PART I

1. The Third Committee of the Conference held its first meeting on 26 November 1947 under the Chairmanship of the President, Mr. Sergio I. Clark. The Honourable L. D. Wilgress, leader of the delegation of Canada, was unanimously elected Chairman, and the Committee began its studies of Chapter IV, Commercial Policy, at its second meeting on 29 November.

2. Mr. Walter Muller (Chile) was elected Vice-Chairman, but it was learned that Mr. Muller would be unable to accept office and Mr. E. Puig Arosemena (Ecuador) was then appointed in his stead. Later Mr. E. Puig Arosemena returned to Ecuador and on 18 December Mr. Lleras Restrepo (Colombia) was elected Vice-Chairman.

3. The amendments submitted by delegations were compiled in an Annotated Agenda which was issued on 8 December in six parts:

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4. The First Reading of the Chapter and the preliminary discussion of the amendments continued up to and including the twenty-eighth meeting on 8 January. During the First Reading of the six Sections of the Chapter, ten Sub-Committees were appointed including a Joint Sub-Committee with Committee II on Tariff Preferences.

5. The Second Reading of the Chapter and consideration of the Sub-Committee Reports began at the thirtieth meeting on 31 January and were completed at the forty-seventh meeting on 17 March. All of the Sub-Committee Reports were approved in full.
approved in full, subject to a few changes in the text of the Articles as noted in this Report.

6. The Reports of the Central Drafting Committee, recommending improvements in the English and French texts of the Chapter, are listed below:

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<thead>
<tr>
<th>Articles</th>
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16

17

18 and 19

20 and 22

21

23 and 24

25 to 28

30 to 31

32 to 38

40, 41 and 43

42, 42A and 42B

7. Committee III now submits for the approval of the Conference the text of Chapter IV attached to this Report subject to the following RESERVATIONS:

SECTION A

Tariffs, Preferences, and Internal Taxation and Regulation

Article 16: General Most-favoured-nation Treatment

Bolivia, Dominican Republic, Ecuador, Haiti and Iraq.

Chile and Syria - on paragraph 1, pending the decision of the contracting parties on the final text of Article I of the General Agreement.

Argentina - on paragraph 1 and Annex A, pending the final text of Article I and other Articles related to preferences.

Peru - on paragraphs 2, 4 and 5 and the Interpretative Note, pending the final text of Article 15.

Uruguay - on Annex A.

Article 17: Reduction of Tariffs and Elimination of Preferences

Guatemala - pending a review of customs legislation.

Switzerland - unless the Third Committee construes the term "mutually advantageous" to cover negotiations relating both to tariff and other related matters.

Mexico - on paragraph 3, pending decision of the contracting parties to the General Agreement on the question of supersession.

/Cuba - on
Cuba - on paragraph 4.

Denmark and the United Kingdom - on the Interpretative Note.

**Article 18: National Treatment on Internal Taxation and Regulation**

**Switzerland**

Ecuador - pending final text of Article 31.

Cuba - on paragraph 2.

Argentina - on paragraph 3.

Brazil and Ceylon - on paragraph 6.

United Kingdom - on paragraph 9.

**SECTION B**

**Quantitative Restrictions and related Exchange Matters**

**Switzerland**

**Article 20: General Elimination of Quantitative Restrictions**

Argentina and Bolivia - pending final text of Articles 13 and 21.

Ceylon - pending final text of Article 13.

**Article 21: Restrictions to safeguard the Balance of Payments**

Chile - pending final text of Article 13.

Argentina - on paragraphs 4 (a) and 5.

**Article 22: Non-discriminatory Administration of Quantitative Restrictions**

Bolivia

Argentina - on paragraphs 2, 3 and 4.

**Article 23: Exceptions to the Rule of Non-discrimination**

Argentina

Greece - re the insertion of a new paragraph.

**Article 24: Relationship with the International Monetary Fund and Exchange Arrangements**

**Mexico**

**SECTION C**

**Subsidies**

Peru - re different treatment as between subsidies affecting exports and those affecting imports.

**Article 25: Subsidies in General**

Bolivia

Cuba - re indirect subsidization of domestic industries by means of internal tax remission.

/Article 26: Additional
Article 26: Additional Provisions on Export Subsidies
   Argentina - on paragraph 3.

Article 27: Special Treatment of Primary Commodities
   Argentina - on paragraph 4.
   Peru - on paragraph 5, re elimination of prior approval for export subsidies on primary commodities.

