The Secretariat submits herewith certain observations on Articles 14, 24, 30, 31, 32, 34, 35 and 38 that, it is hoped, will be of assistance to the Drafting Committee in the preparation of a Draft Charter for submission to the Second Session of the Preparatory Committee of the International Conference on Trade and Employment.

On the assumption that the Delegations will employ the Report of the First Session of the Preparatory Committee as their basic working document, references in this text will be made mainly to the Report. The word "Charter" used alone will refer to the appendix to that Report.

CHAPTER V

GENERAL COMMERCIAL POLICY

Article 14

Paragraph 2 a (ii), lines 2 - 5:

Since paragraph (ii) refers only to the territories of the British Commonwealth of Nations (cf. Annexure A, page 41), it appears that the sentence starting "Each Member" should be given as a new paragraph (unnumbered, without indentation) so as to make it clear that it does not form part of (ii).

One country (Australia) suggested a special interpretation of Article 14:2 (see Part II, page 9 of the Report, sub-paragraph viii, and also Document E/PC/T/C.II/33).
It appears that antidumping and countervailing duties which (with certain restrictions) are sanctioned under Article 17, are not compatible
with Article 14 as drafted. It may be necessary to add in Article 14 the following words (after "kind" on line 2):

"other than antidumping and countervailing duties dealt with in Article 17,"

(It is proposed to raise this point also with the Technical Sub-Committee.)

Alternatively, it might be possible to start Article 17 with a new paragraph, indicating that the use of antidumping and countervailing duties is permissible under the conditions set out in the following five paragraphs.

**Article 24**

**Paragraph 1:**
Reference should be made to Part II (page 10, paragraph (ii) and (iii) at the top of the left-hand column) concerning suggestions made by the delegations of two countries (India, Cuba).

**Paragraph 1 (b):**
Reference should be made to Part II (page 10, paragraph c (i) and also to Document E/PC/T/C.II/65, pages 5 and 6), according to which three delegates (those for Australia, New Zealand and the Union of South Africa) thought that the rule about reduction in margins of preferences should not operate automatically.

**Article 30**

**Paragraph 1, line 4:**
"which" may be changed to "that" (refers to subsidy and not to product), and the preceding comma be deleted.

**Paragraph 2 and 3:**
Each of these two paragraphs contains twice the expression "like products."
Reference should be made to Part II (page 16 of the Report, paragraph vii) according to which words such as "the like and similar product" may be considered by the Drafting Committee. (See also Document E/PC/T/C.II and IV/PP/PV/1, page 40).
Paragraph 3:

The following new wording of the first six lines of this paragraph may be considered:

"If a system for the stabilization of the domestic price of a primary product sometimes results in the sale of that product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, this fact may be determined by the Organization not to imply that the export is subsidized under the terms of".

Attention should be paid to the considerable number of suggestions and points raised by various delegates with reference to subsidies (cf. Part II, pages 16 and 17).

Article 31

Paragraph 1, lines 5 - 7:

The question of the two phrases in brackets is explained in Part II (page 17, paragraph 1a (ii) of the Report) and also in Document E/PC/T/C.II/ST/IV/6.

Article 32

Paragraph 3, line 2:

"for" to be replaced by "to"

Article 38

Paragraph 4:

Reference should be made to Part II (page 11, paragraph 5 (c) in the right-hand column) according to which two delegates (Brazil, Lebanon) reserved themselves with regard to the wording of this Article. Both reservations were directed against the provision rendering the establishment of new preferential arrangements subject to the approval by the Organization in accordance with Article 66:2.

Article 34

Paragraph 2, line 5:

The word "the" to be deleted.

Paragraph 2, line 11:
Paragraph 2, line 11:

"If agreement" should start a new paragraph.

Paragraph 2, line 15:

The word "other" to be deleted.

Reference should be made to Part II (page 10, last paragraph in right-hand column) according to which two delegates (those for Chile and Cuba) questioned the desirability of permitting action under the Article without prior consultation.

Article 35

Paragraph 1, line 5:

It has been suggested informally by one delegation that the words "antidumping and countervailing duties" be added after "formalities,".

It appears from the last few words of this paragraph that such an addition does not add anything to the substance of this paragraph; the addition serves only to amplify the enumeration given.