

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

COMMISSION A

SUMMARY RECORD

of the twenty-eighth meeting held on Tuesday,
July 8th, at 2.30 p.m. at the Palais des
Nations, Geneva.

Chairman: M.M. SUETENS (Belgium)

The Committee resumed the discussion of Article 26.

1. Paragraph 2.

Mr. J.G. PHILLIPS (Australia) briefly explained the
intention of the Australian amendment (Note 21).

Mr. C.Y. HSIEH (China) explained the reasons for the
Chinese proposal to delete sub-paragraph (c), pointing out that
this sub-paragraph would defeat the very purpose of such
schemes and must also be considered as incompatible with
paragraph 4, which deals with the same issue.

Mr. HELMORE (United Kingdom) elucidated the intentions
of the U.K. amendment to sub-paragraph (c) (Note 24). This
sub-paragraph, which had been drafted in haste in London, was
designed to remove two incidental effects of Q.R.'s instituted
for balance-of-payments reasons: the incidental protective
effect to domestic production, and the incidental effect of
completely closing channels of trade. To eliminate these
incidental effects the United Kingdom had in practice used

* The notes mentioned in the Summary refer to the
consecutively numbered notes in E/PC/T/W/223.

with good effect the "token import scheme", and the sub-paragraph was designed to introduce this principle into the Charter despite the undeniable difficulties of a policy and administrative nature standing in the way of this scheme. Especially in view of the administrative difficulties the United Kingdom was opposed to the Australian and Indian amendments to this sub-paragraph (Notes 25 and 26), if these difficulties were the reasons for those amendments.

Mr. PHILLIPS (Australia) declared himself impressed with the argument of the United Kingdom, but queried what would obtain if no previous imports of such commodities had existed and what was the meaning of the term "any description of goods". He agreed with the principle but felt that the drafting needed the attention of the Sub-Committee.

Mr. B.N. ADAKAR (India) also agreed with the principle but felt that the proviso clause of the United Kingdom amendment did not quite cover the difficulties involved, and that the words "as far as possible" should be inserted in the United Kingdom amendment.

Mr. J.J. DEUTSCH (Canada) expressed himself in favour of the principle contained in this sub-paragraph, the language of which in its present version, however, was not sufficiently clear. He felt that, also, the language of the United Kingdom amendment was not clear enough, and queried the term "any description of goods". He suggested that the Sub-Committee should also consider whether this provision was correctly placed in paragraph 2 and should not rather be fused with paragraph 4, which deals with a strongly related matter.

Mr. E. COLBAN (Norway) had no strong feelings, but agreed with the Canadian delegate on the desirability of

fusing this provision with paragraph 4, and Mr. L.C. WEBB (New Zealand) felt that the present text did not meet adequately the administrative difficulties involved.

Mr. BRONZ (United States of America) expressed himself against the Australian and Indian amendments, and explained that the main object of this sub-paragraph was to avoid the future protective effects of Q.R.'s in the period when the balance-of-payments difficulties had been overcome and Q.R.'s been lifted. Without this provision commercial channels would be destroyed and their rebuilding would take a long time after the lifting of Q.R.'s. He agreed with the Canadian delegate on the desirability of fusing the provision with paragraph 4.

Mr. L. GOTZEN (Netherlands), agreeing with the principle of the United Kingdom amendment, wanted clarification of the term "any description of goods", and suggested deletion of the clause "by governmental action".

Mr. P. BARADUC (France) stressed that France was very strongly in favour of the token import principle and seconded the Canadian suggestion for fusion with paragraph 4.

Mr. B.J. BAYER (Czechoslovakia) withdrew his reservation regarding preference for the London Text (Note 27), and Mr. F. GARCIA OLDINI (Chile) suggested that all amendments and the London text be referred to the Sub-Committee for elaboration of a new text.

Mr. HSIEH (China) accepted the principle of the United Kingdom amendment, but advocated deletion of the proviso clause and stressed the need for careful consideration to be given to a due balance of the interests of exporting and importing countries.

Mr. HELMORE (United Kingdom), supporting the Canadian suggestion for fusion with paragraph 4, was agreeable to improvements in the drafting of the United Kingdom amendment, and stressed that the incidental protective effect was considered more dangerous than the temporary closing of channels of trade. The requirement of severe restriction of production for domestic demand prevented the incidental protective effect. He wished the Sub-Committee to give attention to the point raised by Australia, as to what should prevail for commodities which have never before been imported and which are not domestically produced.

