Africa reserves its position in respect of the mixing of South African motor spirit; New Zealand, inter alia, mentioned the matter of the assembly of motor-cars. This matter has been discussed in our delegation since the receipt of this report. We had not originally intended raising the matter of the assembly of motor-cars, as we did not consider that we were contravening the spirit of this particular article, but in view of the New Zealand delegation's having raised the matter, it may be contended that the difference between their requirements and ours are only a matter of degree; and therefore, in the detailed records of the discussions on this Technical Sub-Committee, we would like to line ourselves up with New Zealand in this reservation in addition to the motor-spirit point. Thank you, Mr Chairman.

THE CHAIRMAN: Would the Secretariat take note of that point and see that that is incorporated in the records. Is there anything further on Article 9?

MR TUNG (China): Mr Chairman, Article 9, paragraph 5, the last part, the sentence reads: "supplies for governmental use and not for resale." I just want to have a clear understanding of what we mean by "governmental use." Does that mean only administrative use or also supplies for public works? I notice that this phrase has been changed from "public use" into "governmental use" as decided in the Procedures sub-Committee, and I do not understand the new wording.

THE CHAIRMAN: Can the Rapporteurs of the Committee enlighten the Chinese delegate as to whether that phrase does include public works in the intention of the Committee, or whether that is a matter which may be in dispute?

MR MORTON (Australia): Was it not the intention that the reference to purchases by governmental agents be struck out of this and left to I.T.O? It was one of a lot of comments that apparently had not been noted by the Rapporteurs, that the excision had been made.

THE CHAIRMAN: That was an actual excision, was it?

MR MORTON (Australia): I understood that that was the case. It was dealt with in the Procedures sub-Committee, not by us at all, and their decision was that it should be struck out from the Charter and left that the I.T.O. when established should draw up the necessary machinery.

THE CHAIRMAN: I believe that is correct. In the sub-Committee of Committee II dealing with Tariffs and Procedures it was decided that this question of governmental use should be deleted from the Articles concerned and referred to the I.T.O. for future examination; so that the question asked by the Chinese delegate is one which cannot be answered definitely at this stage, but is left open for further examination. I think we should ask that the report be amended in relation to this paragraph, to make the records accord with the decision of the Tariffs and Procedures Sub-Committee of Committee II.

MR McKINNON (Canada): Would not that drop out altogether from the records of the Technical sub-Committee? As I understood in the other Committee we deleted one reference in Article 8 and a somewhat similar reference, namely, this one, in Article 9 - completely deleted them from the Charter; and it was then discussed whether that entitled a complete and final deletion from the Charter or if they would be dealt with in another substantive article. Here I think one part of it is dealt with, namely, only supplies purchased for governmental use.

MR SHACKLE (UK): My understanding of this matter may be incorrect, but it was this. It was agreed in the Procedures sub-Committee that there should be taken out of the scope both of Articles 8 and 9 this matter of the procurement by governmental agencies of supplies for governmental use and not for resale. It was also decided, on the question of trading, to make the corresponding amendment which consists of a new paragraph in Article 26 which says that the provisions of Article 26 do not relate

to the procurement by governmental agencies of supplies for governmental use and not for resale, but that what is comprehended within the scope of Article 26 is procurement by governmental agencies of supplies which are for resale. I thought that the matter had been agreed in that shape both in the matter of Articles 8 and 9 and in the matter of the State-trading Articles. I do not recollect that there was left over that matter for further decision by the I.T.O.

THE CHAIRMAN: If I may say so, Gentlemen, it does not seem to me very profitable for us to discuss here a question which clearly depends upon a matter of fact - that is, the nature of the decision made by the Procedures and Tariffs Sub-Committee; and, consequently, that whole part of this needs to be altered. Can we take it that the Secretariat is requested to consult with the Procedures and Tariffs sub-Committee of Committee II to see whether the present record now before us is correct in the light of their decision and, if not, to report back to this Committee? Is that agreed?

MR TUNG (China): Mr Chairman, the Chinese delegation wants to reserve its right to interpret that phrase as including supplies for public works.

THE CHAIRMAN: The Chinese reservation is noted. Do I take it then, subject to the proviso just made, that the report of the Technical sub-Committee on Article 9 is adopted? It will be necessary for the meeting to adjourn now. When can we arrange for its continuation?

Would 3 p.m. tomorrow suit the Committee for its next meeting?

(Agreed) Then we will adjourn to three o'clock tomorrow afternoon in this Hall.

(The Meeting rose at 6.15 p.m.)
(Adjourned to tomorrow afternoon, 3 o'clock)