Article 28: Undertaking regarding Stimulation of Exports of Primary Commodities
   Argentina - on paragraph 3.

SECTION D
State Trading

Ecuador - on all provisions relating to state monopolies for fiscal purposes.

Article 31A: Liquidation of Non-commercial Stocks
   Chile

SECTION E
General Commercial Provisions

Article 32: Freedom of Transit
   Argentina - on paragraph 1.
   Chile - on paragraph 6 and the Interpretative Note.

Article 33: Anti-dumping and Countervailing Duties
   Argentina - re the use of other defensive measures.

Article 34: Valuation for Customs Purposes
   Argentina - on paragraph 5.
   Chile and India - on Interpretative Note 2 on paragraph 3.

Article 35: Formalities connected with Importation and Exportation
   Bolivia
   Haiti - on paragraphs 1, 2 and 3.
   Chile - on paragraph 1, re adding certain existing imports to customs duties.

Article 36: Marks of Origin
   Argentina
   Chile - on paragraph 7, re the use of trade names to the detriment of distinctive regional names.

Article 37: Publication
Article 37: *Publication and Administration of Trade Regulations*

*Argentina* - on paragraph 3 (c).

**SECTION F**

**Special Provisions**

**Article 40: Emergency Action on Imports of Particular Products**

*Peru* - re the use of import restrictions on agricultural and fisheries products not being excluded.

*Argentina* - on the Interpretative Note.

**Article 42B: Customs Unions and Free-trade Areas**

*Argentina, Chile, Peru and Venezuela* - on paragraph 2, re the inclusion of the words "as between the territories of Members".

**Article 43: General Exceptions to Chapter IV**

*Argentina, Ecuador and Uruguay* - on paragraph 1 (a) (xi).

*Argentina* - on paragraphs 1 (b) (iii) and 2.

8. There follows a brief review of the work of the ten Sub-Committees and of the treatment of their Reports by Committee III:

/JOINT SUB-COMMITTEE
JOINT SUB-COMMITTEE OF COMMITTEES II AND III ON TARIFF PREFERENCES

ARTICLES 16 AND 42

Chairman - Mr. Stig SAHLIN (Sweden), succeeded by Mr. J. ROYER (France).

Members - The representatives of Argentina, Belgium, Brazil, Canada, Chile, El Salvador, France, Haiti, Iran, Poland, Sweden, Syria, Turkey, the United Kingdom, the United States and Venezuela.

Date of Appointment - Seventeenth Meeting of Committee III, 22 December.

Number of Meetings - Fourteen.


Second Reading of Committee III - 43rd and 44th meetings, 10 and 11 March.

General Comments - The Joint Sub-Committee, in its study of Articles 15, 16 and 42 and in its examination of the amendments proposed by delegations, took into account most of the problems which arise from exceptions to be most-favoured-nation clause for the establishment of tariff preferences. The detailed examination of the amendments was consigned to a Working Party which held twenty-nine meetings.

For Article 15 a new text was prepared by the Working Party, but at a later stage in the discussions it was taken up by the Co-ordinating Committee of the Conference and was included in the over-all settlement of issues related to Economic Development. The Joint Sub-Committee's Report on Article 15 was presented to Committee II in E/CONF.2/C.2/42.

For Articles 16 and 42, the Sub-Committee's Report was submitted to Committee III. The changes proposed in Article 16 were accepted without much discussion and the Committee also approved the request of the delegation of Turkey (E/CONF.2/C.3/77/Rev.1) for the insertion of a paragraph and an Annex providing for preferences established under Article 15 between countries belonging to the Ottoman Empire prior to 1923 and the request of Venezuela (E/CONF.2/C.3/79) for exemption for a period of five years for special surcharges levied on products imported via certain territories.

Committee III adopted the recommendation that Article 42 should be divided into three Articles dealing separately with the Territorial application of Chapter IV, Frontier Traffic, and Customs Unions and Free-Trade Areas. The first of these three Articles was amended by a Working Party prior to final approval. The recommendation of the Sub-Committee extending the third to cover free-trade areas as well as customs unions was accepted, but the Committee decided to preface the first paragraph with a statement recognizing the desirability of increasing freedom of trade by...
the development of close integration between national economies through voluntary agreements.

The text of Articles 16 and 42, as approved in Second Reading, was issued in E/CONF.2/C.3/89.
SUB-COMMITTEE A ON TARIFF NEGOTIATIONS, INTERNAL TAXATION
AND REGULATION
ARTICLES 16 to 19

Chairman - Mr. G. A. LANSVELT (Netherlands).

