Summary Record of the Third Meeting of the Tariff Agreement Committee

Held on Monday, 11 August, 1947, at 2.30 p.m. in the Palais des Nations, Geneva

Chairman: Mr. L.D. WILGRESS (Canada)

The CHAIRMAN indicated that the meeting was open for a general debate concerning the Report of the Tariff Negotiations Working Party on the General Agreement on Tariffs and Trade (E/PC/T/135). He remarked that it would be desirable for the time being to avoid discussion of the suggestion put forward by the Australian Delegation that Article I of the General Agreement should be deleted, but that this proposal would be discussed at a later meeting. He drew the attention of the Committee to the supplementary report (E/PC/T/153) on the Schedules to be attached to the General Agreement, and observed that the detailed discussion on the supplementary report would be deferred until the general question of the Schedules came up, although it would be open to any member to refer to this supplementary report during the course of the present debate.

Mr. S.L. Holmes (United Kingdom), after observing that his government would attempt to conform with any arrangement agreed to concerning the program for the signature and enforcement of the General Agreement, declared that the United Kingdom Government would find difficulty in accepting an obligation to put the tariff schedules into effect earlier than 1 January, 1948, in view of the complexity of the technical process involved and in view of the requirements of the United Kingdom parliamentary procedure. He suggested that it would be useful if members of the Committee could be provided with some sort of analysis of the views which had been expressed. The CHAIRMAN agreed that it would be desirable to have a summary of the views expressed by the various Delegations during the earlier part of the debate regarding (a) the date of signature and (b) the provisional application of the Agreement. He proposed that such a summary might be appended to the Annotated Agenda to be issued shortly on the basis of amendments relating to Part III submitted to the Secretariat by noon, 11th August. The CHAIRMAN agreed with a further suggestion made by Mr. McCarthy (Australia) to the effect that, so far as possible, the summary might be accompanied by notes indicating in the case of each country whether parliamentary sanction was required and whether the securing of such parliamentary approval was practicable.
Dr. Z. Augenthaler (Czechoslovakia) read extracts from the general comments which had been submitted by his Delegation (and which now have been circulated as Document E/PC/T/19/2) referring to statements which had been made by the Norwegian and Canadian representatives at the Economic and Social Council concerning the relationship between the Council and the Preparatory Committee. He observed that, in the view of his Delegation, the conclusion of the General Agreement represents action taken outside the Economic and Social Council. He pointed out, further, that under the arrangements proposed in the draft General Agreement, there would be a danger of having conflicts and inconsistencies between the ITO and the executive organ charged with the administration of certain provisions of the General Agreement. Accordingly, his Delegation suggested that it would be appropriate

(a) to submit the draft Agreement before it is put into force to the Economic and Social Council so as to make sure that there will be nothing in the Agreement which would conflict with the policies of the United Nations generally and the Economic and Social Council especially,

(b) to limit the scope of this Agreement in such a way as to enable its earliest liquidation as soon as the Charter has been put into force and also to enable a quick transfer of all the functions of the "Committee" to ITO.

Mr. Holmes (United Kingdom) recalled the resolution adopted by the First Session (and incorporated in Document E/PC/T/1 as Annexure 7) in which the Preparatory Committee had interpreted the tariff negotiations as an essential part of the preparatory work entrusted to the Preparatory Committee by the Economic and Social Council. He observed that the Economic and Social Council, in its discussion since the First Session of the Preparatory Committee, had not questioned this proposal or suggested that the draft General Agreement should be submitted to the Council. He continued that the debate at the recent session of the Economic and Social Council had already been discussed at the Preparatory Committee and some of the arguments during that debate had been questioned and that, furthermore, those arguments were directed at the question of voting rights at the World Conference and did not, in his judgment, bear on the question of preparing and bringing into force a General Agreement on Tariffs and Trade. He remarked that the Czechoslovakian representative at the Economic and Social Council had voted on that occasion against the position which the arguments now quoted by the Czechoslovakian Delegate were intended to support. Mr. H.F. Angus (Canada) also questioned the relevance to the present problem of the quotations from the statement by the Canadian representative at the Economic and Social Council. He explained that the Canadian representative on that occasion was maintaining that the comprehensive purposes of the United Nations should prevail over those of an organization with a limited objective and that non-Members of the United Nations should not have the benefits without sharing the burdens. He felt that the position taken by the Canadian representative at the Economic and Social Council on relations between the Council and Specialized Agencies and on the distinction between Members and non-Members of United Nations
did not affect the question of the signature of the General Agreement since, in his view, the signature of the General Agreement represented a quite different situation involving only states which were ready to undertake obligations in respect of one another and to carry out those obligations.

