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SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE  
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

VERBATIM REPORT

EIGHTH MEETING OF COMMISSION A  
HELD ON WEDNESDAY, 4 JUNE 1947 AT 3.25 P.M. IN THE  
PALAIS DES NATIONS, GENEVA

H.E. Mr. ERIK COLBAN (Chairman) (Norway)

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CHAIRMAN: We were, yesterday, examining paragraph 3 of Article 24. There we mentioned a reservation or a suggestion made by the delegates of Brazil and Chile to insert in that paragraph the words "and particularly with regard to Members' legitimate need for protection". The delegate of Brazil was kind enough to say that the same idea was expressed also in an amendment proposed by the United States delegation, and as he has no amour propre with regard to his own draft, he would accept the wording proposed by the United States delegation to the Commission.

I would also mention that the delegate of China has made a similar proposal, particularly to the "legitimate need for protection". That is exactly the same idea as the one submitted by the Brazilian and Chilean delegates, and which we find in the United States proposal, so I think we can concentrate on the United States proposal when we come to it. I hope the delegates of Brazil, Chile and China have no objection to this. Before we tackle the United States proposal we should clear away a slight proposal made by the United Kingdom delegate. You will find it under number 4 on page 13 of document W/150. I would ask the United States delegate whether the idea contained in the United Kingdom amendment may be fitted into the United States text. The question is simply whether you would agree to "complete such negotiations? "

Mr. WIEFHROP BROWN (United States): Mr. Chairman, I think that I would prefer to hear what the United Kingdom delegate has to say, and any other comments that might be made by members of the Commission.

M. BARADUC (France) (Interpretation): It is merely, Mr. Chairman, an observation of drafting. In the English text we read: "enter into negotiations". In the French text we read: "ouvrir ou de conclure".

Mr. R.J. SHACKLE (United Kingdom): The English text reads: "enter into negotiations with such complaining member in accordance with the requirements of paragraph 1 of this Article or to complete such negotiations". The word "negotiate" by itself is ambiguous, it might merely mean just open negotiations and then do nothing about it. We thought it was desirable to put not only enter into negotiations but to carry them through, and that was the main object of our amendment.

CHAIRMAN: Are there any other further remarks?

Dr. J.E.HOLLOWAY (South Africa): Mr. Chairman, I would like to know what is the process of completing such negotiations? If you get to the stage when you complete negotiations, it is something which has substance. In our experience in these negotiations, we enter into negotiations but we find, after a little while, that we can get nothing in exchange. Now, have we completed the negotiations by breaking them off then?

M. BARADUC (France) (Interpretation): In that case, Mr. Chairman, I think the United Kingdom amendment should read: ". . . enter into negotiations with such complaining Member in accordance with the requirements of Paragraph 1 of this Article and to complete such negotiations. . ." instead of "or to complete. . .".

CHAIRMAN: I am not so sure. With regard to the words ". . . if it finds that a Member has, without sufficient justification, . . . failed to enter into. . . or to complete such negotiations. . .", if you say "and" it does not give exactly the same meaning. The Member must commit himself to enter into negotiations and he must commit himself to complete the negotiations. That is the United Kingdom proposal and if a Member fails in either of these two obligations, the procedure will fail.

Are there any further remarks?

Mr. R.J.SJACKLE (United Kingdom): Mr. Chairman, I think I would just say, on the point as to what is meant by completing such negotiations, surely it must mean to carry them through to a conclusion if it is possible, in fact, to do so reasonably.

If circumstances intervene which prevent you from completing your negotiations, if there are good reasons, that will provide a good defence against the imputation, under this paragraph, that you have failed without justification. You have got to say whether there is sufficient justification or not. If some force majeure prevents you from completing your negotiations, that is sufficient justification. If, on the other hand, you cannot put forward any reason of that kind, then there is not sufficient justification.

Dr. HOLLOWAY (South Africa): Mr. Chairman, I point out, Mr. Chairman, that that meaning is fully covered by the words which the United Kingdom Delegate tries to eliminate, simply, "to negotiate".

Mr. R.J. SHACKLE (United Kingdom): I imagine it is better to specify that the progress of the negotiations should be maintained than that they should be completed.

CHAIRMAN: Are there any further remarks?

Dr. H.C. COOMBS (Australia): Mr. Chairman, the Australian Delegation would like to support very strongly the United Kingdom proposal.

Unless it is made clear that the intention is that the Members have an obligation not merely formally to enter into negotiations but to carry those negotiations through to a conclusion, or to be willing to show cause that the reasons why such a conclusion was not reached are valid reasons, then it seems to me that it would be open to any country to evade the obligation which is intended here merely by opening negotiations and remaining in a state of suspended negotiation indefinitely.

Mr. Winthrop G. BROWN (United States): Mr. Chairman, I think we are all in agreement that it would be undesirable if it were possible to evade the purposes of this paragraph by simply appearing at one side of the negotiating table for an opening meeting and then finding it impossible to go ahead and do any more than that. I feel that is what the United Kingdom Delegation, and other Delegations who have spoken, are trying to avoid. I wonder if some phraseology could be found to cover the case of a Member who failed to enter into negotiations or unreasonably delayed their completion. Perhaps we could put some language of that kind into the report, so that a Member could not just make a formal gesture and then sit back and go no further.

Dr. HOLLOWAY (South Africa): If you introduce the words "enter into negotiations", then you have got to say something more; whereas, if you use the words of the original draft, then it includes the whole process.

While one of the parties is prepared to say something to carry the thing a stage further, the other party must be prepared to listen to them, and the United States amendment on paragraph 3, as a matter of fact, sets a period of time. About half-way down on page 13 of the United States amendment they say: "..... failed, without sufficient justification, to negotiate with such complaining Member within a reasonable time." I think if you use the word "negotiate" instead of the six words which mean the same thing, then this United States amendment covers the whole position.

CHAIRMAN: I think that we can now say that everybody is in agreement with the idea behind the United Kingdom proposal, so what remains is simply a drafting question, and I think what the South African delegate has just said is extremely clear and true. The word "negotiate" cannot only mean to take one's place at a table at a first meeting, but it means everything connected with the negotiations, and if you add to that "within a reasonable period of time" it emphasises that it should be the whole procedure of mutual talks to arrive at a solution of the problems before the delegations concerned.

So if the drafting ad hoc sub-committee can introduce some words to make it still clearer, so much the better. So I think we will leave it like that and let the drafting sub-committee look into it.

