

*United Nations*  
CONFERENCE  
ON  
TRADE AND EMPLOYMENT

*Nations Unies*  
CONFERENCE  
DU  
COMMERCE ET DE L'EMPLOI

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SUMMARY RECORD OF THE SEVENTH PLENARY MEETING

Held at the Capitol, Havana, Cuba on  
Saturday, 29 November 1947 at 4.00 p.m.

President: Mr. Segio I. CLARK (Cuba)

The PRESIDENT opened the meeting and called on the delegate of Southern Rhodesia.

Sir Ernest GUEST (Southern Rhodesia) noted that this was the first occasion on which his country had been invited to attend an international conference in its own right. The self-governing Colony of Southern Rhodesia, while not a Member of the United Nations and not enjoying all sovereign rights, did possess full autonomy regarding external commercial relations and was therefore very much interested in this conference.

He agreed with the disappointment and dissatisfaction expressed by other representatives with the decision of the Economic and Social Council to restrict voting rights to Members of the United Nations but was confident that the Council would reconsider it. Burma, Ceylon and Southern Rhodesia had been recognized fully at Geneva, yet now they were not allowed the right to vote on a Charter which would very much influence their future economic and social existence. Nevertheless, Southern Rhodesia would be anxious to contribute to the success of this Conference, as she had contributed to the winning of the war.

While Southern Rhodesia's external trade exceeded that of certain Member nations, it had at present, not yet reached large proportions. It was to be expected, however, in view of the abundant natural resources of the country that its international trade would soon increase considerably. It was for that reason that the provisions of the Charter dealing with economic development were very important to his country, particularly those dealing with economic assistance to weaker Members and those calculated to accelerate the process of economic development.

He warned against narrow nationalism which would destroy the aims of the Charter, and expressed his appreciation of the friendly and co-operative spirit at the meetings of the Conference which would inspire his Delegation to make every effort to bring them to a successful conclusion.

(For fuller text see Press Release ITO/49)

/Mr. STUCKI

Mr. STUCKI (Switzerland) thanked the Preparatory Commission for the admirable work it had accomplished. Switzerland, without raw materials or access to the sea, was greatly dependent on foreign trade, and in fact, had the greatest volume of foreign trade per capita in the world.

The Swiss delegation had some doubts as to whether it was possible to settle all the complex trade problems by one instrument, but the Preparatory Committee had had good reasons for taking this procedure and he accepted it.

He called attention to the unique situation of Switzerland where any agreement reached would have to be ratified not only by Parliament, but also by the people. Multilateral conventions necessarily restricted the freedom of action of the contracting parties which would accept sacrifices only if they were compensated by advantages. Parliaments and public opinion would have to be convinced that this was the case.

The Preparatory Committee had not taken account of the unique position of Switzerland. The result was that this balance between sacrifices and advantages showed a deficit in the case of his country.

Switzerland was facing the increasingly restrictive attitude of many countries forbidding importation of Swiss goods or refusing the necessary currency for their payment. Such obstacles were much more serious to international trade than high customs duties.

Switzerland would gladly welcome the application of the principles of the Charter abolishing or restraining quantitative restrictions and other indirect protections, but from these principles exceptions had been permitted which creates serious difficulties. Under Article 21, States with a disequilibrium in their balance of payments had the right to maintain existing restrictions as well as to establish new ones and to discriminate against countries with a sound currency.

In the field of imports the prospects were equally dark. Many nations were stimulating exports by all means, particularly to hard currency countries. Thus, Switzerland was faced with a flood of imports which its national production could not resist without protection. Switzerland had not relied on high customs tariffs but rather on quantitative restrictions on imports, conditions of purchase of Swiss manufactured goods, and other means.

The Draft Charter would force us to give up this system in favour of protection by low customs tariffs. Under normal conditions this might be possible but under present conditions such a system would be impossible.

The escape clauses provided for in the Charter did not afford adequate protection in the opinion of the Swiss Government and his Delegation would

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therefore propose in section F of Chapter IV of the Charter a general clause safeguarding the interests of those countries which cannot make use of the provisions of Article 21.

Such a clause would admittedly weaken the Charter's principles but the exceptional situation in which Switzerland found itself would not permit any other step. Countries in better economic condition and with a strong currency could not remain isolated and had obligations towards weaker nations, and Switzerland had, in fact, granted to other European countries credits of about one billion Swiss francs and permitted large volumes of merchandise to be imported. The deficit in the trade balance for the first ten months of this year had risen to above one billion Swiss francs, or 300 francs per capita.

While not misunderstanding or forgetting the difficulties of other countries, he urged that the unique difficulty of Switzerland be appreciated. (For fuller text see Press Release ITO/57)

Mr. BHABHA (India) expressed satisfaction that his Delegation had been associated since its first session with the Preparatory Committee and paid tribute to the spirit of mutual understanding in which modifications had been arrived at to meet the needs of countries with different economic systems and in varying stages of economic development.