Mr. Garcia-Oldini (Chile) questioned the suitability of the amendment procedure provided in Article XXVII of the General Agreement. He remarked that the General Agreement, although established by a minority of states, could not be readily modified under the present provisions of Article XXVII, even though the great majority of states might have approved a Charter containing essential modifications in the texts of certain articles contained in the General Agreement. He felt that logically any modification in the Charter should be transferred to the Agreement. He expressed the view that the present text of Article XXVII, since it would obstruct such modification, would probably prevent many states from signing the Agreement if the Article remains unchanged.

Mr. Paranagua (Brazil) remarked also that under the procedures now suggested a country which adhered both to the General Agreement and to the Charter eventually approved at the World Conference, might find itself subject to two different sets of obligations. He pointed out that it would be difficult, however, to provide for the automatic substitution of the final text of the Charter for the corresponding articles in the General Agreement since such a substitution would presumably also require approval by parliaments in the same manner as the original text of the General Agreement. He raised a question also as to the significance of the reference in Article XXVII to the possible suspension, "in whole or in part", of any provisions in the General Agreement corresponding to provisions in the Charter. He inquired who would determine which part of any provision would disappear and which part would remain.

M. P.A. Forthomme (Belgium) asked whether, if the General Agreement were to be regarded as provisional pending the coming into force of the Charter, the tariff concessions negotiated at Geneva also were to be regarded as merely provisional. He questioned the value of the tariff negotiations if the Agreement were to be regarded as provisional and if, as a consequence, the concessions also were merely temporary. In answer to suggestions that the incorporation in the General Agreement of the texts of certain articles in the form approved at the Second Session would unfairly impose on future members the tentative results of the present discussions, he observed that the alternative procedure, whereby the Havana texts would more or less automatically supersede the Geneva texts, would impose in advance provisions of which nothing is known at present. He thought that such an alternative would be much more dangerous than the present procedure. He was of the opinion that if the Conference produces a Charter which is different from the text adopted here, the participants in the General Agreement should be left some measure of liberty in determining what they are to do. He mentioned four possible courses of action which they might follow:

(a) they could introduce into the General Agreement the revised texts even if they were somewhat different, or
they could maintain the provisions in Part II insofar as those provisions did not violate the final text of the Charter, or

c) they could maintain the General Agreement but not accept the Charter, or

d) they could abrogate the Agreement if the final text of the Charter were found to be unacceptable to them.

Mr. Moubarak (Lebanon) expressed his interest in the views put forward earlier by the Czechoslovakian Delegation and suggested that those views should be discussed further at a later stage. He agreed with other Delegations on the problems involved in the relationship between the Havana text of the Charter and the Geneva text of both the Charter and of the General Agreement. He referred in particular to the problem that arose in the case of a customs union comprising one Member which had an opportunity to participate in the early elaboration of the Charter and another Member which would not have such an opportunity until the Havana Conference. It was possible that the latter Member might have rather different views on the Charter from those which had been expressed by other Members in the earlier discussions and would, therefore, be unwilling to bind itself to such provisions in their present form if there was any prospect of their being modified at Havana. In the case of Syria and Lebanon, he was of the opinion that signature on behalf of Syria could take place at Geneva only if the articles approved here and the articles as finally approved at Havana were to be similar. He felt that the Agreement could be signed if it dealt only with tariffs and if it contained only articles which were not likely to be changed substantially.

Dr. Augenthaler (Czechoslovakia) proposed that action at the present stage should be confined to the signature of a Protocol in which the contracting parties would undertake to put the negotiated tariff reductions into force in a manner appropriate to their constitutions. He suggested that the negotiated reductions might best be put into effect through existing commercial treaties. Then, when the ITO comes into being the contracting parties would be free to revise such commercial treaties in the light of the final provisions in the Charter.

Mr. Oftedal (Norway) remarked that the views of the Norwegian Delegation were as stated in a paper submitted to the Secretariat (E/PC/T/W/272).

The CHAIRMAN indicated that, as there were no other speakers, the general debate would be regarded as concluded and the discussion would be resumed after the circulation of the Annotated Agenda when Part III of the draft General Agreement would be taken up, article by article. In reply to a question from Mr. E. McCarthy (Australia) the CHAIRMAN stated that the Preamble and Protocol would be taken up in connection with Part III. The discussion would also cover the question of the Schedules dealt with in E/PC/T/153. He reminded Delegations that any amendments to the document on Schedules should be submitted to the Secretariat before Thursday, August 14th. He stated that any such amendments would be
circulated as a separate supplement to the Annotated Agenda on Part III.

The CHAIRMAN observed further that the suggestion of the Czechoslovakian Delegate concerning the signing of a Protocol instead of a General Agreement could be considered in connection with Articles XXIV, XXVII or XXXII. He thought it best to determine at a later stage under which article this proposal should be considered.

The CHAIRMAN informed the Committee that, according to the present timetable, the next meeting would take place at 2.30 p.m., August 16th. At the next meeting the articles in Part III would be considered in detail commencing with Article XXII.

The meeting rose at 4.20 p.m.