SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

NINETEENTH MEETING OF THE TARIFF AGREEMENT COMMITTEE HELD ON SATURDAY, 13 SEPTEMBER 1947, AT 10.30 P.M. IN THE PALAIS DES NATIONS, GENEVA.

Hon. L.D. WILGRESS (Chairman) (Canada)

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Delegates are reminded that the texts of interpretations, which do not pretend to be authentic translations, are reproduced for general guidance only; corrigenda to the texts of interpretations cannot, therefore, be accepted.
CHAIRMAN: The meeting is called to order.

At the close of our meeting last night I announced that we would take up first thing this morning Document E/PC/T/195, which is a draft prepared by the Secretariat covering the procedure for the preparation for signature of the Final Act and of the General Agreement on Tariffs and Trade and of the Protocol. We will request the Committee to approve of this document to-day and members of the Committee are asked to pay particular attention to see that their Delegations carry out the requests which are set forth in this document, both in relation to what they should do with their own governments and the information which they should provide for the Secretariat.

It will now be in order for any member of the Committee to ask any question or for any explanations they wish regarding this document.

Any comments with regard to this document?

The first section deals with Credentials. Are there any points arising in the first section?

The next point deals with seals. I think that is quite clear.

The third point deals with languages. Any comments?

Dr. G.A. LAMSVELT (Netherlands): Mr. Chairman, I regret that I have not had time to go over this particular paragraph with my Delegation. I should like to make a reservation here.

CHAIRMAN: That will be quite in order, but if we do not hear from the Netherlands Delegation we shall assume that they have no objection.

Dr. G.A. LAMSVELT (Netherlands): Thank you.

M. ROYER (France): (Interpretation): Mr. Chairman, I would make a small remark on the form in which this paper is crafted. This remark applies to Credentials. We read that
these credentials may take the form of letters signed by Foreign Ministers, and this seems to be too brief a formula because, in fact, we do not think that the Credentials should take the form only of letters. Of course, they will have to be signed by the head of the State or the Foreign Secretary, but nevertheless we do not think they could be in just the simple form of letters.

CHAIRMAN: Would the Delegate of France suggest the change of the word "letters" to "documents"?

M. ROYER (France) (Interpretation): The word "letter" has in French a more informal character maybe than in English. I think we could draft this sentence as follows: "These credentials might be signed by the Foreign Minister when this procedure is in accord with the constitutional rules of the countries concerned."

CHAIRMAN: The change will be made.

H. E. Mr. WUNSZ KING (China): Mr. Chairman, while we are on the point of languages I would like to make one remark which I would like to put on record as a matter of principle. I should like to have a Chinese text of the General Agreement as well as Schedules but as a great concession, in addition to the Tariff concessions, I would not insist on this point from the practical point of view. I wish it to be understood that this extra concession should not lead to any other concessions in the future.
CHAIRMAN: I thank the Delegate of China for his remarks and I am sure that this will in no way affect the status of the Chinese language which, according to the Charter of the United Nations, is one of the official languages of the United Nations.

The Delegate of Cuba.

Dr. Gustavo GUTIERREZ (Cuba): Mr. Chairman, I do not want to create any problem by asking for a translation of the General Agreement into Spanish, neither of the Charter, at this moment, but I think that document should be translated into Spanish, which is another official language of the United Nations, as soon as possible.

CHAIRMAN: Are there any other comments?

4. Method of Reproduction. Are there any comments?

Mr. J.M. LEDDY (United States): Before we leave this point of languages I think we have all got to be quite clear that the proposal here is that the Tariff/Schedules shall be authentic in either English and French or in one of the two and in no other language. I think we all of us ought to be fully aware of what we are deciding here in that provision.

CHAIRMAN: Are there any other comments in regard to the section on Languages?

Item 4, Method of Reproduction. Members of the Committee will note there a request of the Secretariat to be informed regarding the points mentioned on pages 4 and 5 as soon as possible. Are there any comments?

Section 5, General Timetable. Are there any comments?

Then I take it that the Committee approves of this document with the addition which has been suggested by the French Delegation regarding Credentials.

The Delegate of Belgium.
M. Pierre FORTHOMME (Belgium): Mr. Chairman, this is not an observation for any change in the document, but I think it might be a good idea for the Secretariat to let us know exactly the size of paper which will be required for making this document, in order to think of cutting the stencils.

CHAIRMAN: I will ask the Secretariat to explain the position regarding paper.

Mr. LACARTE (Deputy Executive Secretary): The administrative services in Geneva have been looking into the matter and they find that the only type of paper that we can use for the original, the English original and the French original, is white paper the same size as this which is being used in all documents. That will be for the general provisions and the Schedules.

As regards the copies the delegations will take away with them, these will have to be done on this same size of paper, this quality, either white or blue. We will endeavour to use white, which is probably better, but there may not be enough available so it may have to be blue. I am afraid that this prejudges somewhat the provisions of the Committee on the form of the Schedules. We cannot have Schedules any wider than this paper, because we cannot get the paper for it. So that is the position as regards that.

CHAIRMAN: The Delegate of Brazil.

Mr. E.L. RODRIGUES (Brazil): Mr. Chairman, I think that it will be wiser to have sent to the Secretariat at the same time the list of concessions in the national language of the country, so as to avoid any misunderstanding later on; because we know sometimes the tariff structure is not easy to translate, so it would be safer to have the lists of negotiations in the national language.
CHAIRMAN: The provision in this document regarding languages is that the Schedules should be authentic in either English or French or both. There would be no objection of course to any delegation lodging a copy of their Schedule in their own language with the Secretariat.

Are there any other comments?
Mr. Chairman, just a technical proposal - I would suggest that Mr. LaCarte, who is a highly attractive male secretary, should organize a meeting of all our typists to explain the technicalities to them and in which form it should be written, and so on.

