

United Nations

**ECONOMIC
AND
SOCIAL COUNCIL**

Nations Unies

**CONSEIL
ECONOMIQUE
ET SOCIAL**

RESTRICTED
LONDON
E/PC/T/C.II/65 *App 1*
25 November 1946
ORIGINAL: ENGLISH

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE II

Twelfth Meeting (continued) (2nd Part)
held on Friday, 22 November 1946
at 3 p.m.

Chairman: Dr. COOMES (Australia)

1. Consideration of Section B of the Report of the Sub-Committee on Procedures. (E/PC/T/C.II/57 and E/PC/T/C.II/57/Corr.1).

Section B of the Draft Report (E/PC/T/C.II/57) accepted with the following two amendments proposed by the United Kingdom Delegate:

- (a) "pursuant to Article 18 of the Draft Charter and" to be inserted between "Preparatory Committee" and "in accordance" in the first paragraph of Section B.
- (b) Omission of "published" in paragraph 2.

The Meeting agreed to instruct the Rapporteur to make certain changes to the form and structure of reports submitted by the various Sub-Committees in order to ensure that all reports should be uniform.

2. Consideration of the Section of the Procedure Sub-Committee's Report dealing with procedure in regard to multilateral trade agreement negotiations. (E/PC/T/C.II/58)

The Introduction was accepted with two amendments:

- (a) New Zealand amendment to substitute "April 1947" for "spring of 1947".

(b) Czechoslovakian amendment. Last sentence to read: "....
would be in a position to consider the Charter in the light
of the assurance...."

Proposed Negotiations among Members of Preparatory Committee

Accepted without amendment

General Nature of Negotiations

Mr. VIDELA (Chile) and Mr. GUERRA (Cuba) asked how the negotiations would be affected if one country refused to eliminate quotas, thus rendering others unable to fulfil their obligations to negotiate tariff reductions.

Mr. HFLMORE (United Kingdom) explained that the negotiations in the coming spring were only in regard to tariffs and preference tariffs. The negotiations would consist in asking and granting certain tariff concessions. But acceptance of the commitment resulting from the negotiations depended on acceptance of the commitment about quotas and vice versa. It was an essential part of the final bargain that every country should be satisfied about the arrangements made in regard to tariff concessions and also the enforcement of the general rules on quantitative restrictions. It was made clear on page 9 of the Sub-Committee's Report (E/PC/T/C.II/57), adopted at the morning session, that "countries would not be called upon to subscribe to the most-favoured-nation and quota provisions until the selective tariff negotiations had been completed." Similarly, it was clear that the acceptance of tariff commitments was dependent on the putting into effect of the rules in regard to quotas.

The Section was adopted subject to the inclusion of the words "and vice versa" at the conclusion of the sentence which ended in the eleventh line of page 9 of E/PC/T/C.57.

General Rules to be observed in Negotiations

Accepted with United Kingdom amendment to read: "paragraph 1 of Article 18 of the Draft Charter (as explained in the Report of Committee II) sets forth"

Miscellaneous Rules of Guidance

Paragraphs 1 and 2 accepted without amendment.

Paragraph 3 accepted with three amendments:

- (a) Australian amendment to read "avoidance of new tariff or other restrictive measures."
- (b) United States amendment to read "in cases where a specific tariff is converted to an (ad valorem) tariff....."
- (c) United Kingdom amendment to add the following sentence at the end of the paragraph: "changes in the form of tariffs or changes in tariffs owing to the depreciation or devaluation of the currency of the country maintaining the tariffs which do not result in an increase in the protective incidence of the tariff should not be considered as new tariff increases under this paragraph."

Principal Supplier Rule

The Section was adopted.

Form of Tariff Schedules

Mr. KUNOSI (Czechoslovakia) pointed out that during the course of the general discussion which had taken place previously in Committee II, he had urged the inclusion of a clause allowing for the renewal of negotiations between two or more countries in regard to agreed tariff concessions. Such a clause would provide for the necessary flexible treatment of questions

arising as a result of substantial changes in the three-year period after the agreements on tariff concessions, without making it necessary for a country to give notice of complete withdrawal because of one item from the commitments into which it had entered.

Mr. DARKER (India) drew the attention of the Committee to his reservation, which was contained in the Committee's report, to the effect that he considered bilateral agreements or agreements between small groups of countries would prove less unwieldy than the multilateral agreement decided on by the Committee.

Mr. HELMORE (United Kingdom) advocated multilateral agreement, but felt it was unnecessary for the Committee to be adamant on this point. It should be left open for delegates to make a final decision at a stage in the negotiations when the nature of the concessions was better known. He hoped that then all delegates would be persuaded that multilateral agreement was preferable.

