1. South Africa wishes to reserve her position on the matter of differential railway rates as specified in E/FC/T/C.II/V7.9 of 1 November 1946.

2. Although admittedly difficult of control, South Africa considers differential sea-freight rates a matter of considerable importance, and would appreciate any steps that may be taken with a view to having this matter included in the final report on Article 9. The remarks of the South African Delegate on this matter were delivered at the meeting held on 28 October 1946, and are contained on page 9 of E/FC/T/C.II/J.2 of 29 October 1946.

3. In common with other Delegations, the South African Delegation considers that provision should be made for "mixing" to be permitted under certain conditions. The provision contained in paragraph 7(b) of the Rapporteur's report of 31 October 1946 would suit the purpose. It is noted that South Africa's reservation was mentioned by the Rapporteur in a statement made at the meeting held on 4 November 1946.

4. The phrasing of the new paragraph 3 (Rapporteur's report of 31 October 1946) would appear to require revision. The prohibition of the application of an internal law for protective purposes may be construed as:—
(a) precluding action being taken in terms of a country's customs legislation;
(b) precluding the application of an Act protecting prices (either minimum or maximum) which does not discriminate between the domestic and the imported article; or
(c) precluding all quantitative restrictions, a matter which is still being considered by another committee.

As it now stands it is too comprehensive, and would not be acceptable.

5. It is presumed that these points will be included in one form or another in the sub-committee's final report, but if this is not the intention, the South African Delegation will wish to raise them in the full Committee II, or, if necessary, at the Plenary Committee.