

SUMMARY RECORD OF THE SIXTH PLENARY MEETING

Held at the Capitol, Havana, Cuba  
on Friday, 28 November 1947 at 4.00 p.m.

President: Mr. Sergio I. CLARK (Cuba)

1. RULING ON POINT OF ORDER

The PRESIDENT, referring to the point of order raised at the previous plenary meeting by the representative of the Netherlands, ruled (1) that as the present Conference was of an economic and technical nature, representatives should refrain from making statements of a political character; (2) no representative should attack another country.

He requested the representative of the Indonesian Republic to withdraw certain parts of his speech, made at the fifth plenary meeting, which infringed the foregoing ruling.

Mr. GANI (Indonesian Republic) accepted the President's ruling, stating that he would consult with the President on the parts to be withdrawn.

Dr. SPEEKENBRINK (Netherlands) said that when replying to the speech made by the representative of the Indonesian Republic, he would confine himself to that part which had not been withdrawn. He was willing to submit his own speech to the President before he delivered it.

2. GENERAL DISCUSSION (Continued)

Mr. HAIDER (Iraq), speaking also on behalf of the Government of the Kingdom of Transjordan, said that although Iraq and Transjordan had not participated in the drafting of the ITO Charter, they were in complete agreement with the purposes of the Organization and with many of the principles laid down for the regulation of international trade.

He emphasized that the Conference should aim at the maximum degree of elasticity, and should ensure that stability did not counteract expansion, which should be so balanced that there would be the fullest development in all parts of the world.

Underdeveloped countries should be helped during the transitional period to carry out their obligations and to develop their resources until such time as they could carry out all the obligations of the Charter.

/He pointed

He pointed out that since the opening of the Suez Canal great progress had been made in his country. However, Iraq had been hampered by lack of capital, experience and skill, and the recent war had halted irrigation schemes and other construction projects. Certain restrictions had had to be placed on the importation of goods from hard currency areas.

Iraq and Transjordan were members of the Arab League and were bound by the decisions of that League to strengthen economic ties among Arab countries. By the Treaty of Lausanne preferential treatment was given to those countries which had been part of the Ottoman Empire, and Iraq had been one of those countries. He noted that the Charter did not exclude preferential treatment, but he felt that the interests of all would be better served if they reserved the right freely to practice preference in order to foster the development of that part of the world to which they belonged.

Until recently Iraq had never refused entry to goods on grounds of origin or prohibited the sale of goods on grounds of destination, nor had she prevented the passage of goods on either of those two grounds. However, such decision had been imposed on her in conformity with a decision of the Arab League which had been taken before the drafting of the proposals which led to the Charter of the ITO. He was confident that there would be safeguards in the Charter to protect Iraq's vital interests in that respect. (For fuller text see Press Release ITO/52).

Dr. HAKIM (Lebanon) stressed the need for a system of economic co-operation and said the ITO represented an attempt to create such a system, although the draft Charter, which had been prepared with the greatest care, did not give complete satisfaction to all nations. It had been subject to many reservations by the members of the Preparatory Committee.

He emphasized that Lebanon was a trading country and needed to be developed in order that a higher standard of living might be provided for its people. The reduction of trade barriers would contribute to the development of underdeveloped countries such as the Lebanon. Fully developed countries should help in every possible way, as the development of production in backward countries was necessary for the maintenance of a high level of economic activity in advanced countries.

If the economic system was not to break down accumulation of capital should have an outlet, and that outlet was to be found in the underdeveloped countries. That fact should be realized by highly-industrialized countries.

Lebanon was a member of the Arab League and as such had to be guided by a policy of economic co-operation with other Arab countries, and had first

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to consider the common interest of those countries. That interest did not conflict with the trading countries of the world, but should there be any conflict in economic policies Lebanon wished to make sure that the interests of the region to which it belonged was safeguarded. Regional economic co-operation among small nations was the proper basis for world-wide economic co-operation. (For fuller text see Press Release ITO/67).

Mr. PHILIP (France) stated that the work of the present Conference was definitive and should be accomplished in a spirit of compromise in order to achieve a generally acceptable Charter. Texts which were found unacceptable by several delegations should not be adopted merely by majority votes. He hoped that those countries which had not participated in the work would eventually adhere to the Charter since world unity must not be disrupted. Formulae should be sought aiming towards an increase in production and trade and a raising of the standard of living in all countries.