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, I would say just this: I think there is a certain point of substance underlying this and it is desirable to clear it up. The intention in this paragraph, as I think we have always read it, is that it should be open to the Organisation to say to a particular Member: "You have not done well enough in these negotiations: you have not contributed enough." That is surely implied in the words "having

regard to the provisions of the Charter as a whole", because that would permit allowance to be made by the Organisation for a country which was in process of economic development - something of that kind. That surely implies that the Conference has the right to say that the contribution which the particular country has brought to these negotiations is not good enough. We should be clear as to whether that is what we mean to say or whether it is not.

M. BARADUC (France) (Interpretation): I only wish to say, Mr. Chairman, that the French delegation fully agrees in substance with the United Kingdom amendment and the comments which the delegate from the United Kingdom has just given us. There is only therefore a question of form and I am sure the sub-committee could settle it.

CHAIRMAN: I believe we could be safe in saying that the whole Commission agrees with the underlying idea of the United Kingdom proposal and we now should proceed with the consideration of the United States proposal. You have it before you and have already discussed it in some detail. I would like to know whether the United States delegate wants to explain it further.

MR. WINTHROP BROWN (United States): Mr. Chairman, I think that the only point of substance has already been discussed. The remaining changes which are suggested in our amendment are simply drafting changes and I think should be examined as such.

CHAIRMAN: May I take it that the Commission agrees to the United States re-draft?

L.R. F.G. OLDINI (Chile) (Interpretation): Ever since the debate in London, and certainly after the debates in New York, we have been concerned about the different interpretation which might be given to certain words in the Charter. These words are used when no meaning can be clearly defined and when it is impossible to find the exact technical terms or limits of concessions which could be made by Members or to Members, and in this case we have used time and again the word "sufficient", when it is stated "without sufficient justification".

I realise fully the difficulty to find an exact term to define these things, but I am afraid the word "sufficient" might be subject to various interpretations, according to the good or bad tempers of the interested parties or their own conceptions or theories on the subject, or even to their tendencies of the moment.

I wonder whether it would not be possible to find, either in some commentaries on this particular paragraph, or in the conference documents, or, which would be even better, in the text itself a definition which would be nearer our intention than the word "sufficient". I think the word "sufficient" may be dangerous, as I have explained, because it may be interpreted in different ways.

Secondly, when comparing the suggestions which were made in New York, and the suggestions embodied in the Chinese proposal with the terms used in the United States proposal, I wonder whether they are really equivalent, as has been said here. Sometimes there may be what appears to be a very small change which may matter very little, but sometimes even a small change might matter a lot, and it might even alter practically the whole meaning. I think the words "legitimate need for protection" are not exactly equivalent to the words "economic position of a Member", and I am not quite

sure, especially in view of the place in the text of the words "economic position of a Member" in the United States text, which is very different from the place which the similar proposal has in the Chinese proposal. I wonder whether we are not having here a change in the field of application of that sentence. When it says in the New York text "if it finds that a Member has, without sufficient justification, having regard to the provisions of the Charter as a whole", and so on, it would be much better if we could find some sort of criterion enabling us to define the word "sufficient", and we might, as was said in the New York and in the Chinese proposal, add something regarding the legitimate need of Members.

If we amalgamate these two ideas, that is, the definition of the word "sufficient" and the "legitimate need of Members", we might find the element enabling us to reach the aim we are pursuing.

Of course, we would not reach an absolute certainty, but we would reach at least some sort of relative certainty. I am in no position at present to suggest the precise text, but a text could easily be deduced from my statement, and I wonder whether the sub-committee could not, if the Commission agrees, take these remarks into account, and then perhaps it will enable that sub-committee to reach a conclusion which will clarify the text, which, in my opinion, is not quite clear at present.

CHAIRMAN: Does any other delegate want to speak about the American proposal?

MR. K.S. MA (China): Mr. Chairman, I would support the Chilean delegate's proposal to refer the matter to the sub-committee, so that some sort of a better way of wording it would be possible.

CHAIRMAN: Yes, of course we shall send it to the sub-committee, but the sub-committee ought to have some guidance on the part of this Commission, and I would have the impression that the Commission generally approves the United States proposal, and even if the sub-committee is perfectly willing to go through it very carefully so as to see whether the ideas of the Chilean and Chinese delegates can be more fully explained in the text, at any rate, the sub-committee should not be called upon to open the whole discussion on the matter.

They should try to ameliorate the United States text as well as they can, but if they should fail, I would sincerely hope there would be no question of submitting alternative texts, and I hope that there will not be any necessity for making reservations either. We are a preparatory committee and we do not do our duty properly if <sup>we</sup> send only bunches of reservations and alternative texts to the general conference.

We will send it to the sub-committee, which will take note of the discussions which have taken place here.

CHAIRMAN: Then we have on page 14 of Document 150 a note that the U.S. Delegation "may wish at a later stage to make certain suggestions for a general regrouping of articles under Chapter V. Meanwhile, it is proposed that Articles 14, 15 and 24 should in any event be grouped together under a single section."

We have a suggestion on the Agenda of other Articles in Chapter V, but as to the Articles we are discussing here, I think the Steering Committee has already indicated that these Articles are very closely connected, and obviously must be inserted in the Charter in such a way that this connection is not broken.

Unless any Delegate wants to speak about that, we go on to the next item on page 14. Item 6. The Secretariat questions whether or not the last sentence of paragraph 3 of Article 24 ought to be omitted as superfluous, as the words are, "The provisions of this paragraph shall operate in accordance with the provisions of Article 67."

As the Committee will see it concerns the Tariff Committee, and it is the Tariff Committee's job to look after this Article 24, and we carry it out.

Mr. SHACKLE (United Kingdom): As regards the question of the last sentence in Article 24 being superfluous, I would say it may perhaps be superfluous to have a number on a house, but it is highly useful for the postman, tradesman and everybody else to have a number they can follow. The same applies here. It is useful to have the words, even though strictly they may be superfluous.

CHAIRMAN: Well, I take it that the Committee is not prepared to leave out this sentence.

Then we go on on page 14. It is suggested by the United Kingdom that there should be a new paragraph - you will find it

on page 19 of the New York text, in a footnote. Perhaps the United Kingdom Delegate wants to speak?