Mr. LaCarte has already had that idea in view. He proposed that he would call a meeting of the Secretaries of Delegations in order to give them an outline as to what the Committee here has decided, and then the Secretaries of Delegations would be expected to inform their typists.

So long as he gives the instructions in secret!

Mr. Chairman, the French Delegation would like to have as soon as possible the form, that is to say, the frame of the Schedules, the length and width of the columns, etc. Thus, we would be able to take advantage of the next few days and our typing service would be able to prepare the frame of the Schedules themselves.

It is my intention that we should have a discussion on the form of the Schedules, I had hoped on Monday, as soon as we have made enough progress for the Secretariat to be able to prepare a clean text of the Agreement. At any rate, I should think the discussion of the Schedules would take place on Tuesday next.

Are there any other comments?
M. P. FORTHOMME (Belgium): Mr. Chairman, I suppose that having the discussion on Tuesday would mean that, by that time, the amendments regarding Article I which affect the form of the Schedules will have been settled?

CHAIRMAN: I am not aware of any amendments outstanding on Article I other than the Australian amendment, which we decided to hold over, and I do not see how that can affect the form.

M. ROYER (France) (Interpretation): Mr. Chairman, the amendment is on Article II, paragraph 2.

CHAIRMAN: We decided to discuss the French amendment on Article II at the time we are discussing the form of the Schedules.

There being no other comments, I think we can pass to the next order of business. I would propose that we should now take up the proposed new paragraphs 6 and 7 of Article XVII suggested by the United States Delegation, given in document E/PC/T/W/528.

The Delegate of the United States.

MR. J.M. LEDDY (United States): Mr. Chairman, these provisions are based upon Article 14 of the Charter which envisage the possibility of maintaining economic development measures pending consideration by the contracting parties, provided that these measures are notified to the Governments signing the Agreement before the date of the Signature of the Agreement.

There are only three changes which have been made as compared with the corresponding Article in the Charter.

Firstly, all reference to the Signature or acceptance of the Charter itself has been deleted, because it is not relevant for this purpose.
Secondly, the provision of paragraph 7, saying that the provisions of paragraph 6 do not apply to any product described in a Schedule annexed to this Agreement, is a compensation for the provision in the Charter referring to obligations which had been negotiated or to measures which might nullify or impair those obligations. This is simply referring to products in the Schedules of the Agreement.

Thirdly, we have inserted in lieu of the phrase "date of Signature of the Agreement" simply "date of the Agreement". We have made provision now in the General Agreement that the Agreement shall bear the date of the Final Act, and that is the date which is to be used as a basis for determining whether or not a notification of measures to be maintained has arrived on time. Now, the requirement in the Charter is that notification must take place 30 days prior to the Signature. I have put those time periods in brackets, because I think that we will have to discuss the question of the time prior to Signature which should be allowed. I believe that we are today about 30 days prior to the Signature, and I suggest that we may want to reduce this period somewhat, because I believe that the Members of the Committee, perhaps, have not given thought to this particular problem, and they should have time to do so before we fix a definite period after which a notification will not be in order.

CHAIRMAN: Are there any comments?

Monsieur Royer.

M. ROYER (France) (Interpretation): Mr. Chairman, this text does not appear to me to be quite clear. There are two cases which
we can consider.

The first case is that of what we term the contracting parties themselves, that is, the seventeen countries represented here taking part in the negotiations; the second case is the case of other countries which may adhere to the Agreement at a later date. If we consider first the case of the seventeen countries represented here, I do not think that this text can be applied to them, because the methods provided for in the text have been accepted anyhow prior to the Signature, and this Agreement cannot rule 'a posteriori'. On the other hand, we are dealing with the case of countries which will adhere at a later date to the Agreement, and then these countries are not contracting parties, because the words "contracting parties" have a specific meaning and only apply to the countries represented here. Therefore, we ought to find in the second case another draft.

I have no objection in principle to the substance of the draft, but, nevertheless, I think that we ought to draft another text which would be different from the corresponding Articles of the Charter, and which would provide for the case of the contracting parties on the one hand and, on the other hand, for the case of countries adhering at a later stage to the Agreement.
Dr. Gustavo GUTIÉRREZ (Cuba): The Cuban Delegation has no objection to the first paragraph of this new text. If any alteration has to be made in order to improve the text, we would be willing to accept it. For us, contracting parties are not only the ones which are here now and will sign the Agreement but anyone signing the Agreement in the future.

One objection we do have is in relation to the second small paragraph, numbered 7. I suppose it means "The provisions of Paragraph 6 of this Article shall not apply to any product described in a Schedule annexed to this Agreement." That text would practically nullify the whole effect of Paragraph 6, because in the Schedules annexed to this Agreement, when we have the consolidated Schedules of the different nations, there will probably be all the different products of the world and of every nation.

Of course, I understand the idea of the United States Delegate, that the negotiations that have been concluded here in relation to various articles should not be jeopardized in any way by this provision, but I think the only thing we could do would be to adjust Paragraph 3 of Article 14 of the Charter, which gives the real idea of this matter and which reads like this: "This Article shall not be construed to apply to a measure which would be inconsistent with any obligation that the Member concerned has assumed through negotiations with any other Member or Members pursuant to Chapter IV or which would tend to nullify or impair the benefit to such other Member or Members of any such obligation."

I think that is proper and that this Paragraph 7 should read more or less in the form of Paragraph 3 of Article 14. As it is now it is absolutely impossible to accept it, because it nullifies
the whole effect of Paragraph 6. I think the United States Delegate can understand that very easily.

Mr. LEDDY (United States): Mr. Chairman, it was always our understanding that Paragraph 3 of Article 14 of the Charter dealt with scheduled products and we would not be able to accept any interpretation which would permit measures of this kind in respect of scheduled products.

