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**DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE OF THE
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT**

TECHNICAL SUB-COMMITTEE

Fourth Meeting, 24 January 1947, 2:45 p.m.

Chairman: Mr. R. J. Shackle

Article 16, paragraph 6

The Sub-Committee resumed its discussion of paragraph 6 of Article 16, Freedom of Transit. This was finally adopted with the Australian amendment, slightly reworded. The completed paragraph now reads:

"Each member shall accord to products which have been in transit through any Member country treatment no less favourable than that which would have been accorded to such products had they been transported from their origin to their destination without going through such other Member country. Any Member country shall, however, be free to maintain its existing requirements of direct consignment (expédition directe) in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of goods at preferential rates of duty, or has relation to the country's prescribed method of valuation for duty purposes."

The Delegate for Canada stated his position with reference to paragraph 6 as follows:

"With reference to the minutes of the meeting of 23 January 1947, Canada wishes the record to show that the Canadian Delegate mentioned in connection with discussions of the amendment to paragraph 6 of Article 16 (Freedom of Transit) that there were certain requirements for preferential treatment in addition to the 'direct shipments

requirement.

requirement. An obvious example is 'content' requirements. Canada would consider itself free to adjust such requirements if necessary - e.g. the various British Commonwealth countries might some day attempt to arrive at a common 'content' requirement, to replace the present 'content' requirements which differ among each Commonwealth country."

Reference was made to the Barcelona Convention of 1921 on Freedom of Transit to which some Members of the Preparatory Committee are signatories. It was noted that there was no apparent inconsistency between Article 16 of the Charter and the provision of the Convention. Should the question of a new transit Convention be raised, which appears to be the case, the Sub-Committee felt that the International Trade Organization might wish to co-operate.

Attention was also drawn to the existence of other treaties and conventions of which members of the Preparatory Committee are parties, that relate to matters covered by the ITO Charter. It was felt that the members would have to consider, before signing the Charter, to what extent their obligations under such treaties or conventions were in conflict with those they would have to assume as members of the ITO.

It was noted that the following reservations (referred to in document E/PC/T/C.II/54/Rev.1) with reference to Article 16, paragraphs 1 - 5, had not been wholly disposed of by the changes adopted:

Paragraph 3: Reservation by India (page 9, under (a));

Paragraph 5: The Union of South Africa (page 10):

"because it grants preferential freight rates to the products of certain contiguous territories").

NOTE: After the meeting, the Delegate for Chile pointed out to the Secretariat that the position of his country taken in London with reference to Article 16 (as a whole) was not recorded in Document E/PC/T/C.II/54/Rev.1. Pending consideration of the Chilean Government of this Article as now redrafted by the Sub-Committee, he wished to reserve his position with respect to the transit agreement which Chile has concluded with neighbouring countries. He anticipated being able to confirm or withdraw his reservation before the end of the session.

Article 17

Paragraph 1 of Article 17 was dealt with primarily at the fourth meeting. Since certain changes in this paragraph were introduced also during the fifth meeting, it has been thought preferable to report on the whole of Article 17 in the summary record of that meeting.