2. Paragraph 3.

The United States amendment (Note 28), as being of a purely drafting character, was referred to the Sub-Committee, and the Commission discussed the Chinese amendment (Note 29). After the Chinese delegate explained the intentions of this amendment, Mr. BRONZ (United States) stressed the compromise nature of the London text, while Mr. GARCIA OLDINI (Chile) felt that the London text did not adequately express the intentions of the London compromise, and left the question open how far consultations should go. He seconded in principle the Chinese amendment, but wished to see the last sentence of this paragraph maintained.

The Chinese amendment (Note 29) and the Australian amendment (Note 30) were referred to the Sub-Committee.

3. Paragraph 3, sub-paragraph (d).

Mr. BRONZ (United States) explained the reasons for the United States amendment (Note 32), and Mr. HELMORE (United Kingdom) agreed with the amendment in general, but opposed the substitution of the words "this Article" for

"paragraphs 1 and 2 of this Article" in line 18 on page 19 (W.223).

Mr. WEBB (New Zealand) seconded the United Kingdom proposition and agreed with Mr. Garcia Oldini (Chile) in opposing the substitution of the word "shall" for "may" in line 15 on page 19. Mr. GARCIA OLDINI queried the meaning of "a prima facie case" in line 4, and the use of the word "justify" in line 7, since this word implied the presumption of the need for justification. The Commission referred the amendment to the Sub-Committee.

4. Note 33.

The Commission discussed the addition proposed by Belgium, Canada and the United States for sub-paragraph (d) (Note 33). After the delegates of Belgium, Canada and the United States supported the proposal for this addition, the delegates of the United Kingdom, Australia, New Zealand, France, Brazil, Chile and Czechoslovakia expressed themselves against this addition, because they could not see any reason why the Organization should initiate such a procedure if no member was damaged or had complained.

After Mr. HEXNER (Observer for the International Monetary Fund) had pointed out that Article 28, paragraph 2, also gave the Organization a similar initiative and stressed the ^{consideration} angle of/ on non-conformance with an obligation under the Charter rather than on damages to other members, the Commission, on the motion of the Belgian delegate, referred the amendment to the Sub-Committee.

5. Notes 34 and 35.

The Commission referred these amendments as pure drafting matters to the Sub-Committee.

6. Proposal for a new paragraph 3(f).

In discussing the Australian proposal for insertion of a new paragraph 3(f) (W.231), Mr. H. DORN (Cuba) suggested that a provision corresponding to the Australian amendment should be inserted into the Charter generally with regard to the treatment of complaints, and wished the Commission to instruct the competent Sub-Committee to give this matter special attention. The delegate of the Netherlands agreed with the principle of the amendment, but suggested the deletion of everything but the first sentence, because he felt it desirable that the Charter should only state the principle as such and should not be overburdened with too much technical detail. The amendment was referred to the Sub-Committee.

7. Paragraphs 4 and 5.

Mr. PHILLIPS (Australia), in explaining the purpose of the Australian amendment (Note 36) stressed that the main purpose was clarification of the text, and that the last sentence contained a very slight change of substance. With the delegates of Czechoslovakia and Brazil supporting Australia, the amendment was referred to the Sub-Committee.

Mr. DORN (Cuba) explained the intentions of the Cuban amendment (Note 39) and suggested its reference to the Sub-Committee.

Mr. HELMORE (United Kingdom) felt that there was a danger in too many cross references within the Charter, and that in view of differences of approach in Article 6 and Article 26, the reference to Article 6, as suggested by Cuba, had better be avoided. The amendment was referred to the Sub-Committee, and the Chairman ruled that the Sub-Committee should be composed of the delegates of France, the

United Kingdom, the United States, Canada, Australia, Cuba and Czechoslovakia. The Chairman stressed that all delegations directly concerned would be entitled to consult with the Sub-Committee, and that the Sub-Committee was to keep in contact with the representatives of the International Monetary Fund and the International Bank.

Adjourned until July 9th, at 2.30 p.m., the Commission rose at 6.15 p.m.