Mr. SHACKLE (United Kingdom): Mr. Chairman, I wonder if there is a misunderstanding. It seems to me that Paragraph 3 of Article 14 means that where the case arises of any particular Member who has made a concession on a particular product, the provisions of this Article 14 of the Charter will not apply in respect of that product in respect of that Member, whereas, if I understand Dr. Gutierrez's point, he reads Paragraph 7 of this present draft before us as meaning that any product which any countries schedule shall not be made the subject by any other country of a measure under this Article. I take it that is the point, is it not?

CHAIRMAN: The Delegate of Cuba.

Dr. GUTIERREZ (Cuba): Mr. Chairman, I wish to thank the Delegate of the United Kingdom for his clarification of our point, which is exactly as he has mentioned.

Mr. LEDDY (United States): In that case, Mr. Chairman, there is no difference between us at all.

Dr. GUTIERREZ (Cuba): That is what I thought.

CHAIRMAN: The Delegate of China.
H. E. Mr. Wuensz KING (China): Mr. Chairman, whilst the Chinese Delegation wishes to reserve its right to give more careful study to these two new paragraphs to Article XVII of the Draft Agreement, which reproduce Article 14 of the Charter, we would like to point out that if these two new paragraphs are to be adopted we would like to suggest the insertion, after the words "particular industries", the words "or particular branches of agriculture", so as to bring it more into conformity with the provisions in Paragraph 1 and the other parts of this Article.

M. ROYER (France) (Interpretation): Mr. Chairman, I would second this proposal, because it is, in fact, the text of the Charter itself which speaks of the establishment, development or reconstruction of particular branches of particular industries, or agriculture.

CHAIRMAN: The Delegate of Cuba.

Dr. GUTIÉRREZ (Cuba): Mr. Chairman, I think both the Delegates of the United States and the United Kingdom, as well as the Delegate of Cuba, have a contrary opinion in relation to this paragraph.

I wonder if the text should be agreed in such a form as to make clear its relation to the products described in the Schedule. There is no difficulty of any kind with this provision, but the nations are free to continue their measures against the other nations outside the Agreement.

CHAIRMAN: I should first of all like to obtain the sense of the Committee regarding the proposal of the Chinese Delegate, seconded by the Delegate of France, to add, after the words "particular industries", the words "or branches of particular industries or agriculture."
Mr. LEDDY (United States): Mr. Chairman, I think very probably there was an oversight in the Charter, because Article 13 refers to particular industries or particular branches of agriculture, whereas Article 14 of the Charter simply refers to particular industries. I am sure the intent must have been to cover the particular branches of agriculture.

H.E. Mr. WUNZ KING (China): Article 14 reads: "Any Member may maintain any non-discriminatory protective measure which has been imposed for the establishment, development or reconstruction of particular industries or particular branches of agriculture."

CHAIRMAN: It was evidently left out of the mimeographed text, but it is in the printed text.

I take it that the Committee has no objection to this change.

The Delegate of India.

Mr. B. N. ADARKAR (India): Mr. Chairman, as I read it, the mimeographed text of the Charter needs some improvements, as the Delegation of China has pointed out.

May I suggest that the passage on Page 22 of the English text, beginning with "Any Member maintaining any such measure", be put into a separate paragraph, because it applies to (a), (b) and (c); otherwise it would appear it does not apply to (c). I suppose it is a typographical error. It ought to be a separate sub-paragraph.

Mr. LEDDY (United States): The printed text is also incorrect. That particular sentence appears in a sub-paragraph; therefore it applies only to sub-paragraph (c) instead of all the sub-paragraphs.
CHAIRMAN: We agree on the addition of the words "or particular branches of agriculture."

The Delegate of Norway.

Mr. J. MELANDER (Norway): Mr. Chairman, now we have finished with that point I would like to raise just a few queries.

First of all, at the beginning of the draft of Paragraph 6 it refers to the proviso that any such contracting parties shall notify the other contracting parties not later than 30 days prior to the date of this Agreement. That does not seem very clear to us, because, of course, in many cases, if the date of this Agreement is supposed to be the date of the provisional application by key countries or the final entry into force, and so on, you do not know exactly what is the relation. I think the best reference would be to the date when each contracting party signs. Is that the intention?

That is one point. The other point is with regard to Paragraph 7. There it says: "the provisions of Paragraph 6 of this Article shall not apply to any product described in a Schedule," and so on. Would that mean that a country which has granted tariff concessions on some products would not be allowed, for example, to maintain quantitative restrictions under Article 14 of the Charter on the particular products included in the Schedule?
CHAIRMAN: The Delegate of the United States.

Mr. J.M. LEDDY (United States): Mr. Chairman, I thought we had agreed some days ago the inclusion in the Trade Agreement of the provisions, and to say: "This Agreement shall bear this day's date", "this day" meaning the day on which the Final Act is signed. That is the point, I think, of "Done at Geneva this...day of...". There we would have the date on which we would all sign the Final Act; so the thirty days proposed here in the text would be thirty days prior to the day of signature of the Final Act.

CHAIRMAN: I think the verbatim record of the meeting at which we considered the first paragraph of Article XXIV will show that we deleted the words "shall bear this day's date" and it now reads: "The present Agreement shall be open for signature" and there is no reference to that particular provision.

The Delegate of Norway.

Mr. J. MELANDER (Norway): Mr. Chairman, can I then take it that what we have in mind here is that notification shall be given thirty days before any country signs this Agreement?

Mr. J.M. LEDDY (United States): Mr. Chairman, the whole purpose of this provision is to allow each country to know what measures are to be maintained and to execute them effectively before that contracting party signs the Agreement. In other words, we, for example, must know before we sign the Agreement what measures other countries propose to maintain under this provision. That is our clear understanding of the Charter language.
CHAIRMAN: The Delegate of India.

