THIRD COMMITTEE: COMMERCIAL POLICY

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

NOTES OF THIRTY-EIGHTH MEETING

Held on Monday, 16 February 1948, 5.30 p.m.

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

Consideration of Draft Report to the Third Committee (E/CONF.2/C.3/A/N.52 - Continued)

1. The United Kingdom delegate proposed adding to the interpretative note to paragraph 2 of Article 18 the following sentence:

   "A general tax, imposed for revenue purposes, uniformly applicable to a considerable number of products, which conformed to the requirements of the first sentence of paragraph 2 would not be considered to be inconsistent with the second sentence."

   The Sub-Committee considered that it was not necessary to add this sentence to the interpretative note and agreed to include it in the Sub-Committee's Report. The Brazilian delegate objected to its inclusion, either in the interpretative note or in the Sub-Committee's Report.

2. The Australian and Uruguayan delegates, supported by the delegate of Argentina, not a member of the Sub-Committee, proposed the deletion of the third explanatory paragraph under the heading Annexes A and B and Paragraph 4 on page 2 on the grounds that it was very difficult to find language in which to describe accurately the note to Annex A which had been so meticulously drafted. It was agreed to delete this paragraph.

3. The Mexican delegate withdrew all of his delegation's reservations on Article 18.

4. The delegate for Cuba maintained provisionally his delegation's reservation on Article 18 recorded in the Geneva draft.

5. The Sub-Committee considered at some length the question raised by the Venezuelan delegate at the previous meeting relating to the most-favoured-nation clause. It was the sense of the Sub-Committee that a general exception to the most-favoured-nation clause to permit the levying of a surcharge on goods arriving in the country of destination via a third country would not be acceptable because it would limit the scope of the most-favoured-nation /clause to the
clause to the detriment of the trade of other Members, particularly Member countries whose exports were regularly transhipped via third countries. A number of the members of the Sub-Committee suggested, however, that it might be possible to meet the particular Venezuelan problem in some other way that by amending Article 16, for example, by a bilateral understanding with the countries concerned.

The Venezuelan delegate explained that he was not asking for a general modification of the most-favoured-nation clause, but merely for some formula which while not interfering with the general scope of the most-favoured-nation clause would meet his country's difficulty.

It was agreed to establish a Study Group consisting of the delegates for Colombia, Cuba, Netherlands, United Kingdom, and the United States, which would examine this problem with the Venezuelan delegate and attempt to find a solution, and report directly to the Third Committee, since Sub-Committee meanwhile would have reported.