He therefore proposed the addition of the following sentence at the end of the Section:-

"This point, however, can be finally settled when the negotiations have proceeded sufficiently to enable all the varying factors to be taken into account".

The Section was adopted with the addition of the sentence proposed by the United Kingdom Delegate.

Status of Preferential Rates of Duty.

This Section was adopted.

Procedures for Conducting Negotiations among the Members of the Preparatory Committee.

Mr. KUNOSI (Czechoslovakia) stated that in the case of Czechoslovakia it would be impossible to submit a preliminary list of

concessions by 31 December 1946 because his Government would still be working on the question of tariffs until January 1947.

Mr. JOHNSON (New Zealand) thought that secrecy should be observed in regard to concessions a country proposed to request or to grant.

Mr. SPEERENBRINK (Netherlands) pointed out that the document under discussion itself would be published, therefore it was better for the Committee immediately it met in April to decide that the confidential negotiations in regard to concessions should be kept secret.

Mr. TUNG (China) thought that the term "quotas" was not necessarily applicable to quantitative restrictions by means of licensing.

Mr. VIDELA (Chile) was uncertain of the relation of quotas to the provisions of this document.

The Section was adopted subject:

- (a) to the substitution on pages 8 and 9 of document E/PC/T/C.II/57 of the phrase "quantitative regulations" for the word "quotas", wherever it appeared,
- (b) to the reservation by the Chilean Delegate of his position, until he had had sufficient time to consider the question fully.

Result of Negotiations.

The Section was adopted.

General Agreement on Tariffs and Trade.

Mr. KUMOSI (Czechoslovakia), referring to Czechoslovakia's geographical position, insisted that there should be provision for freedom of transit at the appropriate stage in the negotiations.

The Section was adopted subject:

- (a) to the addition of the words "and such other provisions as may be appropriate" after the word "concessions" at the

end of the first sentence of the second paragraph, and the deletion of the second sentence of the second paragraph "these provisions would include Article 8 of the Charter relating to most-favoured-nation treatment; Article 9 relating to national treatment of internal taxation and regulation; Article 19 through 22 relating to quantitative restrictions; Articles 23 and 40, relating to exchange restrictions; Article 26, relating to equality of state trade enterprises; Article 29 relating to emergency action on imports of particular products; Article 30 relating to nullification or impairment; and such other related provisions as may be appropriate;"

(b) to the substitution of the words "as soon as possible after" for the word "at" in the first sentence of the third paragraph.

Creation of Provisional Agency pending Establishment of International Trade Organization

The Section was adopted.

Relation of the General Agreement on Tariffs and Trade to the International Trade Organization after the Organization is established

The Section was adopted.

Tentative and Partial Draft Outline of General Agreement on Tariffs and Trade

The CHAIRMAN stated that the Section was primarily for illustration for the benefit of the governments concerned.

The Section was adopted subject to the deletion of sub-paragraphs (a) - (g) of article I.

Dr. SPEEKENBRINK (Netherlands), Chairman of the Procedures Sub-Committee, stated that E/FC/T/C.II/58, as amended would be the

guiding paper for the Secretariat in making their preparations for the negotiations in regard to tariffs. He suggested, as delegates had not finally committed their respective governments to its provisions, that governments should communicate as soon as possible any changes of view.

The Section of the Report of the Procedures Sub-Committee dealing with Multilateral Trade Agreement Negotiations (E/PC/T/C.II/58) was adopted as amended, subject to the reservation made by the Chilean Delegate in regard to Quotas, for submission to the Preparatory Committee.

Dr. SPEEKENBRINK (Netherlands), Chairman of the Procedures Sub-Committee, paid tribute to the work of the Rapporteur, Mr. LEDDY.

The CHAIRMAN, on Behalf of the Committee, thanked Dr. SPEEKENBRINK for the way in which, as Chairman, he had guided the Procedures Sub-Committee to the successful conclusion of its task.

3. Report of the Technical Sub-Committee

Mr. HELSMORE (United Kingdom) pointed out that the report of the Technical Sub-Committee, as adopted by Committee II, would remain a restricted document; therefore it was necessary to prepare a statement on the work of the Technical Sub-Committee for inclusion in the published report of Committee II.

The Committee agreed to instruct the Secretariat to prepare for consideration at the next meeting a section dealing with the work of the Technical Sub-Committee for inclusion in the Committee's published report to the Preparatory Committee.

4. Future Schedule of Meetings

The next meeting of the Committee was fixed for 10.30 a.m. on Saturday, 23 November 1946.

It was agreed that the Committee would, if necessary, work all day Saturday, 23 November 1946, and Sunday, 24 November 1946, in order to complete the work of the Committee by Sunday, 24 November 1946.

The Meeting rose at 7.10 p.m.