Mr. B.N. ADARKAR (India): Mr. Chairman, I think the problem is a rather complicated one, because if we retain this provision that the contracting parties shall be notified of the restrictions not later than thirty days prior to the date of the Agreement, we would not be allowing sufficient time for the countries here to examine this question and to make the necessary proposals. Sufficient time must be allowed for that purpose.

At the same time, while examining this question, I notice that in paragraph 1(b) of the original Article 14, with regard to any Member which is not a signatory of the General Agreement but which signs the Charter, it has been provided that such Member shall notify the other Governments of restrictions of this sort prior to their signature; the principle there being that the Governments which accept obligations in relation to that Member should know, before accepting such obligations, what restrictions the Member in question has in force.

That is the point which has just been raised by the Delegate of the United States. That being so, it is neither practicable to retain the provision suggested here, nor is it easy to insert a provision that the notification should be made not later than thirty days prior to the signature of the Agreement.

Mr. J.M. LEDDY (United States): Mr. Chairman, it is for the reason given by the Delegate of India that we put the "thirty days" in brackets, because we thought there was not enough time for the countries here to consider it.
What I suggest we do now is simply to agree upon a date after which no further list of products will be considered, and I should think that perhaps two weeks from today would be ample time to allow an examination of the situation and for the submission of any lists of products they want to put in.

CHAIRMAN: The Delegate of Brazil.

Mr. E.L. RODRIGUES (Brazil): Mr. Chairman, I have the same difficulty as has been expressed by the Delegate of India, and I cannot agree with the Delegate of the United States that two weeks will be enough time in which to prepare the list. Certain countries who are in a very distant geographical position would have great difficulty in putting measures into force in such a short period. Because of this, I should like to see another way of dealing with this matter, which would allow us and some other countries to agree to a proper fixed date.

CHAIRMAN: The Delegate of Norway.

Mr. J. MELANDER (Norway): Mr. Chairman, fourteen days from today in which to make investigations on this problem and to notify the Organization or the other parties here would be much too short a time. Two months from now would be a reasonable period.

After all, this is rather a difficult technical problem to study, and we have certainly understood that we should, in accordance with the Charter, notify the Members of the Charter or the parties to the General Agreement not later than thirty days before we ourselves sign. That has been our
understanding. If that is wrong, I regret it, but to accept fourteen days from now would be quite impossible.

CHAIRMAN: The Delegate of the United States.

Mr. J.M. LEDDY (United States): Mr. Chairman, I think there may be some misunderstanding on the part of the Delegate of Brazil. This Article does not relate to new measures. It is not designed to give an opportunity for the imposition of new measures. It is merely designed to provide a transitional period for measures which already exist — which have been imposed: which are in force today.

With regard to the suggestion of the Delegate of Norway, these proposals have been before the countries around this table for several weeks. It is regrettable that they have not known of this situation or have misunderstood it; but the provisions have been there, and for our part we are not prepared to accept or to sign in respect of any other Government around this table a blank cheque. We must know before we sign what the products are.

I think that this situation has been understood, and that putting this date off for two weeks will allow ample time for the experts here (and there are many experts here) to examine the existing rules and regulations that they have and submit a list of products, if they wish to submit a list. It will be open, of course, for other countries to question the products on that list.

CHAIRMAN: The Delegate of India.

Mr. B.N. ADARKAR (India): Mr. Chairman, it seems to me that countries which accept the obligations of this Agreement
should know the exact position. We must remember the fact that most countries signing this Agreement will be only giving provisional effect to their obligations for a certain period. It is not intended that the Agreement should enter definitively into force before a certain period has elapsed.

In the circumstances, I wonder whether any practical difficulty would arise if we said "not later than thirty days prior to the definitive entry into force of this Agreement". If a country which has given provisional application discovers that another country has restrictions in force which affect its interests severely, it can propose a modification of the tariff schedules. Even if we say that, we will not be providing for new adherence to this Agreement, that is, countries adhering to this Agreement after its definitive entry into force. With regard to such countries, I think it should be provided that they should be required to notify their restrictions thirty days prior to their adherence.
CHAIRMAN: The Delegate of Cuba.

Dr. Gustavo GUTIERREZ (Cuba): There seems to be a matter of opinion that there is a misunderstanding with regard to this matter. If, according to Paragraph 7 the provisions of Paragraph 6 of the present Article will not be applicable to the products given in the list annexed to the present Agreement, which has been signed between the contracting parties, I wonder what is the practical importance of this problem.

Since, in the list of tariffs, the largest part of the production of the interested countries would be inserted, and if these provisions are not to be applied to what is mentioned in the tariff list, which is the largest part of the production of the interested countries, I wonder what would be the effect of insisting that notification should be made 30, 40 or 60 days prior to the date of the Agreement.

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, the Cuban Delegate has just said what I wanted to say myself. If we adopt paragraph 7 of Article XVII then the question of procedure will not arise. In fact, there is something curious if we look at the time-table, because this Document has been circulated with the date of September 9 1947, and we are asked in this Document to notify the other contracting parties 30 days before the date of the present Agreement. Now, the date of the present Agreement will be the date of September 30; therefore it means that we are asked to give notification before the 1st September and this Document was only circulated on the 9th September.

Of course, the text of the Charter was circulated to the Delegations before that date, but, nevertheless, I wonder if all Delegations saw the implications in that respect to the provisions of Article XIV.
Once again we are faced with the difficulty which arises from the fact that we are now discussing the text of an Agreement, whilst, at the same time, the text of the Charter has not been finally adopted. I will not go over again the metaphors which were mentioned here in that respect, but I will agree with Dr. Gutierrez when he said that what we need to do here is to have a practical formula, and that, as this problem, from a practical point of view, is not an important one, we could give time to the various countries to go through their legislations and see what has to be done in that respect.