Members - The representatives of Australia, Brazil, China, Colombia
Cuba, Denmark, France, Mexico, Netherlands, New Zealand, Peru, Turkey,
the United Kingdom, the United States and Uruguay. The delegate for Norway
replaced the delegate for Denmark when Articles 18 and 19 were under discussion.

Date of Appointment - Ninth meeting of Committee III, 12 December.

Number of Meetings - Thirty-eight.


Second Reading in Committee II - 39th, 40th and 41st meetings on
18 to 20 February.

General Comments - In Article 16 two paragraphs were added: (1) to
bring into the text of the Article, from two of the Annexes, a provision
relating to the imposition of a margin of tariff preference to compensate
for the elimination of a margin of preference in an internal tax, and (2)
to give recognition to the principle that tariff descriptions based on
distinctive regional or geographical names should not be used in such a manner
as to discriminate against products of Member countries. Committee III
decided to transfer the second new paragraph to Article 35. Further, an
interpretative note defining the term "margin of preference" was appended to
Article 16 as had been done in the corresponding Article of the General
Agreement on Tariiffs and Trade. In Annex .. the Sub-Committee altered the
provisions for the elimination, or their replacement by tariff preferences,
of certain preferential arrangements between the United Kingdom and Canada,
Australia and New Zealand on the trade in meat.

In Article 17, the rules for the conduct of tariff negotiations between
Members were extended and clarified. Paragraph 4, relating to the failure
of a Member to carry out negotiations, was revised by the Sub-Committee,
and Committee III added "reconstruction" to the specified needs of Members
to be taken into account along with other relevant circumstances by the
Organization in judging the justification for a failure to carry out
negotiations. This paragraph was further amended by the Co-ordinating
Committee of the Conference (E/CONF.2/C.3/68/Corr.3) in conjunction with the
over-all settlement of issues on economic development which included also the
decision that the Charter should not provide for the establishment of a

/Tariff Committee.
Tariff Committee. This involved the deletion of paragraph 5. The Sub-Committee added two interpretative notes to Article 17: the first deals with the treatment of an internal tax, applied to a product which is not produced domestically, as a customs duty in certain circumstances; and the second provides that the effects of the devaluation of a Member’s currency or of a rise in prices is to be taken into account in tariff negotiations.

Article 18, which deals with national treatment on internal taxation and regulation, was extensively revised and clarified, but the general principle that internal taxes and regulations should not be applied in such a manner as to afford protection to domestic production was preserved. The maintenance of this principle evoked some criticism in Committee III during consideration of the Sub-Committee’s Report and a special Working Party was appointed to review the problem once more. The Report of the Working Party (E/CONF.2/C.3/71) contained no definite recommendation; it was discussed at the Forty-Second Meeting of the Committee on 8 March but it was found that there was no substantial support for any change in the text.

The text of these Articles, as approved by Committee III in Second Reading, was issued in E/CONF.2/C.3/68.
DEFINITION OF SHIPPING AND INSURANCE SERVICES

PROPOSED ARTICLE 10A

Chairman - Dr. J. E. HOLLOWAY (Union of South Africa).

Members - The representatives of Argentina, France, Greece, India, Norway, Union of South Africa, United Kingdom and Venezuela.

Date of Appointment - 10th meeting of Committee III, 16 December.

Number of Meetings - Five.


Second Reading in Committee III - 43rd meeting.

General Comments - The Sub-Committee concluded that it was desirable to avoid an overlapping of functions and a possible conflict of activities between the International Trade Organization and the Inter-Governmental Maritime Consultative Organization and that therefore questions of shipping should not be dealt with in the Havana Charter. Accordingly, the Sub-Committee recommended that Article 10A should not be adopted and that Committee IV be asked to amend Article 50 by adding a provision that Chapter V should not apply to shipping. The Committee decided to recommend to Committee IV that a satisfactory solution be sought for the relation of shipping services to Chapter V in order to avoid conflict with the IMCO. Committee IV inserted an Interpretative Note to Article 50 stipulating that the provisions of that Article would not apply to matters relating to shipping services which are subject to the Charter of the IMCO. In the light of the action taken by Committee IV, Committee III decided at the 46th meeting to adopt the first of the Sub-Committee's recommendations, rejecting Article 10A.
Chairman - Mr. G. E. MORTON (Australia).

Members - The representatives of Afghanistan, Argentina, Australia, Canada, Cuba, France, Lebanon, Mexico, Netherlands, Pakistan, Portugal, the United Kingdom, the United States and Uruguay. Norway was also appointed as a member of the Sub-Committee but was succeeded after a few meetings by South Africa.

