

ment, it must be understood that it was agreed upon before this agreement at Geneva, and these considerations did not enter into it.

Hon. Mr. HAIG: I come from the west, and I know that is true.

Hon. Mr. KINLEY: Could you quote the rule?

Mr. DEUTSCH: Yes, the rule is on state trading.

Hon. Mr. TURGEON: At what page is it found?

Mr. DEUTSCH: I do not think it is in the agreement; I am talking about the charter now. I will read Article 30.

1. (a) Each Member undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment applied in this Charter to governmental measures affecting imports or exports by private traders.

In other words, the same rules that govern the trade by private traders must be applied in the case of governmental organizations; they must conduct their operations in an undiscriminatory manner. Article 30 further reads:

(b) The provisions of sub-paragraph (a) of this paragraph shall be understood to require that such enterprises shall, having due regard to the other provisions of this Charter, make any such purchases or sales solely in accordance with commercial considerations, including prices, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the enterprises of the other Members adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

Hon. Mr. KINLEY: That is pretty narrow; it is only for spite.

Mr. DEUTSCH: The next question is, could this be enforced? Here we are entering into an untried field.

The CHAIRMAN: It is experimental.

Mr. DEUTSCH: That is so, and it was frankly admitted at Geneva that we would have to have some experience, and the hope was expressed that a system of case law could be built up on the detailed application of the rules.

The CHAIRMAN: That takes time.

Mr. DEUTSCH: We are entering a field where it is admitted that we do not know everything we should know at this time. As I say, it is hoped that we can build up a system of case law based on experience, and any member who feels himself injured by the action of another member, can complain to the organization; the organization will investigate the situation and give the recommendations. If it is found that injury has been done or discrimination practised, the organization may enforce the rule.

Hon. Mr. KING: Senator Haig mentioned the fact that Russia was negotiating with Great Britain. Since Russia is not a party to this agreement, what is Great Britain's position in that respect?

Mr. DEUTSCH: The question of the relationship of one member with a non-member is a matter which was not completed at Geneva. That was one of the items which was sent over to the Havana conference. It was felt at the Geneva conference that there were not enough countries represented to properly deal with that question; the problem was so big that it was decided to have it settled at Havana.