Mr. SHACKLE (United Kingdom): All I want to say is that we think this suggestion is entirely right in principle, and the paragraph explains itself. Actually, as is noted in the footnote on page 19, account has been taken of the point on the text of the general agreements on tariff and trade, that is to say in the second footnote, which appears on page 69, where it is said it is contemplated that it would be included in the appropriate place in the agreement - "undertakings designed to prevent the nullification or impairment of the benefits of the tariff concessions of the Agreement which would result from any reclassification of products at higher rates of duty than those provided for in the Schedules", and then goes on to suggest that "Such undertakings might take the form either of provisions designed to prevent such reclassification entirely, during the life of the Agreement, or to prevent the imposition of higher duties resulting from such reclassification, or, in cases where neither of these two courses might be practicable, of provisions for negotiations to restore the previous balance between concessions and counter-concessions."

I think there is no dispute that this is a proper provision in principle; the only question is whether it is the right place. It seems to us that wherever you have a provision for negotiations there should be a provision of this kind worked in. It may be that the right place is in the text of the general agreement of the text of the Charter; or it may be it would be good enough for this to be worked in, for example, as headnotes to the various tariff schedules.

On that point I have no strong view, but I do think the principle should be clearly recognised and worked in at whatever is the most appropriate place.

CHAIRMAN: The Delegate of the United States.

Mr. WINTHROP BROWN (United States): Mr. Chairman, we entirely share the view of the Delegate of the United Kingdom that the principle included in this suggested paragraph is correct and desirable, and we feel that perhaps it might be more desirable to have it in the general agreement on tariffs and trade, since it is, in essence, a provision which safeguards the specific concessions which will appear in that document.

CHAIRMAN: The Delegate of South Africa.

Dr. J.E. HOLLOWAY (South Africa): Mr. Chairman, this seems to me to be introducing into the Charter what I think, in certain religious terms, is called "plenary absolution". Here are two things which you may do which take away things you have undertaken to give to other parties. You have given them a certain tariff classification, you have negotiated the tariff and you have agreed to that, and then you take something out of the classification. You are taking something away from the other party.

Similarly with regard to tariff valuation. A great deal of time is now being spent on prescribing certain limits within which Members will have to keep. This suggested paragraph implies that there is nothing very wrong about getting out of your obligations that way and in having benefited, provided that you are willing to negotiate about it afterwards. In the meantime, of course, you have got the benefit of your wrong-doing. I think that a paragraph like this suggests something wrong, and I think the purpose of it is sufficiently covered by the provisions in the Charter which enable a Member to complain against actions in conflict with obligations that he has undertaken.

CHAIRMAN: The Delegate of the United Kingdom.

Mr. R.J. SHACKLE (United Kingdom): I think this question rather falls into two parts. First of all, there is the question of tariff valuation - the question of so altering your system of tariff valuation as to increase the bound rates of ad valorem duties. That is the first part, and the second part is the question of tariff classification.

Well, so far as the tariff valuation side is concerned, that is taken care of in the draft General Agreement on Tariffs and Trade, Article VIII, paragraph 2, and that provides that: "No

contracting party shall alter the general principles "(of tariff valuations)" "So as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement". That takes care of that satisfactorily.

Then we come to the part about classification. That is perhaps a little more complicated, owing to the fact that in a good many countries the interpretation of the tariff classification is a more or less legal matter. It may, therefore, be that there may be difficulties about providing for an absolute freezing of classification. I think that as a matter of equity and reason one should provide for the freezing of one's classification, but if that is not possible, one may need to have an alternative resort; and it will be observed that in the second footnote to Article VIII of the General Agreement, those two alternatives are mentioned--either the possibility of freezing or, if you cannot freeze, then compensatory negotiations. It leaves that question unresolved. We ought, I suppose, to attempt to resolve it. As I say, I think our feeling would be that freezing is the right course, if it is possible, but it is perhaps open to doubt whether it is possible, and whether we now have to accept the inferior alternative of possible compensatory negotiation.

CHAIRMAN: The Delegate of Canada.

Mr. J.J. DEUTSCH (Canada): Mr. Chairman, we are in agreement with the proposal of the United Kingdom. We think it would be desirable to freeze the classification, but do not think that that is practicable, because tariff classifications are not completely specific. In many cases, classifications are rather general, and there is always the problem of interpreting the classification. All goods are not specifically mentioned in

tariff classifications and many countries have machinery for interpreting classifications, and from time to time rulings will be given which may determine the classification of a specific item. Now, that ruling may be contrary to the understanding of the parties to the Tariff Agreement, and there should be room, therefore, for an adjustment to take place. For that reason I do not think it is possible to freeze the classifications; therefore there must be a procedure for dealing with the inevitable changes which have to take place in such classifications.

CHAIRMAN: I do not quite understand the position. We negotiate the binding of certain items of our tariffs. How is it then possible that we should be free to modify our tariff classification in such a way as to increase the duty? It is up to us. We can modify our tariff classifications as much as we like, but I should have thought that we could not do it in such a way as to increase the duty. I may be under some misapprehension, but that is how I look upon it--more or less in the same light as the Delegate of South Africa. Is it wise, in the Charter, to take it for granted that countries, having committed themselves to certain maximum rates for certain duties, should alter their national rules or regulations in such a way as to make the concession they have given inoperative?

Mr. J.J. DEUTSCH (Canada): Mr. Chairman, I just want to clarify what I was trying to say. The trouble is that, in some cases at least, we do not always know precisely what we have bound because the tariff classification is in general language and may include a great range of commodities, and none of us knows exactly all the commodities that come within a particular classification - neither of the parties may know. They know it covers this general group of goods, but there may be a specific item which no one knows exactly whether it is there or not. That has great significance, but later on a greater significance is attached to an item and the matter is referred to a tribunal in some countries, and a ruling is given which may change the situation from what could have been reasonably understood at the time. I think there should be some provision for adjusting the situation when that situation arises. On the general point, Mr. Chairman, I am fully in agreement with you. This is purely a technical problem.

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, the point which was raised calls my attention to the inaccuracy of the wording of the United Kingdom proposal on page 19, because it speaks of altering its tariff classification. Well, that is not really the point as I now see it. The point is that, when the classification, that is to say the specification of the items or particular products may be transferred from one item to another as the result of a decision, the wording there needs some kind of amendment. The footnote on page 69 to Article VIII has expressed it more accurately because it speaks of the reclassification of products. We should have to think how to change the wording of this particular clause.

CHAIRMAN: I understand the situation very well now, and I would like to know whether any delegate is in disagreement with the general principle of the United Kingdom proposal?