Date of Appointment - 15th meeting, 19 December.

Number of Meetings - Nineteen.


Second Reading in Committee III - 30th, 31st and 32nd meetings on 31 January and 4 and 5 February.

General Comments - The amendments introduced by the Sub-Committee include:

(i) In Article 33, the insertion of a statement recognizing that dumping is to be condemned if it causes or threatens material injury to an established industry in a Member country or materially retards the establishment of a domestic industry;

(ii) The insertion of an additional Interpretative Note on paragraph 3 of Article 34 allowing Members to continue in certain circumstances with existing systems of applying ad valorem rates of duty to established values;

(iii) The addition of a new paragraph to Article 35 giving recognition to the principle that tariff descriptions based on distinctive regional or geographical names should not be used in such a manner as to discriminate against products of Member countries; and

(iv) The deletion of Article 39 on Boycotts.

In the course of discussion in Second Reading, Committee III established two Working Parties whose reports are contained in E/CONF.2/C.3/41 and E/CONF.2/C.3/40. These Reports were approved by Committee III at the 31st and 34th meetings; the first involved the insertion of an Interpretative Note on paragraph 9 of Article 32 and the second introduced an extension of the Note on paragraph 3 of Article 34 mentioned under (ii) above. Also the Committee agreed to the deletion of a paragraph inserted by the Sub-Committee in Article 32 which provided that transportation charges on traffic in transit were not to be considered as falling within the purview of that Article, and added instead an Interpretative Note to paragraphs 3, 4 and 5 explaining that the word "charges" in the English text is not to be deemed to include transportation charges.

At a subsequent meeting,
At a subsequent meeting, the 36th, the Committee added a paragraph to Article 33 dealing with systems for the stabilization of domestic prices which result at times in the sale of products for export at prices lower than the comparable prices charged for the like products to buyers in domestic markets. The paragraph thus added to Article 33 is similar to a paragraph in the corresponding Article of the General Agreement on Tariffs and Trade.

The text of Section E as approved in Second Reading was issued in E/CONF.2/C.3/60 and E/CONF.2/C.3/60/Add.1.
Chairman - Mr. R. J. SHACKLE (United Kingdom)

Members - The representatives of Argentina, Belgium, Colombia, Denmark, France, Iraq, Italy, Peru, Southern Rhodesia, United Kingdom and the United States.

Date of Appointment - 17th Meeting, 22 December

Number of Meetings - Eight

Sub-Committee Report - E/CONF.2/C.3/37, 28 January

Second Reading in Committee III - 32nd and 33rd Meetings

General Comments - Only slight changes in the texts of Articles 40 and 41 were introduced by the Sub-Committee. In Article 43, two new exceptions to the provisions of Chapter IV were inserted, namely, for measures necessary to the enforcement of laws and regulations relating to public safety, and for measures taken in pursuance of inter-governmental agreements relating to the conservation of fisheries resources, etc.

During the Second Reading by Committee III, two Working Parties were established; their reports (documents E/CONF.2/C.3/49 and E/CONF.2/C.3/52) were approved at the 34th and 35th Meetings. The former introduced an extension of the Interpretative Note to Article 40, dealing with the non-discriminatory aspect of emergency action on imports of particular products, while the latter postulated that situations developing from the fulfilment by a Member of its obligations under Article 3 or 9 might constitute an "unforeseen development" for the purpose of Article 40.

The Committee also considered and approved the proposal of the representatives of Argentina, Ecuador, Guatemala and Uruguay (document E/CONF.2/C.3/46/Rev.1) to add an Interpretative Note to Article 41 on the obligations of Members to supply information on regulations for the protection of human, animal or plant life or health.

The texts of Articles 40, 41 and 43, as approved by the Committee, were issued in E/CONF.2/C.3/51.
SUB-COMMITTEE E ON QUANTITATIVE RESTRICTIONS

ARTICLES 20 AND 22

Chairman - Dr. J. E. HOLLOWAY (Union of South Africa)

Members - The representatives of Ceylon, Chile, China, Colombia, Egypt, France, Ireland, Mexico, Netherlands, New Zealand, Peru, South Africa, Sweden, the United Kingdom and the United States.

Date of Appointment - 21st Meeting, 30 December

Number of Meetings - Eleven

Sub-Committee Report - E/CONF.2/C.3/54, 12 February

Second Reading in Committee III - 37th Meeting, 16 February

General Comments - The Sub-Committee established nine Working Parties to consider in detail the proposals contained in the Annotated Agenda.