He would maintain the reservations his Delegation had made at Geneva but assured the Conference of the general agreement of his Government with the broad outlines of the Charter. He did not believe that automatic expansion of world trade would follow upon signing of the Charter, however, since the main problems were those of production, repair of war damages and exploitation of resources now lying idle. The agency controlling the terms and conditions of such development should be decided by a national rather than by an international agency. The misgivings, particularly of countries in the early stages of industrial development, in this respect should not be disregarded.

(For fuller text see Press Release ITO/83)

Mr. MULLER (Chile) recalled the contributions of Chile in the League of Nations, in San Francisco and in the Pan-American Union as well as in the Preparatory Committee.

While fully agreeing with the aims of Article 55, Paragraph A, of the Charter of the United Nations, he emphasized the fundamental differences in the standards of living of different countries. Because under-developed nations had to protect their industries until they would be able to do without barriers, they were reluctant to accept all the measures which might jeopardize  
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their own development and the improvement in the standard of living of their peoples.

In Chile the working classes were well organized, and insisted upon the attainment of a better standard of living. Chile's problem was essentially an economic one and all provisions facilitating economic development would receive its full approval. On the other hand, measures which would impede its progress, due to the lack of sufficient capital, would have to be rejected.

As in Geneva, his Delegation would associate with those countries whose undeveloped economies required long range measures reaching further than guaranteeing security to the investors. Chile desired the investment of foreign capital on an equal footing with national capital. While grateful for past and future loans, he felt that the Charter should provide for a mechanism to aid international investment of private capital. There was no organism or agency to facilitate the acquisition of capital by an industrialist in an under-developed country when he could not obtain it at home.

He appealed to the more highly industrialized nations not to obstruct industrialization of under-developed countries and emphasized the necessity of industrial development for his own countries which needed diversification both for domestic consumption and for export in order to avoid the fluctuations of prices in the international market. The discrepancy between prices paid for the export of basic goods and the import of industrial merchandise was the cause of a serious disequilibrium in the Chilean balance of payments. In consequence, Chile had been obliged to establish various restrictions such as exchange controls, permits, quotas, etc., all of which were unavoidable if its already serious balance of payments was not to be further aggravated.

The main problem was to find a balance between the provisions in the Charter dealing with trade and those dealing with economic development. Only some of the proposals which his Delegation had presented in London and Geneva had been accepted. However, even those that had been disregarded would continue to be advanced by his Delegation in order to achieve an instrument equally just to the interests of economically mature and undeveloped countries.

When attempting to assist undeveloped countries he advocated preferential agreements between neighbouring states as much as the establishment of multilateral tariff agreements. He felt, however, that previous authorization by the Organization was not indispensable. He repeated the suggestion made by his Delegation in Geneva to allow undeveloped countries the application of quantitative restrictions as a safeguard to their own infant industries.

/He reaffirmed

He reaffirmed the stand taken by his Delegation in Geneva with regard to voting and insisted that equal votes by all members were essential.

He urged the Conference not to disregard the special situations in which different countries found themselves and which had already led to the adoption of solutions foreign to the initial purposes of the Charter. It was important to make possible a ratification of the Charter by the greatest number of states even if it was not perfect, but which would help to remedy the present chaotic conditions of international trade.

He promised full co-operation of his Delegation in the work and hoped that a Charter would be written aiding economic relations between countries without containing measures which might aggravate the difficult economic situation of the world.

(For fuller text see Press Release ITO/77)

Mr. GUINNESS (International Chamber of Commerce) brought to the Conference good wishes for the success of its work from the many million business men affiliated to his organization in thirty-six countries. He declared that the International Chamber of Commerce believed that the growth of multilateral trade and the revival and expansion of foreign investments were indispensable prerequisites of prosperous economic development and of high and effective employment and increasing standards of living. He made an appeal to the Conference to give business the tools in order to enable it to deliver the goods. Many of the delegations had made declarations which seemed to call for more restrictions and exceptions. It was not possible to expand by restricting. International economics was no exact science, but rather an art, and in solving the vast problems before the world much give and take was necessary. He hoped that a Charter would not be created which was so complex and full of exceptions as to be only an object of contention in the future between the scholars and lawyers. He suggested that the Conference adopt a self-denying ordinance, and that each time a delegation put forward a new reservation, it should ask itself - Is your amendment really necessary?

In the view of his organization the main objective was to get the International Trade Organization set up upon a basis of simple broad principles, and he hoped that it might be possible at the final session of the Conference to pass a short introductory resolution to set out these principles in presenting the Charter.

It was not the written word which was the most important, but the men who were to administer the Charter, and the willingness and single-minded intention of the member nations to make the Charter work. The great thing was to get the Organization set up as soon as possible, get the best men to run it, and then empirically to work out the problems as they arose, with  
/goodwill

goodwill and conciliation. He suggested that instead of trying to provide for every contingency by writing it into the Charter, a body of case-made law should be built up, founded on actual experience. This was long term work. What seemed vital to a delegation today might become a small matter in a few years time. Provision should therefore be made for the revision of the Charter say at three-year periods during its earlier years, and at longer intervals thereafter.