M. DESCLEE DE MAREDSOUS (Belgium) (Interpretation): I have no special objection against the general framework which has been mentioned of the United Kingdom proposal, but I think the procedure should be studied in greater detail and with greater care. I think that the general guidance was omitted and as regards the procedure, the Sub-Committee would not be in a position to draft. For instance, when it mentioned, in the United Kingdom amendment in the new paragraph, "further negotiation", are we to understand that the negotiation would be carried out according to the provisions of Article 24, and, to be more precise, would it be the case that a country refusing alteration in the tariff would have recourse to the Organization? This is a very difficult question, and I would prefer for myself a formulation, for instance, that in such a case the Organization shall refer the decision of a question to one of its technical Sub-Committees, as it is a very highly technical question.

CHAIRMAN: My own view, before I ask for the opinion of the United Kingdom delegate, is that I would say that this proposal was made in New York as an addition to Article 24, and I think most members of the Drafting Committee have understood it to mean that the procedure of paragraph 3 of Article 24 should apply. As to the Belgian delegate's suggestion that the Organization, in applying the procedure, should make use of the technical Committee at the disposal of the Executive Board, well, I think it is a foregone conclusion to think that the Commission would meet for exactly the same purposes. I do not think that raises any great difficulty.

Mr. R. J. SHACKLE (United Kingdom): Mr. Chairman, I would like to say that I agree with what you have just said. It seems to us that this is a case where a tariff agreement made in pursuance of Article 24 has, so to speak, gone wrong. It has gone wrong through the re-classification of some products which detracts from the value of the bargain as originally struck. Clearly it is right that any further bargaining shall be under the same procedure exactly. I would also like to say, whilst I am speaking, that the question has been raised as to whether the proper place for this is in the Charter or in the General Agreement on Tariffs and Trade. I would have thought myself it was right it should be in both, because the principle will surely apply to the original negotiations and any subsequent negotiations.

CHAIRMAN: The Delegate of China.

Mr. K.S.MA (China): Mr. Chairman, the Chinese Delegation, whilst not objecting to the United Kingdom proposal in principle, is not quite in favour of making this addition. For instance, the import tariff of China has not been revised for more than ten years and requires re-classification to meet the actual needs of the moment.

Even during the present tariff negotiations with other Member countries, the Chinese Delegation finds it very difficult to maintain the present classification without making considerable readjustments. For this reason, we do not quite support the idea of making another additional paragraph to this Charter.

CHAIRMAN: I should have thought that the difficult position in which China finds itself should render you still more interested in having such an additional paragraph.

Mr. K.S.MA (China): Mr. Chairman, the fact is that, as I have said, we do not quite object to the United Kingdom proposal in principle. We might agree to it in principle, but there are great difficulties in the way. For instance, in our tariff we have about 600 items, whereas in the tariffs of most of the countries of the world they run up to several thousands, perhaps as many as 10,000. For that reason we need re-classification very badly and this new paragraph might put great difficulties in our way when we make this re-classification.

We do not entertain the idea of increasing tariff rates wherever possible, but in the re-classification it may happen.

Mr. R.J.SHACKLE (United Kingdom): I can appreciate that that is an argument against the freezing of classification. Surely not, because any changes which take place, and which affect a private bargain already struck, are part of its value. Our proposal illustrates the need for and desirability of a provision of this kind.

CHAIRMAN: I am glad to hear that the Chinese Delegate is in agreement with the principle of the United Kingdom proposal. He hesitates because he anticipates that in his country there may be some re-classification that might be interpreted by some other nation as dealing with increasing the duty.

I venture to suggest that it would be much better for him - and would be quite a legitimate thing, - to be willing to re-open negotiations in order to settle this difficulty than to commit himself and then to alter his classification, because then, not knowing the way out of it, he will have gone against his obligation and there will not be any clause in the Charter to cover him.

I really feel it is in his interest that this clause should be inserted. I apologise for pressing the point.

I do not expect the Delegate of China to give an answer now, but I think he would agree that generally the Commission accepts the principle of the United Kingdom proposal. The drafting will be done by the special sub-committee and there the Delegate of China will have an opportunity - as he is a Member of the sub-committee - of seeing whether the final result is acceptable.

As to the question of where the special sub-committee should place the draft they will prepare, I take it that it ought to be in Article 24, as originally intended by the proposal which they accept. At the same time, as a number of these Articles will have to be referred to in the General Tariff Agreement, it will also have to go in there, but only as lent from the Charter for the purposes of the Tariff Agreement.

The Delegate of the United States.

Mr. Winthrop G. BROWN (United States): Mr. Chairman, I am afraid I must maintain the position, at least for the present, that we feel it would be preferable for this matter to be covered in the General Agreement.

CHAIRMAN: The delegate of Belgium.

M. C.D. de MAREDSOUS (Belgium)(Interpretation): I wish to stress two points, Mr. Chairman. In the first place, the interested country will be in a position to alter its methods of classification without prior justification. In the second place the procedure which is suggested is not more strict, therefore, than for the initial classification. I therefore draw your attention to these two points and make some reservation on the choice of procedure to be adopted and on the extent to which modification can be met without previously advising the Organization.

CHAIRMAN: Normally, I would be reluctant to refer this question to any ad hoc sub-committee, but in this case all the delegates who have taken part in the discussion are members of the sub-committee, and having adhered to the principle of the United Kingdom suggestion, I think we can safely leave it to the ad hoc sub-committee to attend to the drafting of the said text, and also discuss and come to some agreement as to whether the text will figure only in the tariff agreement or also, as I personally think it should, in the Charter. Could we not leave it like that?

M.F. Garcia-OLDINI (Chile) (Interpretation): I would like to say a few words which are not exactly on the point, but I seem to have noticed a certain tendency shown by our Chairman, when he said a few minutes ago that we might leave the remnants of the discussion to the sub-committee. I understand fully that the Chairman, in his capacity as Chairman, should endeavour to expedite our debates and to gain time, but perhaps on some occasions, if I may be allowed to say so, he seems to forget somewhat the rights of this Commission.

I realise, of course, the difficulty of the situation -

he is always pressed for time by the Steering Committee and the Secretariat.

The Chairman, on another point on another occasion, said that he hoped that the text would come back from the sub-committee without any new alterations or reservations. I would like to remind him that the Committee is its own master and that a second reading is always possible, and on that point I would immediately say that our delegation reserves the right to present new observations or alterations if necessary.

Also, all the time, the Chairman reminds us of the important role of the Steering Committee. I am not saying for one minute that it is his intention, but in so doing he runs the risk of inducing us to some sort of error. The Steering Committee appears in that light as the owner of this Conference, but this is not the case. The Steering Committee is an organ which we ourselves have appointed in order to simplify our work and to undertake some work which we do not want to undertake, and to make some proposals which we are in a position to accept or refuse. I agree that if we accept them, they have some sort of influence for us, but this does not alter the possibility of changing them if we deem it desirable.

