THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE 'H' ON SUBSIDIES

AGENDA OF SECOND MEETING

To be Held on Friday, 9 January 1948 at 3.00 p.m.

(Reference E/CONF.2/C.3/8)

1. Article 25 - Subsidies in General
   (a) Conclusion of discussion on proposal by the United States to introduce, in the first sentence, the phrase "a Member considers" in place of determinations by the Organization. (Item 18, page 7 and note on page 9).
   (b) Suggestion of the International Chamber of Commerce that this Article be placed after Article 26. (Document E/CONF.2/11).

2. Article 26 - Additional Provisions on Export Subsidies
   Note: The International Chamber of Commerce (E/CONF.2/11) suggests the transfer of Article 28 to follow paragraph 1 of this Article.

   Paragraph 1
   Proposal by the United States to except primary products from the general prohibition of subsidies on exportation.

   Note: This proposal involves other proposals by the United States relating to paragraphs 3 and 4 of Article 26 and to Articles 27 and 29 - (Item 18, notes on page 9).

   Paragraph 2
   (a) Proposal by Sweden to insert the words "directly or indirectly" after the word "taxes" in line 3 - (Item 5).
   (b) Changes proposed by the United States - (Item 18).

   Paragraph 3
   (a) Deletion proposed by the United States - (Item 18).
   (b) Proposal by Argentina to delete all words after "date" in line 3 - (Item 6).
   (c) The delegation of the Netherlands presents to the Sub-Committee a tentative redraft of this paragraph:

   "With
"With a view to reaching a common ground between the amendments put forward on Articles 26 and 27, and the views expressed in the Committee, the following tentative redraft of Article 26, paragraph 3 is given as a basis for discussion, leaving the text of paragraph 1 as it stands:

'3. Members shall give effect to the provisions of paragraph 1 of this Article at the earliest practicable date, but [in any event] not later than [two years from the day on which this Charter enters into force] [1 January 1957]. If any Member considers itself unable to do so in respect of any [specific] particular product or products, it shall, [at least three months before the expiration of such period] [not later than 1 October 1950] give notice in writing to the Organization, requesting a specific extension of the period. Such notice shall be accompanied by a [complete] full analysis of the system in question and the [effects] circumstances justifying it. The Organization shall then, taking into account special circumstances which might prevail in the production, consumption or trade in that particular product, give a ruling whether the extensions requested should be made.'

Explanatory remarks

Considering that the United States amendment is too sweeping, an attempt is made to make clear that 'special difficulties' as under Chapter VI ought to be taken into consideration when a determination under this paragraph is made. However, the term 'special difficulties' is avoided and 'circumstances' is used. The term 'product' is used instead of 'primary commodity' to make it clear that the provisions of paragraph 3 are not exclusively meant to cover the case of primary commodities.

For this aim, the last sentence is rewritten. Other changes are mostly drafting changes.

(a) 'in any event' in the third line is omitted, because the paragraph goes on to define the exceptions to the rule;
(b) a specific date is mentioned, which is more accurate and might help the Argentinian delegation (Item 6);
(c) 'particular' is to replace 'specific', to indicate that the exceptions must be limited as far as possible;
(d) 'full analysis' is given to replace 'complete', the last word being too ambitious;
(e) 'effects' are replaced by 'circumstances'. It is not clear whether the effects are meant to be the beneficial
effects of the subsidy in operation or the detrimental effects of the abolition of the subsidy;
(f) by specifying the task of the Organization to give a ruling, the determination disappears, which is desirable;
(g) in connection with (f) and the new text of Article 59, in paragraph 3 of Article 27 the last sentence ought to read: 'If a finding has been made',
(h) it would seem that after the ruling of the Organization, the Member still has recourse to the provisions of Article 27 (2) to ask for a study group of interested Members.'

Paragraph 4
Deletion proposed by the United States - (Item 18).

Proposal by Venezuela to add a new exception to the provisions of paragraph 1 - (Item 7). (See C.3/SR.26 for Notes on Committee discussion).

3. Article 27 - Special Treatment of Primary Commodities

General
Proposal by the United States to delete this Article - (Item 18).

Paragraph 1
Proposal by Venezuela to substitute "may also result" for "has also resulted" in line 1 of sub-paragraph (a) - (Item 8).

Proposal by the Netherlands to add a new paragraph relating to domestic price stabilization systems not covered by paragraph 1 - (Item 9).

Paragraph 2
(a) Proposals by Argentina, Peru and the United States to delete this paragraph - (Items 10 and 18)
(b) Clarification of the intended application of this paragraph.

Paragraph 3
(a) Proposals by Argentina, Peru and the United States to delete this paragraph - (Items 10 and 18).
(b) Reservation by the United States - (Item 11).