THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE A (ARTICLES 16, 17, 18, 19)

Notes of Thirteenth Meeting

Held on Saturday, 3 January 1948, 10.30 a.m.

Chairman: Dr. G. A. LAMSVELT (Netherlands)

ARTICLE 17 - REDUCTION OF TARIFFS AND ELIMINATION OF PREFERENCES

1. Agenda Item 1 - Amendments to Rules for Negotiations
   Item 42 - adjustment of customs duties to compensate for internal taxes or charges reduced or eliminated under Articles 18 and 35 (Venezuela).

   The delegate for Venezuela proposed deferring further discussion pending receipt of instructions from his Government which might make it possible for his delegation to withdraw this amendment. Agreed.

   The delegate for Brazil stated that his delegation was still concerned with the principle of the Venezuelan proposal. It was agreed to defer discussion of any proposal the Brazilian delegation might wish to submit regarding Article 18 pending consideration of this Article, and that any amendment which the Brazilian delegation might wish to suggest with respect to Article 35 should be referred directly to Sub-Committee C of Committee III (technical articles).

2. Agenda Item 2 - Failure to Negotiate: Role of Organization (Tariff Committee)
   Item 26 (second sentence) and 38 (Uruguay); Item 39 (Peru);
   Item 43 (Peru and Uruguay).

   The Chairman advised Members that the Sub-Committee of Committee VI on Article 81 (Tariff Committee) had suspended its meeting pending availability of Sub-Committee A's report on Article 17.

   The delegate for Uruguay indicated that he would refrain from discussing his delegation's proposals, provided others did the same, pending availability of the proposed redraft of Article 17. If this redraft was not in fundamental disagreement with the basic ideas of the Uruguayan proposals, his delegation would be glad to accept it.

   The delegate for Peru, in supporting his delegation's proposals,
stated that in their view the present draft Charter would give to the Tariff Committee excessive power not justified by its proposed composition. Members of the Tariff Committee, as signatories to the General Agreement, would be both party and judge in cases arising under paragraph 2. In the absence of generally accepted standards for judging the adequacy of concessions to be made by new Members, non-parties to the General Agreement, determinations should be made by a third party, i.e., the Organization through the Executive Board. This was the purpose of the Peruvian amendments to Articles 17 and 81.

The Mexican delegate supported the statement made by the delegate for Peru, and referred to his delegation's proposal to establish an Economic Development Committee whose views should be accorded equal weight with those of the Tariff Committee.

The delegate for Cuba did not agree that paragraph 2 should be deleted, and considered that paragraphs 2 and 3 as drafted were necessary, proper and fair on the grounds that parties to the General Agreement, having already negotiated pursuant to Article 17, (and since the benefits of such negotiations would accrue to all Members by virtue of the most-favoured-nation clause), should be entitled to decide whether concessions made by new Members in negotiations pursuant to Article 17 were adequate to entitle them to become parties to the General Agreement.

The delegate for the Netherlands supported the statement made by the delegate for Cuba, and suggested that Articles 17 and 81 implied the possibility of an appeal from decisions of the Tariff Committee directly to the Conference.

The delegate for the United States stated that in the view of his delegation the basic principle underlying Article 17 was that all Members should contribute equitably to the objectives of that Article. The Tariff Committee would provide the only practicable mechanism for assuring that all Members did so, at least during the early years when perhaps no more than one-third of the Members of the Organization would be parties to the General Agreement.

While agreeing that decisions of the Tariff Committee could not be reversed (otherwise the Tariff Committee would be an ineffective enforcement instrument), it was his interpretation that an appeal to the Conference could be made under Articles 89 and 90 on the basis of action taken pursuant to a determination of the Tariff Committee. The power of the Tariff Committee would not be exclusive; but would be shared independently with the Conference.

/His delegation
His delegation could not agree to the Peruvian proposal that the Tariff Committee should be merely a recommendatory body.

The delegate for Uruguay, supported by the Peruvian delegate, was of the opinion that the United States delegate's interpretation made it all the more important to determine precisely the respective competence of the Tariff Committee and the Conference. He suggested that this question be examined and the possibilities of appeal under the existing draft Charter clarified.

It was agreed to continue the discussion at the next meeting.