If we continue in this way, I think that we might fall in the same error as we did at the first part of the Conference, that is to say, we might complete our work in a hasty and incomplete way, and I would like to remind the Chairman of the instance of the Working Party on Articles 15 and 23, the work of which was certainly not satisfactory, and he himself will probably agree there because he worked on that Working Party. There was no second reading; the report of the Working Party was not made available; we were not even allowed to study one of the articles. Therefore, I think if all the time we are imposed upon in such a way by the Steering Committee, we might have bad results finally, and I very sincerely wish to draw the attention of the Chairman to this danger.

CHAIRMAN: The Delegate of Chile referred to the Steering Committee and the Secretariat and gave the impression that I shifted the responsibility for my way of directing the proceedings of the Commission to the Steering Committee or to the Secretariat.

That is not the case. I do not take any instructions from the Steering Committee or the Secretariat other than on questions of procedure, and I even there retain my right to have my own view.

As to the question that the Commission is sovereign, there is no doubt of it. I have said that when we refer a question to ad hoc Sub-Committees we hope, and even expect, to receive a Report that clears away difficulties and presents as far as possible a unanimous and agreed opinion. That is not in order to impose on the Committee but in order to help balance the work of this Committee.

We choose four members of ad hoc Sub-Committees from appropriate Delegations, those who have shown particular interest in questions under discussion, and we think that a small group of this Commission who have really proved their particular interest is the best working method; but, of course, it does not infringe upon the sovereign rights of this Committee. It is quite possible that a unanimous Report from the Sub-Committee would be turned down by this Committee - I hope it will not happen, but there is nothing in the Organisation or this Committee to prevent it.

As to the question of the Working Party on Technical Articles, I beg to mention - if it is not already known - that we got a request from the direction of this Conference - that is the President of the Steering Committee, and the Secretariat - whether it was possible for us to clear all that in time for Commissions A and B to be set up at a certain date. I answered it is possible, but we cannot then have a second reading - the second reading would come.

I must hope, in this Committee or the Executive Committee - but nothing has been lost by that.

We established a number of Sub-Committees in the Working Party on Technical questions. Most of these Sub-Committees - I think there are six or seven of them - presented Reports which were considered and agreed to. Two on articles 17 and 18 are still under consideration, and they will, when ready, be presented to, probably, Commission A, and no time has been lost. It was a very logical and very reasonable way of handling the problem.

Finally, as a general remark, I do my utmost to press for speed. We must try to get through with our work within a reasonable time; but that must not, in any case, be interpreted as an attempt on the part of the Chair to prevent Members of the Commission from taking their full share in any question before us.

Mr. GARCIA-OLDINI (Chile) (Interpretation): I would not like to leave the Committee under the impression that I imply some criticism of our Chairman.

I never intended to say the Chairman was in any way influenced. What I said, and what I think we all feel really, is that we find ourselves pressed all the time by the Steering Committee and the Secretariat. I understand perfectly their viewpoint, but I ask the Chairman to keep a balance between the special need of the Steering Committee and the Secretariat for speed, and our own need and desire for all explanations which are necessary; and I hope the Chairman will be satisfied with this explanation, and that my meaning has been perfectly clarified.

CHAIRMAN: Thank you.

CHAIRMAN: We pass on to the last point on page 14 of W/150: The French Delegation proposes the addition of a new paragraph to read as follows: "The Organization shall, as soon as possible, fix the maximum rate of protection, which must not be exceeded by any Member. This rate may be subject to periodic revision in order to achieve a progressive reduction in customs tariffs. Exceptions with regard to certain products may be agreed to by the Organization".

M. BARADUC (France) (Interpretation): It has been said, Mr. Chairman, that irony is one of the traits of the French mind. The French Delegation, I immediately hasten to say, did not intend to be humorous when presenting this addition. Many of our colleagues have already let it be known that they did not think such a proposal to be acceptable. However, other Delegations have thought that it was simply witty. That was wrong, I must say, and other Delegations finally appeared to be interested, but did not know exactly how to apply this addition practically.

I would like to give you a serious explanation of our amendment. I do not intend, in this somewhat stormy atmosphere, to open a debate which might become impassioned, but I do not want to put any of the Delegations present in any difficulty. I only wish to say a few words about the reason for this amendment. I would like to have an exchange of views on the exact application which it might find in the tariff negotiations and of the powers to be given to a future organisation. I would like to remind you briefly of the aims of our work. I know, of course, that Chapter I is not yet in its final form; but I do not think that it will be changed substantially from its present draft.

I would like to remind you that it is written in paragraph 1 that "further international/<sup>measures</sup> should be taken dealing directly with trade barriers and discrimination which stood in the way of an extension of multilateral trade.... etc." I think that, if we can see that the Charter contains numerous provisions for the elimination of any form of discrimination and of customs barriers, the Organization, on the other hand, will find itself completely disarmed in the question of tariff. I say this with full friendship and understanding, but it seems to me that it will be necessary to reinforce the provisions of Article 24. I think we should seek to eliminate from the tariffs these duties which are really too high - so high as to be prohibitive - and in any case they restrict, and not improve, the international trade. They even do so more than quantitative discrimination. In maintaining in the tariffs these excessive duties, I think we are going against our own aims which I expressed in the introduction to our work. When these excessive duties were established they had two ends. First of all to defend the interested countries against inequitable conditions of work prevailing elsewhere in the world. But we see, in Article 5 of the Charter that we are precisely seeking to establish fair labour standards everywhere and eliminate therefore these unfair competitions in labour. If, therefore, this Article 5 is respected, we need not fear at all that there might be any competition in that respect, and therefore the excessive duties disappear.

The second rectification was that it was intended, at the time when these duties were re-established, to protect newly created industries, but since these excessive duties have, in most cases, been established for a long time, it is to be supposed that these new industries are now developed to such a level that they are now

fit for international competition on the markets. If we therefore compare these ideas of excessive rights with the measures which are legitimate and which we advocate in Article 13 for members needing economic development, and the way in which the newly economically equipped countries are to be protected in some cases by the agreement of the Organization, and if we compare also the procedure adopted in Article 13 with Article 24, we see that we might come to a system which might be advantageous to some old country to the detriment of the newly economically developed ones.