He concluded with an expression of faith in the indivisibility of world peace, world trade and world prosperity.

(For fuller text see Press Release ITO/56)

Mr. ODEE (International Co-operative Alliance) recalled that the Congress of the International Co-operative Alliance held at Zurich in 1946 had unanimously adopted a Resolution expressing whole-hearted support of the work which at that time had yet to be begun by the Preparatory Committee. The Alliance had been represented at the London and Geneva sessions of the Preparatory Committee and had thus had an opportunity to present to the Committee its comments on the Draft Charter.

The Draft Charter contained provisions for the consultation of the International Co-operative Alliance, as well as other non-governmental organizations, in order to ensure the most effective implementation of the Charter. This could be done with regard to Chapter V of the Draft Charter by expressly assigning to the Alliance specific tasks in carrying into execution the provisions of this chapter. Co-operative organizations all over the world should be afforded an opportunity, through the Alliance, of placing their experience at the disposal of the International Trade Organization by a more stable and permanent consultation both with regard to general studies and to the investigation of complaints, for which procedure had been laid down in Chapter V, and also with regard to Commodity Agreements and at Commodity Conferences.

Some complementary provisions might also be helpful in attaining the aims of Chapter VI without encouraging monopolistic price-fixing to the detriment of the consumer. The preliminary study of market conditions might include investigation of cartels, combines and other private agreements active in the particular market concerned. It might be feasible to establish some rule securing the right of all categories of buyers - Government organizations, private firms, co-operative enterprises - to buy without discrimination in a market where a Commodity Control Agreement was in operation provided the buyers were willing to pay the market price and to fulfil other reasonable seller's conditions.

/Increased

Increased production and the improved satisfaction of human needs could only be attained by ever-increasing freedom in international trade relations and abolition of all artificial trade barriers erected by short-sighted economic nationalism.

(For fuller text see Press Release ITO/72)

Mr. HASSAN D'JABBARA (Syria) considered that the role to be played by the International Trade Organization in the economic and social life of the world could not be over-estimated. His country came to the Conference animated by faith and a desire to co-operate with the nations represented in bringing the Charter to a triumphant success.

Countries could be divided into two groups: highly industrialized countries which needed outlets for the absorption of their finished products, and under-developed countries which were seeking to equip themselves industrially and to develop their resources. A crisis of overproduction or of underconsumption would affect the former even more vitally than the latter category.

The General Agreement on Tariffs and Trade signed at Geneva provided for a substantial reduction of tariffs and other obstacles to international trade. Thus one of the aims of the Charter had already been put into effect. His delegation hoped that the part of the Charter relating to economic development would also be given as concrete a realization, and that the monetary and technical aspects of the problem would also be the object of clear and precise dispositions which would ensure to under-developed countries effective assistance and possibilities for payment in harmony with their capacities.

Syria was essentially an agricultural country, and her industrial development was closely tied up with her agricultural development. After the 1914-1918 war customs barriers had been erected between herself and the neighbouring countries, and since that time these countries had suffered from various economic ills, including a permanent deficit in their balance of payments. Syria's present economic difficulties could only be solved on the one hand by the importation of the machines necessary to her agricultural and industrial development, with reasonable facilities for payment and on the other by the organization of her commercial exchanges with neighbouring countries, which would have to be the subject of special regulations, in the conditions which had been put forward at Geneva.

At Geneva, Syria and her neighbours, including Lebanon, had put forward certain amendments which aimed at the safeguard of their vital interests. These amendments were motivated by a previous agreement which  
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had been come to between these countries prior to the preparation of the Draft Charter. He maintained these reservations and relied upon the comprehension and support of the Conference for their inclusion in the Charter.

(For fuller text see ITO/69)

Mr. DUNAWAY (Liberia) affirmed the belief of his delegation in the high purposes and objectives of the Conference. Liberia was a comparatively small country, undeveloped industrially and mainly agricultural. Her foreign trade was relatively unimportant, but that trade was of great importance to her people in terms of money income, goods for consumption and standard of living. A stoppage of trade would be a catastrophe for Liberia. She was willing to co-operate in any movement for the freest possible flow of trade without preference or discrimination. Liberia asked for no special privileges - only a fair field and no favour.

Liberia had had no part in drafting the Charter, but recognized it as a sane, sensible and equitable approach to the problems. However, the many exceptions and escape clauses gave rise to some doubts and misgivings. He asked whether these meant that the high objectives of the Charter were mere pious expressions of hope or whether the many nations represented intended really to carry them out to the best of their abilities. He thought there might be a danger that any exception might become the universal rule and become embedded in the various economic fabrics and never given up. He was further disturbed by expressions of a philosophy of foreign trade by some delegates which was reminiscent of that economic nationalism which motivated the restrictive measures of the nineteen thirties. He hoped his doubts were groundless, but in his opinion the Charter could not hope to succeed if it were based on economic nationalism.

(For fuller text, see ITO/65)

The meeting adjourned at 5.50 p.m.

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