Mr. E.L. RODRIGUES (Brazil): Mr. Chairman, we are not very happy about this paragraph 6. It is indeed a very broad paragraph. If you take into consideration any programme for development and reconstruction, especially in a new country, it seems that this paragraph may cause a lot of trouble for us.

I think there is a great deal of reason for us to ask for a little more time, because this paragraph is a little out of line with the matter concerned in this schedule annexed to this Agreement. It is something new and much broader, and in spite of the very great facilities we are going to get from your Government, we are not in a position here in Geneva to follow exactly the policy of our country with regard to some industries, and I believe it will also happen with some other countries. At the same time, as I said before, it is somewhat out of line with our main purpose here; therefore, we should like to have a little more time.

Our interest would be for the deletion of this paragraph. If I am not wrong – if I am I should like to be corrected – I think it will well deserve some attention, because we want to avoid difficulties in the future.

CHAIRMAN: The Delegate of Norway.
Mr. J. MELANDER (Norway) With regard to paragraph 6 of the text, I am in general agreement with the statements made by the Delegate of India and the Delegate of France. I think one must arrange for considerably longer time to make investigations as to these problems. On the other hand, I quite see the point raised by the Delegate of the United States, that he does not want to sign a blank cheque. I think therefore we must have a reasonable time limit in which to notify about these measures before their definite coming into force.
With regard to paragraph 7 I asked a question as to whether, for example, it would be possible to maintain quantitative restrictions in accordance with Article 14 of the Charter, whether one could maintain those quantitative restrictions also in respect of products included in a schedule of products which have been only included for the purpose of binding a tariff. I have not received any answer to that and personally I should think that the answer would be yes, we can do that.

I interpret Article 14, paragraph 3, of the Charter in such a way that, with regard to non-discriminatory measures such as, for example, mixing regulations or internal taxes, one would not be allowed to maintain those by virtue of Article 14 if there have been special negotiations relating to those particular measures, limiting those particular measures; but if the negotiations here have only led to the binding or reduction of a tariff duty without going into these particular products, then I would interpret Article 14 of the Charter, paragraph 3, in such a way that it would be only the nullification or impairment point which could be raised. I do not think there would be any obligation under the Charter, then, to let these measures not apply to products contained in the Schedule.

Mr. R.J. SHACKLE (United Kingdom): Mr. Chairman, as I see it, there are three quite distinct points involved in this discussion.

The first point is the point raised by the Delegate of Cuba on paragraph 7 of the paper in front of us. That is a point on which we think we have already come to an understanding, at any rate as between the Cuban Delegation, the United States Delegation and the United Kingdom Delegation, namely that this is not intended to mean that any product which is in anybody's Schedule may not be made subject to paragraph 6. It is a question of the provisions which are in each particular Schedule. That, I think, could be made clear very simply, as a matter of drafting, by inserting in the second line of paragraph 7 after the words "shall not apply" the
words "in respect of any contracting party" and then, a little further on, after the words "to any product described in" replace the words "a Schedule" by "the appropriate Schedule". I think this drafting amendment, or something like that, would probably clear that particular point.

The second point is the point raised by the Delegate of Norway as to whether this paragraph 7 is to be understood as prohibiting the maintenance of some kind of restrictive measure, quantitative measure, internal mixing regulation, or anything of that kind on a product on which the contracting party concerned has negotiated the tariff for binding. As to that question I am not prepared to pronounce a definite opinion off-hand, but it does seem to me very clear that if a tariff binding has been negotiated in ignorance of some restrictive measure of this kind, then it is, so to speak, in a very proper situation. It seems to me it is only if the tariff binding has been negotiated by the parties with their eyes fully open to the fact, that there could be any question of the maintaining of such a measure. I do not feel inclined to go any further into that particular point.

The third point is the time by which existing measures have to be notified. As regards that, I think it was certainly the intention of the Draft Charter that all these measures would have to be notified so that all the respective signatories would know of them before they sign, otherwise they would be signing a blank cheque. That I think is quite clear as regards every category of Member who signs, if one looks at (a), (b) and (c) of paragraph 1 of Article 14. Even in the case of latecomers in (c) it says "any other such Member shall, prior to the day of its signature of this Charter, have notified the existing measures that it wishes to maintain to all governments which signed the Charter on the day of its general signature". In other words, before the general signature comes along all those measures have got to be notified.
Well now, applying that to this particular case that we have before us of the General Agreement, it would, if one would follow that out, logically follow that all these measures have to be notified at least before the day when the General Agreement is open for signature. That, of course, will mean a short period of time and I am wondering whether as a practical matter we have to insist absolutely upon it.

First of all the effective thing which will be done about this General Agreement is that certain key countries will sign the Protocol of Provisional Application. They will be a limited list; the rest will follow on later. I was wondering if, as a practical measure, it might not be good enough if we say that these measures must be notified at a fixed date, say two months from now, as the Norwegian Delegate suggested.

I think that so far as measures in force in key countries are concerned, they will qualify on balance of payments grounds, where they exist. As far as the case of the generality of countries will be concerned, it seems to me that, as the definitive entry into force is still some months ahead, it will probably be quite enough if we say that two months from now all these measures must be notified. It is not a perfect solution, but I am inclined to believe that it is a practical one, and it might work.

Mr. J. M. LEDDY (U.S.A.) Mr. Chairman, I am afraid that the suggestion put forward by the Delegate of Norway would go far to destroy the basis of the understanding of economic development which we have so carefully laboured to construct over a period of five months. It is almost incredible that at this
late date we should have suggestions to the effect that countries may maintain complicated restrictions for economic development purposes on products on which tariff concessions have been negotiated. Surely that has always been clearly understood. I think an examination of Article 13 would bring that out quite clearly. It provides that a country may impose a measure which nullifies or impairs the tariff concession if substantial agreement is reached with the country which has negotiated the concession.