There is, I think, a great interest in establishing a sort of equivalent between the various grades of protection. The French government have gathered the impression that it would be much easier to obtain, either from private interests or from the parliamentary organization, a reduction of some customs duties if these were sure that for other commodities other countries would adopt a similar attitude or will adopt at least equivalent duties. I wish to draw your attention to these two aspects of the question. I think our work would be badly judged if we let subsist these excessive duties, and this lack of balance between some of the tariffs in various countries.

I wish to add that, if our amendment were considered or approved under one form or another, I declare immediately that the government of France would be ready to reduce in some cases substantially the offers already made, or in any case to limit, to a given percentage, their tariff duties. I hope that in saying all that I have not been interpreted as having some bad intentions against some of my fellow delegates, but I would merely like to ask them to think it over in general.

CHAIRMAN: May I ask if any delegate wishes to discuss this proposal?

M. DESCLEE DE MAREDSOUS (Belgium) (Interpretation): I wish to approve fully the French amendment. I think that, especially the second sentence mentioning a progressive reduction in customs tariff, is extremely important in the light of the difficulty and experienced at present/which might be experienced in future negotiations. We might wonder whether we really have created, or are creating, the instrument which would enable an expansion of international trade and in particular which will, in case of a crisis, avoid that the various countries close themselves tightly, which will create an impossibility for an industry to develop itself.

I know, of course, that since the last crisis new protective techniques of measures other than customs duties have been found. It would be comforting to notice that, in one field at least, some liberal ideas may matter again.

CHAIRMAN: The Delegate of Australia.

Dr. H.C. COOMBS (Australia): Mr. Chairman, I regret that I find some difficulty in associating myself with the splendid gesture of the French Delegate.

Unfortunately the proposal assumes that it is possible to make a valid comparison between protective rates of duty on the basis of the numerical percentage value or money value of the duty imposed. I should have thought that one result of the deliberations of this Commission was to demonstrate very clearly that such a comparison is not only inadequate but can, in many cases, be definitely misleading.

The justification for a duty depends upon many things, not merely upon the actual height of the tariffs themselves. For instance, it is our view that in judging a particular tariff it is necessary to take a number of things into account; - the stage of development of the economy imposing the tariff is, in our opinion, quite a significant factor in judging whether a particular tariff is justified. We would also argue that there is a distinction between new industries about to be established or in the early stages of establishment and older industries, and therefore in judging a particular tariff you would need to take into account the age of the infant which is being cared for.

Similarly, we did discuss last year the question of the criteria which might be applied in the application of protective policies and I think it was generally agreed - although it was difficult to give precise expression to this agreement - that there should be taken into account the long-term prospects of effective operation of the industry concerned.

Similarly, it is our view that the nature of the product to which the protection is applied is a significant factor.

For instance, we think it is less justifiable when applied to a product which is fundamental to the maintenance of the health and welfare of the country which is importing the product, or to a raw material which is essential to the maintenance of the industries of that country; whereas it is of less significance, perhaps, to apply protective duties to products which do not play such a vital part in the social and economic life of the community.

In the same way, we find in other cases that the reason for a protective tariff varies; in some cases it is purely economic in function. In other cases there may be social purposes to be achieved; for instance, the attempt to bring about a more balanced set of opportunities for the employment of the people in a particular region which is unduly dependent upon a limited range of products, and the achievement of those social purposes may be worthwhile, even at the cost of the burden which is imposed by the protective measure.

I am sorry to deliver all these examples but they are necessary to illustrate the point which it does seem important to us to recognise - that you cannot judge a tariff merely by the figures expressing its height and that therefore, if you sought, as the French Delegate has suggested, to establish a maximum, that maximum clearly would need to be sufficiently high to provide for all the valid types of protection in valid amounts judged by the purposes and the circumstances and the products, and so on, to which they apply. It is our opinion that if the maximum were sufficiently high for those purposes, it would be far higher than would be necessary to give valid protection or justifiable protection in other cases and we are afraid that the effect of it would be, not so much to bring about a reduction in tariffs but to offer a

justification for many which are now too high. Consequently, even an attempt to bring down that maximum would either have the effect of excluding what would appear to be the legitimate use of protective measures, or, on the other hand, of encouraging the maintenance of tariffs in countries or on products where they could, without harm to the industries or populations concerned, be reduced.

CHAIRMAN: The Delegate of China.

Mr. K.S.MA (China): Mr. Chairman, I fully share the views expressed by the Australian Delegate on the French proposal. I would like to add that it would not be possible to foresee the many changes which are bound to happen in the industrialization of a country. It would not be possible beforehand to state a maximum which would meet future needs which we have no way of knowing at this stage. For this reason, the French proposal would be beyond our competence to accept.

CHAIRMAN: Are there any further remarks on this question?

M. BARADUC (France) (Interpretation): I fear, Mr. Chairman, that my colleagues from Australia and Chile may have wrongly understood what I said, or perhaps I expressed myself badly, because when we speak of the maximum rate of protection, we immediately intend that there should be exceptions and that exceptions should be necessary. We say so expressly in the last sentence of our amendment.

We intend that necessary exceptions be dealt with in exactly the same manner as is envisaged in Article 15, that is to say the exception in excess of the maximum should be applied only in agreement with the Organization.

CHAIRMAN: Are there any further remarks?

MR. J.P.D. JOHNSEN (New Zealand): Mr. Chairman, apart from the admirable intention underlying the proposal from the French delegate, we feel that it would be difficult for us to give support to this proposal.

First of all, as the Australian delegate has pointed out, there are difficulties in determining just what rate of protection is required for the particular industry, and as conditions are, of course, changing from time to time, it is a continual problem.

Apart from that, I know that as far as New Zealand is concerned we would be very loth to surrender our sovereignty to the Organization to determine just what protection we should put in any particular instance. For that reason, I feel that we would not be able to support this proposal.

CHAIRMAN: The delegate of India.

MR. M.F. PAI (India): Mr. Chairman, the Indian delegation associates itself with the delegations which have objected to the French proposal. There is not much that one could add to the excellent presentation of the case for undeveloped countries which the delegate for Australia has made.

There are two aspects to this question. The first one is whether any particular industry should be protected, and the other one is what the quantum of protection should be.

On the latter matter, there is no doubt at all that the quantum must depend on the difference between the national and foreign cost of production. There is no scope at all for any arbitrary fixation of the quantum of protection necessary once the decision has been taken that any particular industry should be protected.