In its Report to Committee III, the Sub-Committee recommended a few changes in the text of the Articles and the addition of several interpretative notes explaining and clarifying certain passages of the text.

In Article 20, the Sub-Committee inserted two sub-paragraphs. The first provides that import restrictions on agricultural or fisheries products, applied in connection with the enforcement of governmental measures of control on domestic production or marketing, shall be applied only so long as those measures are in force and shall not operate in such a way as to prevent imports in quantities sufficient to satisfy demand for current consumption during times of the year when domestic supplies are not available. The second requires that notice in writing of an intention to introduce import restrictions shall be given to the Organization and to Members having a substantial interest in supplying the products concerned with a view to the holding of prior consultations.

In Article 22, a sub-paragraph has been inserted providing for the release of Members from the obligation of giving public notice of the total quantity or value of quotas when the interests of the Member concerned would be prejudiced by reason of the fact that a large part of the imports of the products affected are supplied by non-Members.

The amendments proposed by the Sub-Committee were adopted in Second Reading and the revised text of Articles 20 and 22 was issued in E/CONF.2/C.3/55.
SUB-COMMITTEE ON RESTRICTIONS TO SAFEGUARD BALANCE OF PAYMENTS
ARTICLES 21, 23 AND 24

Chairman - Mr. J. MELANDER (Norway).

Members - The representatives of Argentina, Australia, Belgium, Brazil, Canada, Cuba, Czechoslovakia, France, Greece, India, Italy, Lebanon, Liberia, Norway, the Philippines, the United Kingdom and the United States.

Date of Appointment - 25th Meeting, 5 January.

Number of Meetings - Fourteen.


Second Reading in Committee III - Article 21, 38th meeting, 17 February, Articles 23 and 24, 47th meeting, 17 March.

General Comments - The main change introduced by the Sub-Committee in Article 21 was the insertion of a paragraph stating that it is primarily the responsibility of each Member to safeguard its external financial position and to achieve and maintain stable equilibrium in its balance of payments, that the Organization should promote consultations and action for the purpose of correcting maladjustments in the balance of payments, and that the methods employed by Members to restore equilibrium should be those which will expand rather than contract international trade.

This new paragraph and the other changes proposed by the Sub-Committee in Article 21 were adopted by Committee III and the amended text was issued in E/CONF.2/C.3/69.

The revision of Article 23 proved that the most difficult part of the Sub-Committee's work. The Working Party on this Article held meetings regularly from 17 January until 15 March and eventually agreed to recommend a substantially new text. It was evident, however, that the revised provisions governing the exceptions to the rule of non-discrimination might not meet the needs of all Members during the difficult transitional years which still lie ahead, and therefore the principles of the original Geneva draft were retained in an Annex. It has been laid down that a Member which has provisionally accepted the principles of paragraph 1 of that text by its signature of the Protocol of Provisional Application may elect, up to the end of 1948, to operate during the transitional period under the Annex.

Article 23 itself defines the exceptions to the rule of non-discrimination permissible during the post-war transitional period. This transitional period and its application in respect of individual Members are defined by reference to the Articles of Agreement of the International Monetary Fund.
After the termination of the transitional period for each Member provision is made for limited departures from the rule of non-discrimination.

The title of Article 24 was altered to read "Relationship with International Monetary Fund and Exchange Arrangements" but no major changes were introduced in the text.

The Sub-Committee recommended a change in the title of Section B to read "Quantitative Restrictions and Related Exchange Matters". This was approved by the Committee.

The text of Articles 23 and 24 as approved by Committee III in Second Reading was issued in E/CONF.2/C.3/.
SUB-COMMITTEE G ON THE SWISS PROPOSAL

PROPOSED NEW ARTICLE IN SECTION B

Chairman - Mr. L. P. THOMPSON-MCCAUSLAND (United Kingdom)

Members - The representatives of Belgium, China, France, Poland, Sweden, Switzerland, the United Kingdom, the United States, Uruguay and Venezuela.

Date of Appointment - 25th Meeting, 5 January.

Number of Meetings - Ten.


Second Reading in Committee III - 45th Meeting, 12 March.

General Comments - The Sub-Committee examined the request of the delegation of Switzerland for the insertion of the following Article:

"A Member, unable to invoke the provisions of Article 21 and finding that its economic stability, particularly in the fields of agriculture and employment, is being seriously impaired or gravely threatened, may take such steps as are necessary for safeguarding its vital interests."