Well now, no-one would question for a moment that a quota newly imposed on an item on which a tariff concession has been negotiated would nullify or impair that concession. That has always been a clear understanding.

Our view is that if this Article 14 is to be departed from substantially, we cannot accept it in the Agreement.

I do not wish to say that two weeks is the maximum, but we feel that we must follow this basic procedure of notification prior to signature by the other countries concerned. We feel that is an essential part of Article 14 and we feel it is an essential part of the whole understanding that quantitative restrictions, internal mixing regulations and other such devices, do in fact nullify or impair tariff concessions.
CHAIRMAN: I think we have devoted sufficient time now to the consideration of these two paragraphs. I shall endeavour to make a proposal in the hope that we may reach general agreement, but if that proposal is not acceptable then I see no other course than to set up a Sub-Committee to consider the text of these two paragraphs to see if a proposal could not be submitted which would obtain general agreement.

First of all, I take it that the Committee would be in accord with the proposal made by Mr. Shackle regarding paragraph 7. If Mr. Shackle's proposal were adopted it would then read as follows: "The provisions of paragraph 6 of this Article shall not apply in respect of any contracting party to any product described in the appropriate Schedule annexed to this Agreement". Are there any objections to the proposal of Mr. Shackle?

Mr. Melander,

MR. J. MELANDER (Norway): Mr. Chairman, as far as I can see, that will have to be interpreted in the light of Article 14, paragraph 3. In other words, I would interpret it in this way: in that if an appropriate Schedule it has been agreed that the tariff duty is so much, and that the internal tax shall be so much, and the mixing regulations shall be cut out in this or that way, everything in accordance with the Draft Charter, that is all well and good, but if the Schedule only contains the tariff duty and nothing more, then I would interpret it in accordance with paragraph 3 of Article 14, namely, that if there are non-discriminatory measures which fall within paragraph 1 of Article 14 they will, of course, be able to continue.
If this interpretation is accepted, I have no objection to Mr. Shackle's text.

CHAIRMAN: I do not think that that would be my interpretation of this paragraph. I think it is very clear that it would mean that the provisions of paragraph 6 shall not apply in respect of any contracting party to any product described in the appropriate Schedule, so, if the product is described in the appropriate Schedule the provisions of paragraph 6 would not be applicable.

MR. J. MELANDER (Norway): Mr. Chairman, I was afraid that that would be the interpretation, and I must say that I would also interpret the language of paragraph 7 in that way. The reason why I raised the point was that I think paragraph 7 as drafted here by Mr. Shackle would really go beyond Article 14, paragraph 3. It would impose limitations stricter than those laid down in Article 14, paragraph 3.

CHAIRMAN: The purpose of Mr. Shackle's amendment was to clarify the wording of the text proposed by the United States Delegation. I think that the text proposed by the United States Delegation was not clear that it related only to the appropriate Schedule, and that was the purpose of Mr. Shackle's amendment.

It is, I think, clear that we are not going to obtain agreement on these two paragraphs today. Therefore, I would propose that the matter of drafting these paragraphs be referred to a special Sub-Committee. Is the Committee in accord with that proposal? Is that agreed?

The proposal to set up a Sub-Committee is agreed.
Accordingly, I will nominate representatives of the following Delegations to compose the Sub-Committee: The Delegate of India, to be Chairman, and the Delegates of Cuba, Norway, Belgium and the United States.

M. P. FORTHOMME (Belgium): Mr. Chairman, could I suggest that the Delegation of Belgium be replaced by the Delegation of the Netherlands?

CHAIRMAN: Mr. Shackle.

MR. R.J. SHACKLE (United Kingdom): Mr. Chairman, I do not want to be included if it is unnecessary, but this is a matter in which we are interested, and as I suggested the amendment may I make a gesture of self-sacrifice and suggest that the United Kingdom be represented on the Sub-Committee?

CHAIRMAN: It is quite in order that Mr. Shackle should be on the Sub-Committee. The only reason that I did not propose him was out of consideration to Mr. Shackle, whom I feel is very much over-worked.

DR. G. GUTIERREZ (Cuba): Mr. Chairman, I was going to ask to be replaced in the Sub-Committee by Mr. Shackle.

CHAIRMAN: I am afraid I did not quite understand......

DR. G. GUTIERREZ (Cuba): I give up my place in the Sub-Committee in favour of the Delegate of the United Kingdom.

CHAIRMAN: The Sub-Committee would then be composed of the Representatives of the Delegations of India, United States, Norway, Netherlands, and the United Kingdom.
Is the composition of the Sub-Committee approved?

I would ask Mr. Adarkar to preside over the proceedings of the Sub-Committee, which will meet at 10.30 a.m. on Monday.

I now wish to turn to Article XXII and to raise a question which is of interest to the Delegation of Chile. At the meeting which took place earlier in the week we reached tentative agreement to delete paragraphs 4 and 5 of Article XXII. The Delegate of India had proposed the deletion of these two paragraphs and that had obtained general support in the Committee, but as the Delegate of Chile was not present at that time it was agreed that the deletion of these two paragraphs should be only tentatively approved and held over for confirmation until the Delegate of Chile could be present.

The Delegate of Chile.

MR. A. FAIVOVICH (Chile) (Interpretation): Mr. Chairman, we accept the deletion of these two paragraphs 4 and 5 of Article XXII.

CHAIRMAN: Accordingly, we confirm our decision to delete paragraphs 4 and 5 of Article XXII.