So, also, as regards division of this quantum of protection, the question would depend entirely upon a periodical assessment of the reasonable cost of production within and outside the country. On the first aspect, there may be a difference of view as to whether any particular industry should be protected or not, but I do not see how any country can divest itself of its own sovereign powers, or decide whether or not it is in the national interest to protect the industry concerned.

For these reasons I consider that this proposal is not only not acceptable to the Indian delegation, but it is also not workable in practice.

CHAIRMAN: Are there any further remarks.

CHAIRMAN: The Delegate of Chile.

Mr. GARCIA-OLDINI (Chile) (Interpretation): The Chilean Delegation is sorry to say it cannot, inspite of the interesting declaration made by the representative of France, accept the Amendment suggested by France; and this mainly because, first of all, it would make the development of a country with a smaller economic potential more difficult; secondly because it would imply the abandonment of the faculty for each country to say to which industry it wants to give protection; and thirdly, as has been so well explained by the representative of Australia, there are a great number of factors which enter into the decision to give a certain protection to certain industries. These factors cover not only economic reasons, but fiscal reasons, social reasons, and so forth, and they are therefore absolutely 'imprevisible', they cannot be foreseen beforehand. Therefore this suggestion seems to us to be impracticable.

CHAIRMAN: Any further remarks?

Mr. VAN KLEFFENS (Netherlands): May I say just a word to support the French proposal, Mr. Chairman. So far we have had before us two main difficulties. The first is the difficulty of fixing this maximum rate. Now I am asking myself if the outcome of the present negotiations would not cover the point.

I mean, once we have agreed on a set of tariffs, clearly that is an agreeable amount of protection.

CHAIRMAN: I had the impression that you had another point.

Mr. VAN KLEFFENS (Netherlands): That is true, Mr. Chairman. It is the question of the sovereign rights in deciding what the amount of protection in the future will be. Well, I would like to draw attention to this clause, saying that the exceptions

"may" be agreed to by the Organisation, not "shall".

CHAIRMAN: Any further remarks.

The Delegate of France.

Mr. BARADUC (France) (Interpretation): Mr. Chairman, I do not wish to insist any longer, but I think that the subject still needs some sort of clarifying.

When I presented my Amendment, and in the explanations I made a few minutes ago, I had not the slightest intention to impede the development of countries not yet sufficiently developed economically. I think, on the contrary, that the exceptions envisaged in our Amendment are precisely in conformity with the interests of those countries.

We think, therefore, the desirability to eliminate excessive duties exists between countries which have reached a comparable degree of development, and with the exception of the Delegates for Belgium and the Netherlands, the degree of the development of which countries is comparable to that reached by France, I have heard no remark from Delegates whose countries are developed in the same way as France at present.

Mr. DE MAREDSONS (Belgium) (Interpretation): I wish again to say a word in support of the French proposal, and to draw the attention of the Committee to the fact that the aim of the proposal is precisely to explain that excessive rates above a certain level are disastrous; and if a country wishes to have rates above the maximum level, then it is essential they should apply to the Organisation in conformity with the procedure explained in Article 13. Otherwise the States should not remain their own master in the matter, because this would be absolutely contrary to the spirit of the Charter.

CHAIRMAN: The Delegate of Czechoslovakia.

Mr. MINOVSKY (Czechoslovakia) (Interpretation): I wish to say a few words after the statement made by the Delegate for India. He said we had to deal with two problems. First of all our industries should be protected; and secondly what measure of protection should be granted to those industries.

Well, I would like to remind you of my experience when I had some conversation in China with industrialists. To-day, when one speaks of protection of new industries, it seems one deals with the problem in the same way as a hundred years ago. Then the countries had little experience in industrial matters. They had no qualified experts, and no machines, they were really experimenting.

Therefore, if a country started developing new industries, they naturally refrained from helping the other countries. To-day the situation is completely reversed.

The countries who wish to develop a new industry can, in their turn, have at their disposal the best machinery, capital and first-class experts, and the countries with a large population have markets --home markets-- which cannot be found, for instance, in Europe, and the Chinese industrialists with whom I spoke admitted that there might be industries against which the old countries should be protected, not the new ones.

Take, for instance, the shoe industry in China, with a market of 400,000,000. If there were a new shoe industry there, I think our Czech firm, Bata, would need protection against this Chinese shoe industry, which would be equipped with most modern machinery and would be able to produce more cheaply. Therefore, I remind you also that the Charter makes it an obligation to the Members to give all the necessary technical help and expert assistance to the countries who want it.

Of course, I apologize for taking China as an example, but it is simply due to the fact that China is a very large country, and I had conversations there. I just want to take this as an example, to show the difference in the protection as it was envisaged one hundred years ago, and as it might be envisaged now; and only to answer the Delegate of India that, of course, it is not advisable to have protection in general. But from time to time it may be necessary to ask what industries should be protected by tariff and what industries do not need protection even if they are newly created.

CHAIRMAN: Are there any further remarks?

Mr. K.S. MA (China): Mr. Chairman, I just want to sum up our points. Our position is that a protective policy shall be determined by each Member itself and not by the Organisation on its behalf. Secondly, there may be a very great variety of industries in

a given country which require protection in different degrees. It would be impossible to fix the maximum rates for each industry requiring protection. In other words, protection would have to vary from industry to industry -- it would be difficult to fix a maximum rate for all the various industries. Thirdly, the multilateral tariff agreement reached may be regarded as the maximum protection permissible for all those products which have been agreed upon in the negotiations. This summarises our position.

CHAIRMAN: Well, after having heard a number of Delegates, I find that opinions are very divided. There is some preponderance against the French proposal. I do not quite know what the Committee would like to do. There is the possibility of sending it to the ad hoc Commission asking them to continue to work on it. I do not think that would lead to anything so I would rather take it this way: it is a proposal to add a new idea to the text of the Draft Charter. That idea does not need general consent from the Commission and for that reason can hardly be retained. On the other hand, the text of the French proposal does not make it necessary that it should figure in the Charter. There is nothing to prevent any Delegate, when the Organization is set up, from raising the question either in the sense of the French proposal or in some other sense, and we should then be in possession of the General Tariff Agreement, which will be a factor to be taken into consideration, when the Conference will define its attitude if this question is brought before it.

My suggestion would, therefore, be, with due respect for the French proposal, that we decide that we are not going to

pursue the discussion, and we are not going to insert such a stipulation in the draft; but leave it entirely free for any Delegation to follow out the idea of this proposal when the Organization will come into being.

The Delegate of Brazil.

