

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE A (ARTICLES 16, 17, 18, 19)

NOTES OF THE NINTH MEETING

Held Saturday, 27 December 1947, 10.30 a.m.

Chairman: Dr. G. A. LAMSVELT (Netherlands)

1. It was agreed to adopt the New Zealand delegate's suggestion to revise numbered paragraph 1 of the Notes of the Seventh Meeting, 22 December 1947 (E/CONF.2/C.3/A/W.11) as follows:

"There are no exceptions to the obligation to enter into negotiations directed to the elimination of the preferences referred to in paragraph 2 of Article 16."

2. It was agreed, on the suggestion of the Peruvian delegate, to add to the Notes of the Eighth Meeting, 23 December 1947 (E/CONF.2/C.3/A/W.15) in paragraph 3, after the words "The Peruvian delegate withdrew his delegation's proposal" the following: "because it appeared from the discussion that its objective was already sufficiently covered by Article 13".  
Agenda Item 1 - amendments to rules for negotiations; exemptions from requirement to negotiate; criteria for determining failure to negotiate.

3. Items 28 and 40 - economic development (Haiti) (Chile)

It was agreed that these proposals had been covered in principle by the discussion at the previous meeting regarding special consideration in negotiations for under-developed countries.

4. Items 31 (iv), 32 and 33 (i) - ad valorem basis (Mexico) and automatic tariff reductions through currency depreciation (Colombia) (Peru).

The Sub-Committee agreed in principle as follows:

- (a) Members should be entitled to convert specific duties into ad valorem duties prior to negotiations, subject to agreement as to the appropriate base year for conversion.

NOTE: References are to items in the Revised Annotated Agenda (E/CONF.2/C.3/6)

/(b) Members should

(b) Members should not be entitled automatically to increase the level of specific duties prior to negotiations to compensate for devaluation of their currencies; but this could be allowed during the negotiations in the light of the actual effect of the devaluation.

(c) Low specific tariffs which have resulted from devaluation in a Member's currency should be taken into account in negotiations by other Members in the sense of paragraph 1 (b).

(d) Members should not be entitled to increase specific tariffs merely to offset price increases (not related to the devaluation of the currency).

Specifically the Sub-Committee reached substantial agreement that

(a) It is not necessary to write the Mexican proposal (Item 31 (iv)) into Article 17 because nothing in this Article would preclude the conversion of specific into ad valorem duties prior to negotiations, subject to agreement as to the base date.

(b) The Peruvian proposal (Item 33 (i)) should not be written into Article 17 because no general rule would be applicable. For example, a substantial reduction in the level of specific tariffs due to devaluation might be recognized in principle as a concession equivalent in value to the substantial reduction of high tariffs or the elimination of tariff preferences, but each case would have to be examined on its merits. On the other hand, a reduction in the level of specific tariffs due to a rise in prices should not be considered as a substantial concession warranting like concessions unless arrangements were made to maintain the protective incidence of the tariffs at the same level when the prices fell.

(c) Most of the Members of the Sub-Committee, while agreeing in principle with the Colombian proposal (Item 32), considered that it was already covered by paragraph 1 (b). The Colombian delegate preferred that some reference be made in paragraph 1 (b) to low tariffs resulting from currency devaluation or that some explanation be made, but indicated his willingness to leave the question to a drafting group.

5. Items 28, 34, 40 and 41 - revenue tariffs (Haiti) (Ceylon) (Chile) (El Salvador)

The discussion of these items was continued to the next meeting.

6. The Chairman proposed that the delegates of Australia, France, Mexico, Peru and the United States constitute a drafting group; that the notes of

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Sub-Committee meetings, together with the proposals listed below (which should be referred directly to the drafting group) serve as a guide to the drafting group in their preparation of a text of Article 17 for consideration by the Sub-Committee:

Suggested revision of paragraph 1 (c) (France) (E/CONF.2/C.3/A/W.13)

Suggested new sub-paragraph 1 (e) and new paragraph 4 (United States) (E/CONF.2/C.3/A/W.7)

Suggested additions to rules for negotiations (Mexico) (E/CONF.2/C.3/A/W.13)

Suggested redraft of Article 17 (Australia) (E/CONF.2/C.3/A/W.9)

The Chairman's proposal was agreed.

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