I would now like to ask the Committee if it would be possible for us to take up now the revised United States text of Article XXIII, which is given in document E/PC/T/W/330. At the time we were considering this text it was decided to defer further consideration until the United States Delegation could submit a revised text and until we had considered paragraph 1 of Article XXVII. As the Members of the Committee know, there has been some delay in our consideration of paragraph 1 of Article XXVII, but I am wondering if the Committee could not agree now to consider the text of Article XXIII as proposed by the United States Delegation and as given in document E/PC/T/W/330.
CHAIRMAN: The Delegate of China.

H. E. Mr. Wunsz KING (China): Mr. Chairman, I am sorry to be so late; it is because my mind works very slowly.

I want to go back to Article XXII, Paragraph 7. I am reminded that at a previous meeting we suggested the deletion of this Paragraph 7, thinking that the provision was not quite necessary, but I understand this paragraph is still there.

I would like to suggest we substitute the words "by the regional and local governments and authorities within its territory" by a simpler expression: "to the whole extent of its territory." I believe this is simpler and perhaps more appropriate. That is, I suggest we use the words "to the whole extent of its territory" in substitution for the words "by the regional and local governments and authorities within its territory." It does not change the substance of this provision, but it seems to me this wording is simpler and perhaps a little more appropriate.

CHAIRMAN: We have already approved of this text of Paragraph 7 of Article XXII at our second reading, but, with the unanimous consent of the Committee, we can now consider the suggestion of the Chinese Delegate. Is that agreed?

The Delegate of China proposes to delete the words "by the regional and local governments and authorities within its territory" and substitute the words "to the whole extent of its territory."

The Delegate of the United States.

Mr. LEDDY (United States): Mr. Chairman, this particular
paragraph was drawn from the Charter and I think some rather care1ful consideration went into its framing. I believe it is necessary to distinguish between central or federal governments, which undertake these obligations in a firm way, and local authorities, which are not strictly bound, so to speak, by the provisions of the Agreement, depending of course upon the constitutional procedure of the country concerned.

I think it really would be preferable to retain this language; it has some relationship with references in other parts of the Agreement dealing with actions taken by governments. I am afraid that if we change the language of Paragraph 7 we shall probably disturb some of the interpretations and understandings that have been arrived at with respect to other parts of the Agreement, as well as raising questions with regard to the Charter when we get to Havana. Therefore I should be rather inclined to take the present draft.

CHAIRMAN: Is there any support for the proposal of the Delegate of China?

In view of the silence of the Members of the Committee, I will take it that the majority of the Committee are in favour of the retention of the text in its present form.

The Delegate of China.

H. E. Dr. WUNSZ KING (China): I accept your ruling, Mr. Chairman, but sometimes silence signifies the lack of opposition, too.

CHAIRMAN: May we now take up the United States re-draft of Article XXIII, as given in Document W/330.

Paragraph 1: are there any comments?
Mr. J. P. D. JOHNSEN (New Zealand): I think there is a minor typographical error in the fifth line of Paragraph 1 and I was wondering whether the word "activity" in the last line but two should not be "action".

M. ROYER (France) (Interpretation): Mr. Chairman, I would like to make a comment on the English text. It seems to me that in the Preamble we have used the word "objectives" and not "purposes" and we could use the same word here.

CHAIRMAN: The New Zealand Delegate has pointed out two typographical errors. The Delegate of France has proposed the substitution of the word "objectives" for "purposes". Is there any objection to this proposal? Is that agreed?

Are there any other comments on Paragraph 1?

Paragraph 2: it is necessary to decide upon the date which is given in square brackets.

The Delegate of the United States.

Mr. LEDDY (United States): I am wondering if we could fix a limited date. We are not certain how long the Havana Conference is going to last. I suppose such a meeting could take place at Havana. On the other hand, although we could say "not later than X day," I wonder if we should move up the date of February 1 and say March 1. Then if it is necessary to have an earlier meeting I suppose it could be arranged.

CHAIRMAN: The United States Delegate proposes the date of March 1. Is that agreeable?

(Agreed)

Are there any other comments on Paragraph 2?

Paragraph 3.
Mr. SHACKLE (United Kingdom): On this paragraph, Mr. Chairman, I would recall that I made a short statement when the original text came before the Committee. I do not think I need repeat that statement.

CHAIRMAN: Paragraph 4: Are there any comments?

M. ROYER (France) (Interpretation): Mr. Chairman, the French text will have to be reviewed, because it seems that the Secretariat has not yet understood fully the importance of capital letters here and there is a mixture of capital letters and small letters whenever the words "contracting parties" appear.

CHAIRMAN: I thank the Delegate of France for pointing that out.

Paragraph 5: Here also it will be necessary to decide what to do with the words in square brackets.

M. ROYER (France) (Interpretation): Mr. Chairman, if I remember rightly, I think the Committee decided to maintain the words in square brackets.

Mr. SHACKEL (United Kingdom): Mr. Chairman, my recollection is the same.

CHAIRMAN: Then I take it the Committee has already decided that the square brackets should be deleted.

Are there any other comments on Paragraph 5?

Paragraph 6.

The Delegate of Norway.

Mr. J. MELANDER (Norway): Paragraph 6 covers the same subject as Paragraph 7 of the original draft. I do not think we would have any objection to the text as suggested now in Paragraph 6, but, as I mentioned when we discussed Paragraph 7 of Article XXIII, I would like to reserve our definite standpoint on this until we have finished Article XXVII.
CHAIRMAN: The Delegate of the United States.

Mr. J.M. LEDDY (United States): Mr. Chairman, I just have one question on paragraph 6, and that is, I wonder whether it is necessary. Part II is superseded by the Charter and, of course, this Article really disappears; there are no further functions of the contracting parties to be exercised, because the substantive provisions providing for such functions would have disappeared, and the functions would be automatically transferred to the International Trade Organization. Now, to whatever extent supersession took place, then all the functions involved in the supervision of those provisions would automatically go to the I.T.O., and the balance would remain here; so I wonder whether we might not delete the paragraph.