M. J. TORRES (Brazil): Mr. Chairman, we of the Brazilian Delegation would like very much to support your suggestion. We are not at all in agreement with this amendment. We do not think it can work, and if it should be insisted upon, we are afraid that it might be a very great difficulty for us at this Conference. We think that if this has anything at all to do with the undeveloped countries -- and from what the French Delegate says I have my doubts -- then, of course, we could not agree to it. If it is something else, then my suggestion would be that it be put more clearly. In any case, we believe that the ultimate purpose of this amendment will be reached in a more proper way by the operation of the I.T.O. itself, and we make our own the words of those Delegates who have revealed their difficulty in visualising how this could possibly be put into effect.

CHAIRMAN (Interpretation): I understand that the Commission approves my suggestion which consists in not retaining the proposal here in Geneva, but leaving full freedom to any delegation to raise the question again once the Organization has come into being.

M. BARADUC (France) (Interpretation): I do not wish to prolong this debate, but I persist in saying that there is some misunderstanding on the part of the delegates who spoke against the French proposal. It was never our intention to go against the interest of the newly developed industries, and I wish to add that, in taking no provision to eliminate excessive duties which shall prohibit to the normal trades, we come to a protection which is exactly equivalent to an absolute quantitative restriction, whereas the Charter has taken provision to eliminate progressively this quantitative restriction. There is nothing against these excessive duties and this is a complete contradiction to the spirit of our work.

CHAIRMAN: Might I take it that this terminates our point and tomorrow we shall take Article 15. I will announce that the Subcommittee will meet tomorrow as previously arranged at 10.30 in Room 210.

Dr. H.C. COOMBS (Australia): I do not wish to delay the meeting, Mr. Chairman, but before we leave Article 24 there are one or two points to which I would wish to refer. They are not points on which we have submitted particular amendments because we are not certain whether this is the appropriate place to deal with them, but I would wish to have them mentioned so that, if it is your opinion that they should be dealt with as far as Article 24, that

it would be possible for the Sub-Committee which you have established to consider them. Is it your wish that I deal with them now?

CHAIRMAN: I am at your disposal, and I take it that the delegates would willingly sit a few minutes more.

Dr. H.C. COOMBS (Australia): Mr. Chairman, Article 24 contemplates the conclusion between the members of this Commission of agreements in which they will exchange tariff concessions. There is nothing in Article 24, nor as far as I can find in other parts of the Charter, to indicate the period for which that agreement runs. I think it was understood at the discussion in London, that the agreement so reached would be for a period of three years after which it would be possible for the parties to terminate such agreements or to reopen them in part.

It is the other point to which I wish to refer in particular. Obviously, for countries whose economies are in a process of change, it is difficult to enter into an agreement for a long period.

We have assumed that these agreements will have a period of three years initially and would, in the absence of their being re-opened by the parties, continue and that the concessions containing reductions of tariffs embodied in the original agreements would remain in force after the end of the initial period, unless one of the parties wished to re-open them.

At the same time, it is important, as I remarked, to countries whose economy is in a state of change that the possibility of that re-opening should be a real one; that it might be possible for a country, without having to scrap a whole agreement or whole set of agreements, to take out from the concessions offered an item regarding which the circumstances have changed <sup>on/</sup>and which it may wish now, for instance, to increase the rate of duty for protective purposes, because the commodity in question has now become one for which the country concerned is interested in entering into production.

It seems to me, therefore, important that we should make ~~it~~ quite clear - preferably in the Charter - I am not absolutely certain whether that is the appropriate place - that the initial period of the agreement is precisely stated. The terms on which the agreement continues should be precisely stated and the machinery by which a country can re-open its agreements, either as a whole or in part, and particularly the latter, should be set out quite clearly.

Furthermore, that the machinery in regard to the reductions of tariff on items agreed to should be such as will facilitate such re-opening and not make it difficult. Only if that is done will it be possible, I suggest, for countries whose economies are in a state of change to enter into agreements as widespread in their character as they would otherwise be.

I think it has been suggested that the agreements should be multilateral in form and application so that, in effect, there would be one agreement to which all the countries would be parties.

When you come to examine the problem of re-opening the agreements in relation to a particular duty, that does seem to me to offer certain difficulties. You may have entered into an agreement with one country, with the right of other interested countries to know what is going on and to participate in the discussions if they have a clear interest.

If, on the other hand, you find yourself, as a result of that set of negotiations, bound to 44 other countries in relation to this particular item and you wish to re-open it, you would, I presume, formally be obliged to obtain the concurrence of 44 other countries to whatever it was you proposed to do, even though the countries primarily concerned would be perfectly willing to permit you to make the change which you wished to do.

If the agreements were bilateral, in the sense that they were between the pairs of countries with which they originated, but the concessions embodied in them applied to all the Members, that would make it clear that in re-opening an agreement in relation to a particular commodity, your negotiations would be directed towards the country with whom you originally made the agreement, with again the clear right of other interested countries to be consulted, as they were presumably consulted in the original agreement. However, we would not wish to be dogmatic about the question of the form of the agreements, we merely mention that as a difficulty that does seem to require examination.

So I would ask, Mr. Chairman, that the sub-committee which deals with Article 24 should also concern itself with the questions of the period of the agreements, the form of the agreements and the machinery for the re-opening of agreements in part or as a whole.

CHAIRMAN: The Delegate of Norway.

Mr. J. MELANDER (Norway): Mr. Chairman, before we leave this question, there is just one point I would like to mention, so that the sub-committee can study it. As you know, most countries have the ad valorem system whilst in certain countries, as in Norway, we have to a certain extent the specific duty system. There might be a serious rise in the international level of prices which would, in fact, mean a reduction in the specific duty. On the other hand, there might be a serious fall in the price level, which would mean a rise in the specific duty.

I think an article dealing with the problems we are discussing here ought to have a proviso to solve this particular problem.

CHAIRMAN: With regard to the suggestion of the Norwegian Delegate, that will be sent to the sub-committee, of which he is himself a Member.

As to the most important question brought up by the Delegate of Australia, I also think the sub-committee should consider this and, in particular, whether they would be able to draft an appropriate clause for insertion in the General Tariff Agreement. It is another question whether it is necessary or desirable or possible to have it inserted in the Charter, but in the Tariff Agreement I feel it is quite important that some clause should be inserted to enable the most interested parties in tariff concessions to re-open their discussions without being prevented by the fact that their concessions have been incorporated in the General Agreement; that would be entirely up to the sub-committee.

The Meeting is closed.

The Meeting rose at 6.20 p.m.