The Sub-Committee based its enquiries on the assumption that the Member concerned was not eligible to impose quantitative restrictions under Article 21 but was liable to suffer damage from restrictions imposed by other Members under that Article. A variety of factors were discussed by the Sub-Committee as possibly justifying special measures and while no single factor was judged to be sufficient by itself to justify special treatment the Sub-Committee agreed that a number of factors when taken together might represent a combination of circumstances requiring special consideration.

The Sub-Committee found that the solution proposed by the delegation of Switzerland would constitute too great a weakening of the principles of the Charter. Accordingly, the Sub-Committee recommended that the Conference should direct the Interim Commission to invite the Swiss Government to participate in a study of the problems facing the Swiss economy with a view to submitting to the first Conference of the Organization a report as to the measures which could be taken in accordance with the procedures established in the Charter for dealing with the Swiss problem.

The Committee approved this recommendation.
Chairman - Mr. E. McCARTHY (Australia), succeeded at the seventh meeting by Mr. G. WARWICK SMITH (Australia).

Members - The representatives of Argentina, Australia, Brazil, Canada, Cuba, Denmark, France, Netherlands, Peru, Philippines, Sweden, Turkey, the United Kingdom, the United States and Venezuela.

Date of Appointment - 27th meeting of Committee III, 7 January.

Number of Meetings - Eight.


Second Reading in Committee III - 36th meeting, 14 February.

General Comments - A large part of the work of the Sub-Committee was performed by a Working Party which held ten meetings.

The main changes in Section C are in Articles 27 and 28. The new paragraph 5 (replacing paragraph 3 of the Geneva text) of Article 27 now permits Members, considering their interests seriously prejudiced, to apply or maintain export subsidies on primary commodities, without prior approval by the Organization where Chapter VI procedure has failed or does not promise to succeed or where an inter-governmental agreement is not an appropriate solution. Paragraph 4 of Article 27 is a new provision prohibiting a Member from granting a new subsidy or increasing an existing subsidy, affecting the export of a primary commodity, during a Commodity Conference dealing with that commodity, unless the Organization concurs.

In the light of the relaxation of the provisions of Article 27, the safeguards contained in Article 28 have been strengthened. In particular, provision has been made, where consultation fails, for the Organization to make determinations to which Members shall conform, and factors are specified which, amongst others, the Organization shall take into consideration in making such determinations.

The text of the four Articles as approved by Committee III in Second Reading was issued in E/CONF.2/C.3/63.

/SUB-COMMITTEE ON SUBSIDIES
ARTICLES 30 and 31

Chairman - Rt. Honourable Walter HASH (New Zealand).

Members - The representatives of Czechoslovakia, Ecuador, Egypt, Mexico, Netherlands, New Zealand, Pakistan, Switzerland, the United Kingdom and the United States.

Date of Appointment - 28th meeting, 8 January.

Number of Meetings - Seven.


Second Reading in Committee III - 33rd and 34th meetings on 6 and 9 February.

General Comments - Articles 30 and 31 were not substantially altered by the Sub-Committee but two new Articles were introduced. Article 30A entitled "Marketing Organizations" provides that marketing boards, commissions or similar organizations established or maintained by Members shall be subject to the provisions of paragraph 1 of Article 30 with respect to their purchases and sales and shall be subject to the other relevant provisions of the Charter with respect to their regulations governing the operations of private enterprises.

The second new Article introduced by the Sub-Committee is entitled "Liquidation of Non-commercial Stocks". This provides that any Member deciding to liquidate stocks of a primary commodity accumulated for non-commercial purposes shall give four months prior notice either publicly or to the Organization and shall, upon request, consult with other Members as to the best means of avoiding substantial injury to the economic interests of producers and consumers of the commodities concerned.

Committee III referred this Article to a Working Party whose report was issued in E/CONF.2/C.3/64 and was approved at the 41st meeting on 23 February.

The Article as amended by the Working Party contains a more precise obligation on the part of the Member intending to liquidate such stocks to carry out the liquidation in a manner that will avoid serious disturbance to world markets; also it provides for participation of the Organization in consultations where the interests of several Members might be substantially affected.

NOTE: Part II of this Draft Report, containing the text of twenty Articles of Chapter IV as amended by the Central Drafting Committee and as approved by Committee III, was issued in document E/CONF.2/C.3/89. The remaining ten Articles and the Interpretative Notes to the whole Chapter will be issued in separate documents.