CONTINUATION OF THE FIRST READING OF CHAPTER VI - SECTION B

Articles 55 and 56

Mr. COREA (Ceylon) explained that the purpose of the amendments put forward by his Delegation was to lay down a procedure which would allow both study groups and conferences to take action to cope with any special difficulties which arose.

Under the present terms of Article 55, a study group would consist of experts and would make recommendations to governments. Under Article 56, conferences also were envisaged, either on the recommendation of a study group or at the request of substantially interested members, or at the initiative of the Organization. This procedure had been outlined clearly by the Australian representative at a previous meeting. The difficulty with the present procedure was that a study group would have to make recommendations and then a conference would have to be convened if an inter-governmental commodity agreement was considered necessary. By such procedure much time would be wasted.

It had been said that there was nothing to prevent a study group from transforming itself into a conference. The amendments were designed to clarify that point and to put its intention into concrete form. Mr. Corea asked to make some adjustment to the amendment he had submitted to Article 55 (3).

At the end of the first sentence of paragraph 3, his delegation wished the addition of a phrase:

"... or may discuss such measures relating to these difficulties". There was no need to halt the work of a study group and start the procedure of a conference.

A new paragraph 4 had been proposed to ensure that a study group could remain in existence until the Organization should decide that it no longer served a useful purpose.

/Mr. PETER
Mr. PETTER (France) had no objection to the Ceylon amendment to Article 55 (1) but did not agree with the amendment to paragraph 3. He was opposed to the terms of the proposed new paragraph 4 because it was for the government representatives on the study group to decide when their task had been accomplished. He did not think that unnecessary delays would take place. It should be remembered in that connection that a study group would have the function of advising governments and preparing compromise solutions. Only after that would it be time to convene a conference. Article 56 also provided for exceptions to this procedure in appropriate cases. He welcomed the Uruguayan proposal for the deletion of the word "substantial".

In reply, Mr. COREA (Ceylon) emphasized again that the aim of the wording of his amendment to Article 55 (3) was to combine the functions of recommending and of taking measures, that is, to prevent duplication.

Mr. CAHAN (United Kingdom) said that with the exception of the amendment which would grant to a study group the functions of a conference, he was prepared to meet Mr. Corea. He agreed that a study group should continue to exist until its members decided that its work had been completed. He also accepted the Uruguayan proposal concerning the deletion of the word "substantial". He was prepared to accept a more democratically worded version of the Egyptian proposal, but doubted whether, from a practical point of view, the Peruvian proposal would perform any useful purpose.

Mr. CHAVEZ (Peru), in presenting the proposal of his Delegation, recalled the remarks of a representative at the previous meeting to the effect that not all unilateral measures could be considered undesirable. It seemed reasonable, however, that nations which planned to participate in a conference should not keep in force any unilateral measures which they had previously adopted.

Mr. MccARTHY (Australia) was not in favour of the Peruvian proposal and pointed out that it was quite possible that the terms of a commodity agreement might be in conflict with the terms of Chapter IV, while at the time, the purpose of the agreement would be to reconcile its objectives with the purpose of Chapter IV.

It was conceivable, for example, that the existence of quotas would be considered necessary in a wheat agreement by both producing and consuming countries. Such an agreement might also recognize the existence of subsidies in some form.

The problem, therefore, was not simply one of having countries abandon all unilateral practices, but of reconciling the various governmental acts /which regulated
which regulated the trade in a particular commodity. As another example, Mr. McCarthy drew attention to the possibility of a wool agreement to which the United States might be a party, but which did not make it necessary for that country to abandon duties on wool. Such duties might therefore continue to exist after an agreement had been concluded.

Mr. BOGAARDT (Netherlands) supported the point of view of the Australian representative. The adoption of any regulations contrary to the principles of Chapter IV was forbidden in that Chapter IV and therefore there was no need for a further reference in Chapter VI. As non-members not bound by the provisions of the Charter could participate in commodity conferences ITO members would be placed in a disadvantageous position.

Mr. CAPLAN (United Kingdom) pointed out that it would be impossible to comply with the terms of the amendment if it were adopted. Commodity regulations were laid down by parliamentary bodies and no government could request their abolition on the grounds that a conference was to take place. He shared the objections expressed by the representatives of Australia and the Netherlands.

As his proposal had received no general support, Mr. CHAVEZ (Peru) withdrew the amendment.

Mr. KUNTER (Turkey) proposed the insertion of the word "mostly" before "dependent" in the Egyptian amendment; a country might produce one commodity of great importance to its foreign trade, although it was not entirely dependent on that commodity.

The CHAIRMAN announced that the Turkish amendment, the Egyptian proposal and the amendment made verbally by the representative of El Salvador at a previous meeting would be discussed by the Sub-Committee.

Article 54 - Additional sub-paragraph suggested by the Delegation of Uruguay

Mr. HAUSWIRTH (Switzerland), after obtaining permission to make a statement on the additional paragraph suggested by the Delegation of Uruguay, recalled that Chapter VI had not been drafted in a way which would force countries to sign an agreement which was the result of an unsuccessful conference. It was to be hoped that producing and consuming countries would co-operate with each other with respect to the conclusion of commodity agreements, but such agreements would be useless if there were not mutual satisfaction. Experience had shown that agreements could only be concluded for primary commodities, that is, raw materials. It was difficult in the case of industrial products because of the lack of standardization; as an example, Mr. Hauswirth drew attention to tractors, which varied widely as regards size and cost. It had been wise from the outset to limit the scope of Chapter VI to primary commodities.

More important than the provisions of Chapter VI was the spirit of co-operation.
co-operation which should exist between producers and consumers. The representative of Colombia had proposed the adoption of an escape clause for producers; since there should be an equilibrium of interest, it would surely be appropriate to adopt a similar provision concerning consumers. He hoped that the Sub-Committee would take this into consideration.

Mr. STEWART (Uruguay) felt that the Uruguayan amendment did come within the purview of the Charter and saw no reason why they could not be included in commodity agreements.

Article 57

Mr. VIRATA (Philippines) explained that his amendment should be inserted after the words "Under such agreements" in paragraph (c). The purpose of the amendment was to protect the interests of countries participating in an agreement against any harmful measures taken by non-participants.

Mr. CAPLAN (United Kingdom) agreed that the wording of the Philippine amendment was stronger than that of the original text, but preferred the latter.

Mr. McCARTHY (Australia) sympathized with the purpose of the Philippine amendment, but drew attention to the fact that although a country could decide not to participate in an agreement when first established, it might at a later date, decide to subscribe to it. Paragraph (c) as it now read was preferable because it would lead to the treating of each such case on its merits.

Mr. VIRATA (Philippines) thought it wiser to state that a country would only receive certain advantages if it respected the responsibilities which went with those advantages. Because of the experience of his country, he preferred a plain statement of fact, rather than have the question left open for the future. He wished to consult his delegation concerning the question, and would communicate its views to the Committee at a later date.

The representatives of the UNITED STATES and AUSTRALIA agreed with the underlying idea of the Philippine amendment. It was agreed that the amendment should be considered in the Sub-Committee.

Article 58

Mr. LACARRA (Mexico) explained that the first part of his amendment was based on the remarks of the representative of Ceylon concerning the need for greater clarification as to the respective functions of study groups and conferences. The second part of the amendment emphasized the provisional character which should be given to all commodity agreements.

Mr. SCHWENGER (United States) pointed out that a new point had been stressed in the second part of the Mexican amendment which might lead to delays.
The CHAIRMAN announced that the first reading of Chapter VI was completed.

The meeting rose at 5.50 p.m.