THIRD COMMITTEE: COMMERCIAL POLICY

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

NOTES OF THE SEVENTEENTH MEETING

Held on Friday, 9 January 1948, 10.30 a.m.

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

ARTICLE 17 - REDUCTION OF TARIFFS AND ELIMINATION OF PREFERENCES

1. The procedure suggested by the Chairman (Working Paper, 8 January) was agreed, including the recommendation that the Sub-Committee submit for information an interim report on Article 17 to the Chairman of Committee III, the Sub-Committee of Committee VI on Article 81 (which has suspended its meetings pending availability of Sub-Committee A's report on Article 17), and to the Sub-Committee of Committee VI on Chapter VIII (Articles 89 - 92).

2. Agenda Item 1 - Relationship of new or existing bilateral agreements to obligations under Article 17

Items 45 and 47 (Norway and Geneva Note)

The Sub-Committee agreed that the substance of the Norwegian proposal and the Geneva Note should be incorporated into the text of Article 17, at the end of sub-paragraph 1 (d), even though Article 17 as drafted would not preclude Members from concluding new, or maintaining existing, bilateral agreements not incorporated into the General Agreement on Tariffs and Trade.

Some members of the Committee proposed that a reference to the "provisions of the Charter" be substituted for the reference in the Note to the "provisions of Article 17." The Sub-Committee reached substantial agreement, however, that the reference to the provisions of Article 17 should be retained, since the main reason for maintaining the substance of the Note was to specify that such bilateral agreements should be consistent with the relevant provisions of Article 17.

Most Members of the Sub-Committee felt that if a reference to the relevant provisions of Article 17 was not retained, the effect would be that Members might have to grant to non-Members under Article 93 all the benefits of any such bilateral agreements. These Members felt that retention of the substance
of the substance of the note in Article 17 would not, in any case, prejudice the decision as to the final form of Article 93 relating to relations between Members and non-Members.

Most Members of the Sub-Committee felt that the substance of the Norwegian proposal and the Geneva Note was relevant only to the provisions of sub-paragraph 1 (a) relating to negotiations for the reduction or elimination of margins of preference.

There was some difference of opinion as to whether it was necessary to retain the reference to the generalization of concessions made by a Member under such bilateral agreements in accordance with Article 16.

A number of suggestions were made as to the appropriate wording to be incorporated into the text, as follows:

1. The delegate of Cuba suggested that if it were agreed that the substance of the note was relevant only to the provisions of sub-paragraph 1 (a) relating to negotiations on margins of preference, specific reference should be made to "sub-paragraph 1 (a)" rather than to "the relevant provisions of this Article."

2. The delegate for Peru suggested the following: "As far as this Article is concerned, Members may conclude or maintain existing bilateral tariff agreements which are not incorporated in the General Agreement on Tariffs and Trade, provided that such agreements are consistent with the relevant provisions of this Article."

3. The delegate of France proposed the following: "The provisions of sub-paragraph 1 (a) above shall also apply in any bilateral agreement which may be negotiated by a Member and which may not be incorporated into the General Agreement."

It was agreed that the Working Party should draft appropriate wording for incorporation into the text, taking into consideration the various suggestions made.

3. Agenda Item 2 - Relationship of negotiations leading to General Agreement on Tariffs and Trade to obligations under Article 17

The United States proposal was agreed in principle and referred to the Working Party to be redrafted.

4. The delegate for Mexico proposed that sub-paragraph 1 (d) be amended to provide that the general provisions of the General Agreement on Tariffs and Trade would be modified in accordance with the comparable provisions of the Charter. The delegates for the United States and France pointed out that under Article XXIX of the General Agreement, the contracting parties would meet at an early date to consider any difficulties arising out of the
supersession of the provisions of the General Agreement by the corresponding provisions of the Charter. The assumption was that there would be no discrepancy between the text of the general provisions of the General Agreement and the corresponding provisions of the Charter. In any case non-parties to the General Agreement would know the decision of the contracting parties prior to having to take the necessary legislative action to accept the Charter. The United States delegates suggested that the contracting parties might be able to meet for this purpose prior to leaving Havana. The French delegate suggested that this question be reverted to at the end of the Conference to see whether it would be necessary to modify Article 17. The Mexican delegate reserved his position regarding paragraph 1 (d) until a decision was reached in this matter. It was agreed that the Working Party should consider this problem.

The delegate for Brazil reserved his position regarding Articles 16 and 17, mainly sub-paragraph 1 (a) of Article 17, pending completion of the discussion in the Joint Sub-Committee of Committees II and III on quota preferences.