A certain number of nations had shown their true desire to make the Charter effective by signing the General Agreement on Tariffs and Trade in application of Article 17 of the Charter. What was wanted was co-operation to avoid a repetition of past international depressions and economic chaos - the result of untrammelled economic chauvinism, with resulting trade barriers and discriminations. The ultimate aim of the Conference was to define the purpose in view, namely, the development of international commerce by the gradual suppression of restrictions and discriminations. It was essential to organize exchanged on a sound basis so that every nation could benefit from the division of labour and specialized production best suited to each.

The problem of Europe was one of economic harmonization; reconstruction would take longer than anticipated. Concerted international action was essential to prevent future economic crises.

Economic equilibrium could only be achieved by an expanding world economy; each country must be prepared to relinquish a portion of its sovereignty for the common good. (For fuller text see Press Release ITO/73).

Mr. VANER (Turkey) said his Government had followed with great interest the preparatory work which had resulted in the draft Charter. That draft could be criticized, but his delegation considered that it was a compromise between the ideal which all wished to achieve and the numerous restrictions and economic barriers in force at the present time, and which it was hoped would be removed at a not too distant date. The well-being of every nation depended on the prosperity of all.

/His Government

His Government was anxious to see the Charter become effective and would do its utmost to achieve the aims laid down in it. Turkey had already initiated a trade policy based on general and multilateral equilibrium.

There were two courses open to nations at the present time - on the one hand they could protect themselves by restricting imports, subsidizing exports and entering into bilateral agreements. That course could result in the lowest possible balances of bilateral payments and would reduce the standard of living even in the most powerful countries. On the other hand, nations could accept the spirit of the Charter and thus ensure the greatest possible exchange of trade and increased production.

(For fuller text see Press Release ITO/50)

The Rt. Hon. Walter NASH (New Zealand) thought that there was general agreement as to the desirability of the objectives outlined in Chapter I of the Charter. In the relatively undeveloped countries and also within the larger countries, which were usually considered to have reached a high level of development, there were too many people whose standards of living were intolerably low. The world could not indefinitely tolerate the disequilibrium in distribution of goods which had characterized international economy in the past. It was essential to increase production, promote international exchange and ensure effective demand in all countries.

A policy of import selection or quantitative regulations together with control of exchange had enabled New Zealand to develop her resources.

New Zealand desired to continue their bulk sale system and also that of guaranteeing a price that would cover costs to producers of meat and dairy products. His Government believed that domestic planning and deliberate government direction and guiding of production and distribution would bring better results than the free play of market forces.

His delegation believed that the objectives of the Organization could best be realized by each nation:

- (1) consciously developing the human and material resources of its territory with the object of maximum production of goods and services in current need;
- (2) exporting all goods surplus to current requirements;
- (3) importing to the limit of its export realizations after debt and other external commitments had been met; and
- (4) negotiating with other nations with a view to promoting that development of international industrial specialization which, while enabling each nation to make the maximum contribution to world production and living standards, preserved its own living standards.

Those objectives required the assistance of the advanced nations in the supply of credit and the provision of the necessary equipment to  
/underdeveloped

underdeveloped countries.

The New Zealand delegation hoped that a sensible system of production and distribution would be devised for the benefit of all nations.

(For fuller text see Press Release ITO/68)

Mr. GRUNDY (Peru) recalled that his Government had suggested at Bretton Woods that a world trade conference should be convened since the International Monetary Fund and the Bank for Reconstruction and Development were not sufficient to give the advice and assistance needed by so many countries.

He paid tribute to the work of the Preparatory Committee and of the Inter-American Economic and Financial Committee in the preparation of the draft Charter. The draft Charter was a compromise between an ideal and a reality, but it had certain defects.

Mr. Grundy referred to the four principal parts of the draft Charter, the greater part of which was concerned with economic problems and trade policies, although equal stress was not laid on both questions.

Underdeveloped countries could not be placed on an equal footing with advanced countries. Agreements must be reached to give force to that principle, since otherwise the less developed countries could neither increase their resources nor improve their standard of living.

Chapters II and III of the Charter required revision and implementation. The Government of Peru was in agreement with the principle contained in Chapters IV and V, namely that international trade should be organized on a multilateral basis.

Peru was a nation of free trade but had suffered from the restrictive practices of other countries. His Government accepted the principles contained in each of the various sections of Chapter IV, but felt that that the restrictive clauses should be carefully revised.

Concrete proposals would be submitted in regard to Article 16.

Mr. Grundy said that once the ITO had been constituted all countries having accepted the Charter should have the right to participate in the work of the Organization.

The meeting rose at 6.15 p.m.

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