UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

NATIONS UNIES

CONSEIL ECONOMIQUE ET SOCIAL

RESTRICTED
E/PC/T/A/SR/8
4 June 1947
ORIGINAL:ENGLISH

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

COMMISSION A.

Summary Record of the Eighth Meeting held on Wednesday, 4 June, 1947, at 3.25 p.m. in the Palais des Nations, Geneva.

Chairman: H.E. Mr. Erik COLBAN (Norway)

Continuation of Discussion on Article 24.

The CHAIRMAN opened the debate on the amendments to paragraph 3 and pointed out that the idea of the amendments suggested by the Delegates of BRAZIL, CHILE and CHINA was also expressed in the United States amendment and could therefore be discussed in that context. This being agreed to, he invited the Delegate of the United Kingdom to comment on his amendment (W.135).

Mr. R.J. SHACKLE (United Kingdom) explained that the purpose of this amendment was to emphasize that it was not sufficient to open negotiations but that it was also necessary to bring them to a reasonable conclusion.

Dr. H.C. COOMBS (Australia) supported the United Kingdom amendment, adding that if these negotiations failed then valid reasons would have to be shown.

Mr. Winthrop G. BROWN (United States) also associated himself with the intention of the amendment.

Dr. J.E. HOLLOWAY (Union of South Africa) pointed out that the word "negotiate" in itself was sufficient to give expression to this purpose.

The CHAIRMAN ruled that the amendment should be referred to the Sub-Committee.

In the discussion on the United States amendment (W.146), Mr. E.G. OLDINI (Chile) pointed out that certain terms, such as the words "without sufficient justification", had no precise meaning, and would therefore like to see included some exact definition in the Comment to Charter or in the Charter itself. Furthermore, he thought that the apparently slight distinctions between the amendments of Brazil, Chile and China and that of the United States might involve a considerable change of meaning, and wished that the Sub-Committee would take those points into consideration.

Mr. K.S. MA (China), having associated himself with this remark, the CHAIRMAN referred the United States amendment to the Sub-Committee, expressing the hope that an unanimously approved draft would emerge from its work.

A suggestion to delete the last sentence of paragraph 3 did not find the approval of the Commission.

The CHAIRMAN then asked the Delegate of the UNITED KINGDOM to comment on his suggestion to add a new paragraph to Article 24 as contained in the last footnote to Article 24 in the New York document.

Mr. R.J. SHACKLE (United Kingdom) stated that the purpose of this proposal was to prevent higher duties than had been agreed to between two parties becoming applicable as the result of a tariff re-classification. He was not sure what would be the appropriate place for such a provision but thought the principle should be recognized.

Mr. Winthrop BROWN (United States) associated himself with this view, but felt that it might be preferable to include the principle in the General Agreement on Tariffs and Trade.

Dr. J.F.HOLLOWAY (Union of South Africa) pointed out that this proposal implied the freedom of Members to nullify their obligations, and thought that its purpose was sufficiently covered by the provision enabling a Member to lodge complaints against actions conflicting with obligations undertaken.

Mr. R.J. SHACKLE (United Kingdom) explained that re-classifications may result from juridical actions which were outside the powers of the Government concerned. It was the purpose of the proposal to guarantee the fulfillment of obligations in such cases.

Mr. J.J. DEUTSCH (Canada) supported the view of the United Kingdom, adding that classifications are often kept in general language which did not enumerate all commodities coming within the separate groups and were subject to interpretation. There would be need of machinery to reopen negotiations.

Mr. Winthrop G. BROWN (United States) stated that for the present he must maintain his view that this matter should be dealt with in the General Agreement.

It was decided to refer this point to the sub-Committee for consideration. The CHAIRMAN then invited the Delegate of France to present his amendment(W.142).

M. BARADUC (France) explained that the Charter permitted in some instances the imposition of high duties which served the purpose of protecting newly created industries, but when these would have reached a stage fit for international competition, these duties should be correspondingly reduced. He declared that if his amendment were adopted, France would be ready to make reductions in some of the agreed tariff rates.

M. DESCLEE DE MAREDSOUS (Belgium) supported the French proposal.

Dr. H.C. COOMBS (Australia) stated that he could not associate himself with the French suggestion as the justification of a duty depended on a large number of factors and that a general maximum margin was therefore impracticable.

Mr. K.S. MA (China), Mr. J.P.D. JOHNSEM (New Zealand), Mr. M.P. PAI (India) and Mr. Garcia OLDINI (Chile) agreed with the point of view taken by the Delegate of Australia.

M. BARADUC (France) wished to point out that his amendment did not intend to damage undeveloped countries, but rather to eliminate excessive duties between countries in a comparable stage of development.

Mr. MINOVSKY (Czechoslovakia) pointed out that under present conditions old-established industries are sometimes less favourably placed than new industries.

The CHAIRMAN ruled that as views on this problem were very divided and that there did not seem to be a chance of agreement, it would serve no purpose to pursue the discussion, but it was left to any Delegation to take the idea up again after the Organization was established.

Dr. H.C. COOMBS (Australia) stated that there were a few points on which the Australian Delegation had not submitted specific amendments, because they were uncertain as to which was the appropriate place to deal with them. He wished to make some remarks on these points in connection with Article 24. Neither in this Article nor anywhere else in the Charter was there a provision concerning the time the agreements were to run or the method of terminating them or re-opening

discussion on them. It had been assumed that agreements would run for three years and, failing new arrangements between countries, would continue after the end of this period. He thought, therefore, that it should be clearly stated, preferably in the Charter, what would be the initial period, the terms on which it should continue and the machinery by which negotiations on such agreements could be re-opened by either party. Also the machinery regarding tariff reductions should be such as to facilitate the re-opening of negotiations. In his mind the agreements, while being applied multilaterally, should be bilateral in form so that if a country wished to revise a certain tariff it would not formally be obliged to re-open negotiations with all the other countries on the Organization but only with that with which the reduced tariffs had been negotiated.

Mr. J. MELANDER (Norway) wished to draw attention to the fact that the specific duties in force in some countries would involve a rise or fall in the ad valorem equivalents of these duties according to whether the price level was falling or rising, and thought the effect of this on negotiated tariff rates ought to be considered.

The CHAIRMAN stated that both questions would have to be considered by the Sub-Committee and whilst he was uncertain whether the principle underlying the Australian remarks should be included in the Charter, he felt that it was important to insert them in the Tariff Agreement.

The meeting rose at 6.20 p.m.

Document E/PC/T/A/SR.7: Corrigendum affecting page 7, paragraph 3:

The delegate for China supported the Australian amendment (W.147) only as far as Articles 14 and 15 are concerned, and expressed no opinion on the amendment in respect of Article 24 : 1 (b).