CHAIRMAN: The Delegate of Chile.

M. Angel FAIVOVICH (Chile) (Interpretation): Mr. Chairman, if I can speak on paragraph 5 again, although we have left the subject, I would like to make a statement. I must say that we regret the provisions which are inserted in paragraph 5 of Article XXIII and the qualification here of a double majority: one majority of two-thirds of the votes cast, and a majority of more than half of the Contracting Parties. As we have stated, we are opposed to such a provision and therefore we must reserve our position on this point.

CHAIRMAN: Due note will be taken of the reservation of the Delegate of Chile, but I hope that when we come to the third reading of this Article the Delegate of Chile may be in a position to withdraw this reservation.
Mr. B.N. ADARKAR (India): Mr. Chairman, the words "contracting parties" at the beginning of the passage enclosed in square brackets should be in capitals, I think.

CHAIRMAN: I take it that the Delegate of India is quite correct.

Mr. R.J. SHACKLE (United Kingdom): Regarding the proposal Mr. Leddy has made to delete paragraph 6, expressing an off-hand opinion I would see no objection to that, because, as far as I can see, all that paragraph 6 says is that the functions shall be transferred, except insofar as it is decided that they shall not be transferred! That, surely, is a thing which is hardly worth saying. If desired, of course, one could defer the question until we have discussed Article XXVII, but I should have thought we could very well agree with Mr. Leddy's proposal straight away.

CHAIRMAN: The Delegate of France.

M. ROYER (France) (Interpretation): Mr. Chairman, I quite agree with Mr. Shackie that paragraph 6, as it is drafted now, does not present much interest; but nevertheless I wonder if we ought not to indicate in a very precise manner that as soon as the I.T.O. is created, the functions of the Contracting Parties should be transferred to the I.T.O., and this, at least, is the view of the French Delegation, because I really do not think that we can run two parallel organisations at the same time.

Within the I.T.O. there will be a Tariff Committee, and this Tariff Committee will have the same functions as the Contracting Parties. On the one hand, the Contracting Parties
have the same functions as the Conference and on the other hand, the same functions as the Executive Board. I do not feel that we should have two parallel organisations working at the same time on the same matters, because we would be having perpetual conflicts of law. This would be bringing about chaos and anarchy, and therefore we have to write in an Article here stating that as soon as the Organisation is set up, the functions of the Contracting Parties will have to be transferred to the Organisation; or if we do not want to do this, we have to redraft the Charter.

CHAIRMAN: Are there any other comments with regard to the proposal to delete this paragraph?

Dr. Z. AUGENTHALER (Czechoslovakia): Mr. Chairman, I would like to state that we share the opinion of the French Delegate.

Mr. R.J. SHACKLE (United Kingdom): I would only suggest, Mr. Chairman, that we had better consider the matter in relation to Article XXVII.

CHAIRMAN: I think the remark of Mr. Shackle is a pertinent one. Perhaps we might put this paragraph in our clean text in square brackets. Is that agreed?

M. ROYER (France): (Interpretation): Mr. Chairman, there is another proposal, which consists in placing into square brackets the words "except to the extent that they may agree otherwise pursuant to paragraph 2 of Article XXVII".

Mr. R.J. SHACKLE (United Kingdom): That would leave a free field to have wide square brackets!
CHAIRMAN: I think everyone will be satisfied if the square brackets are around the whole paragraph, because the greater always includes the less. Is that agreed?

The United States Delegation proposes that wherever the word "Committee" appears in the General Agreement, it should be changed to "Contracting Parties". This will occasionally require consequential changes in related verbs, as, for example, changing "if the Committee decides" to "if the Contracting Parties decide". The proposal continues: "The first reference to the Contracting Parties appears in Article V, paragraph 5, of the General Agreement. The words in parentheses in the fourth and fifth lines from the bottom should be changed to read "hereinafter referred to as the Contracting Parties".

Is that proposal agreed?

M. ROYER (France) (Interpretation): Mr. Chairman, I wonder if we might not ask the Secretariat to attach a glossary to the General Agreement, because the words are used so often in a way completely different from their normal meaning. I think that for the interpretation of the General Agreement a glossary would certainly be very useful.

CHAIRMAN: The Secretariat will make these consequential changes, and I think we are now in a position to invite the Secretariat to prepare a clean text of the Agreement. It will be necessary for them to put in square brackets certain provisions such as the Report of the Sub-Committee which is meeting this afternoon, dealing with paragraph 3(b) of Article XXIV. We will also put in square brackets the Protocol of Signature, and we will put in square brackets the Australian proposal dealing with the new Article providing for suspension
and supersession. With these exceptions, the text will be clean and I propose that at the next meeting, which will take place on Monday, we should take up the paper prepared by the Secretariat on signature of the Final Act, the Protocol of Signature, and the Australian proposal regarding the Article pertaining to suspension and supersession.

CHAIRMAN: The Delegate of Norway

Mr. J. MELANDER (Norway) Has the United States proposal for a new paragraph 6 to article XIII been dealt with?

CHAIRMAN: No, that has not been dealt with yet, and there have been amendments proposed to that Article, so I think we will just, in that case, refer to a new paragraph 6 without giving the text.

Dr. Gustavo Gutierrez (Cuba). When will we have that clean text, Mr. Chairman?

CHAIRMAN: I will not promise that it will be distributed first thing on Monday morning, but it will be distributed at the meeting on shortly before the meeting on Monday afternoon.

I wish to announce that the Sub-Committee dealing with Article XXIV will meet this afternoon at 3.15 instead of at 2.30 as originally announced.

The meeting is adjourned.

(The meeting rose at 1.5 p.m.)