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

COMMISSION A

Summary Record of the Nineteenth Meeting held on  
Friday, 27 June 1947 at 2.30 p.m. in the  
Palais des Nations, Geneva.

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Chairman: Mr. MAX SUETENS (Belgium)

The CHAIRMAN, opening the meeting, proposed to limit the discussion of Articles 25 and 27, on the basis of document W/223, to amendments of substance only, amendments of form to be referred to the Sub-Committee without discussion.

ARTICLE 25.

Paragraph 2.

Sub-Paragraph (a)

Mr. MELANDER (Norway) drew attention to the Norwegian amendment (W/227) proposing to extend the time limit from 1 July 1949 to 1 March 1952 to bring it into line with Article XIV of the Monetary Fund Agreement.

Dr. SPEEKENBRINK (Netherlands) also thought the original time limit was too short and should be extended.

It was agreed to postpone the discussion on this amendment.

Sub-paragraph (b)

Dr. H. C. COOMBS (Australia), commenting on the Australian amendment, stated that its purpose was to permit

action before and not only after a critical shortage of foodstuffs had arisen.

Mr. J. J. DEUTSCH (Canada), Mr. L. C. WEBB (New Zealand) and Mr. C. L. TUNG (China) supported the proposal.

Mr. O. RYDER (United States) agreed with its substance but wished to have the phraseology considered by the Sub-Committee.

M. P. FORTHOMME (Belgium) and M. BARADUC (France) desired to have the French translation adjusted so as to give the correct meaning.

The Commission agreed on the substance of the amendment and referred the drafting points raised to the Sub-Committee.

Sub-Paragraph (c).

Dr. H. C. COOMBS (Australia), explained that whilst not moving a formal amendment, he wished to raise the question of marketing schemes devised to ensure the application of standards of classification and grading of commodities. Australia conducted a number of such marketing schemes in which the conditions of purchase and sale was laid down and export licenses were granted freely on condition that the transactions conformed to the legal requirements. He considered this practice covered by sub-paragraph (c), but if there was any doubt he would present an amendment.

Mr. O. RYDER (United States) and Mr. J. J. DEUTSCH (Canada) agreed with this interpretation of sub-paragraph (c) and thought that this should be made clear by a note or by a change in the text. The proposal was referred to the Sub-Committee.

Sub-Paragraph (d)

Dr. SPEEKENBRINK (Netherlands) referred to a proposal made by the Netherlands Delegation (W/207) suggesting a new Article 57 A. Its purpose was to include in Chapter VII a provision applying the procedure of that chapter to the relevant provisions of Chapter V including Article 25.

Mr. R. J. SHACKLE (United Kingdom) thought the mechanism of Chapter VII was too cumbersome to be applied in many cases of Chapter V, without making a great part of Chapter V practically unworkable.

Dr. A. B. SPEEKENBRINK (Netherlands) was prepared to consent to this issue being referred to the Sub-Committee, if it would consult with the Sub-Committee dealing with the Netherlands proposal. This was agreed.

Mr. WEBB (New Zealand) pointed to the difficulty of considering regulatory intergovernmental commodity arrangements, whilst these were still under discussion in the Sub-Committee on Chapter VII.

Mr. R. J. SHACKLE (United Kingdom) suggested to postpone the debate on this matter until that Sub-Committee had concluded its deliberations.

Mr. O. RYDER (United States) supported this suggestion which was adopted.

Sub-Paragraph (e)

Mr. R. J. SHACKLE (United Kingdom) said he understood the provision to mean that when there was a regulatory scheme, imports could be restricted not only of agricultural and fisheries products to which the scheme applied, but also to the same products in a later stage of manufacture.

Dr. SPEEKENERINK (Netherlands) added that like or directly competitive domestic products would also have to be included.

Mr. TUNG (China) stated that for China it was vitally important to achieve a balance between agriculture and industry which was extremely difficult in view of the requirement to maintain the existing proportion between imports and domestic production. This requirement would also perpetuate a position due to under-development or temporary factors such as natural calamities. Finally, the supply of agricultural imports may not always be reliable and their failure may have disastrous consequences. Besides, agreeing with the Netherlands and Norwegian proposals he had to insist on the deletion of the last three sentences of the sub-paragraph (c).

Mr. Garcia OLDINI (Chile) suggested that this provision might be extended so as to include also industrial products.

Mr. B.N. ADARKAR (India) thought that it should apply not only to schemes restricting domestic production, but also to schemes for the stabilisation of prices.

Mr. J.J. DEUTSCH (Canada) considered that there was substance in the claim that the provision was discriminating against agricultural products. There was, however, some logic for an exception being made in favour of schemes restricting domestic production of agricultural commodities. If, however, this provision were widened so as to include mere regulation of production, stabilisation of prices, or if it were extended to other competitive products, it would be deprived of its logical force and he was therefore opposed to the amendments suggested.

Mr. Pierre FORTHOMME (Belgium) and Mr. E. McCARTHY (Australia) expressed themselves in the same sense.

Mr. RODRIGUES (Brazil) supported the United States amendment and expressed his opposition to the other amendments submitted.

Mr. AUCENTHALER (Czechoslovakia) stated that he was in favour of the Netherlands amendment. He thought, however, that in Article 32 there ought to be no provision discriminating against state trading countries using similar measures as those covered here.

Mr. MELANDER (Norway) thought agricultural production justified a different approach from industrial production. The Norwegian amendment aimed at permitting import restrictions on commodities which indirectly affected the production of products for which there was a restrictive scheme. He thought fisheries products ought not to come under this provision, but should be provided for by a commodity agreement.

Mr. McCARTHY (Australia) thought this sub-paragraph was favouring of importers of agricultural products and might be used to offset agreed tariff concessions. The amendments submitted would enlarge its scope beyond tolerable bounds and he did not wish it to be extended beyond its present form.

Mr. O. RYDER (United States) stated the exceptions agreed to in Articles 25, 26 and 13 had already seriously weakened the prohibition of quotas. If their scope were further extended, there would not be much left. In his view, quantitative restrictions should not be permitted, unless domestic production was also restricted.

Dr. SPEEKENBRINK (Netherlands) stressed that measures under this provision were not proposed to be taken unilaterally, but with consultation and negotiation.

Mr. R.J. SHACKLE (United Kingdom) pointed out that the case of industry was a different one from agriculture where production was dependent on unpredictable factors. The proposal to restrict importation of processed products was only intended to include perishable goods. In answer to the criticism of the last part of sub-paragraph (e) as being too rigid, he thought the term "special factors" took care of any genuine changes in the competitive situation.

The meeting rose at 6.25 p.m.

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