

THIRD COMMITTEE: COMMERCIAL POLICY

SUMMARY RECORD OF THE FOURTEENTH MEETING (III b)

Held at the Capitol, Havana, Cuba  
Thursday, 18 December 1947, at 10.30 a.m.

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

1. ELECTION OF VICE-CHAIRMAN

Upon the proposal of Mr. MARTIN (United States of America) supported by the representatives of the Netherlands, Mexico and Uruguay, Mr. Carlos Lleras-Restrepo (Colombia) was declared unanimously elected Vice-Chairman.

2. DISCUSSION ON ITEMS 1, 2 and 26

Mr. GUNIERREZ (Bolivia) expressed surprise at the abruptness of decisions of the Chair, particularly in regard to the amendments to Article 20 submitted by the delegations of Argentina, Ceylon and Chile. He recognized the efficiency of the Chairman and the necessity to expedite the work of the Conference, but emphasized that the sovereign rights of states should not be disregarded.

The CHAIRMAN stated he was entirely at the disposal of the Committee and was guided by their decisions. It was to be regretted if anyone felt he had been deprived of the right of further exposition. The point at issue had been resolved by taking the sense of the committee: the verbatim records of the meeting on Saturday, 13 December and of subsequent meetings had been consulted and it seemed clear that full opportunity to speak had been given. However, he now wished to re-open the matter and to ascertain the views of the Committee.

Mr. MULLER (Chile) regretted his inability to agree with the interpretation by the Chair of the decision taken by sense of the committee on 13 December, though he held the Chairman in the highest esteem. He would maintain that the Committee's decision, on two occasions, was that the Argentine, Chilean and Calañese amendments to Article 20 be referred to Committee II only for study and not that they should be transferred to that Committee finally and absolutely. Since the amendments related to quantitative restrictions, they properly belonged in Chapter IV; discussion

/and decision

and decision therefore rested with Committee III.

Mr. CHARLONE (Uruguay) and Mr. BRIGNOLI (Argentina) also felt the decision was one of procedure and not of substance.

Mr. STUCKI (Switzerland) thought it best to reverse the decision since Committee III was competent to discuss the subject. The delegations concerned had submitted amendments to Article 20 and should therefore be allowed to put their case to Committee III.

Mr. BURGESS (United Kingdom) stated the decision had been motivated by the desire to avoid duplication of discussion. He proposed that the amendments should first be considered by Committee II and that Committee III then give the fullest consideration to its recommendations.

Mr. COREA (Ceylon) suggested that Committee II study the amendments, on the understanding that Committee III was only suspending its first reading of Article 20 to await the result of its deliberations of Committee II.

Mr. MULLER (Chile) stated that since the whole Charter dealt with economic development, it was beside the point to refer an amendment to the committee concerned with economic development simply because it contained a specific mention of economic development. The Chilean amendment was concerned primarily with quantitative restrictions; he would deplore its defeat for procedural reasons and would insist on the legality of his point of view.

The CHAIRMAN felt there was no real difference of opinion: if Committee II decided the amendments could not be fitted in under Economic Development, they would be referred back to and reconsidered by Committee III.

The VICE-CHAIRMAN suggested that the three amendments be referred to the sub-committee considering all amendments to Article 20.

Mr. MARTIN (United States of America) did not agree with the criticism of the Chair: twice the Committee had decided that since Committee II was especially established to consider problems of economic development, it would be a duplication to discuss that subject in Committee III. It was consistent to refer these amendments to Committee II, because that Committee was considering procedures whereby any provisions of Chapter IV might be suspended or rendered temporarily inoperative in respect of a particular country or industry.

If Committee II found that the subject matter of these amendments could not be covered by Chapter III but thought them worthy of inclusion in the Charter, then it would refer the matter back to Committee III for action; on the other hand, should Committee II decide against the amendments, Committee III would presumably reach a similar conclusion, since the membership of both committees was the same. The decision already taken should be adhered to.

/Mr. ROYER (France)

Mr. ROYER (France) stated that whether the decision was reached in Committee II or III, each country's right to speak was safeguarded. Decisions of either Committee on their respective Charters would call for mutual adjustments. The matter would eventually be referred to a sub-committee and duplication of discussion was to be avoided. But the wishes of the authors should be followed in deciding which Committee should consider the amendments.

Mr. BLUSZTAJN (Poland) felt that the reference of all amendments concerning economic development to Committee II would establish an unwise precedent which could result in the formation of two separate Charters. In any case, either Committee would give due consideration to the recommendations of the other.

Mr. MULLER (Chile) agreed with the view of the representative of France and if his wishes were consulted, would have the Chilean amendment discussed in Committee III.

Mr. BRIGNOLI (Argentina) agreed with the delegate of Chile.

Mr. MARTIN (United States of America) emphasized that his interest was only in avoiding duplication and was in no way prejudicial to full and fair consideration of the amendments. The amendments could be discussed either in Committee II or in a joint Sub-Committee.

Mr. LLORENTE (Philippines) asked that the sense of the Committee be taken on the motion of the representative of Colombia.

Mr. STUCKI (Switzerland) agreed with the statement of the representative of France and proposed that the wishes of the authors be deferred to.

The CHAIRMAN said it appeared to be the consensus of the Committee to accede to the wishes of the authors to consider the amendments in Committee III; the original decision should be reconsidered.

Mr. MCCARTHY (Australia) stated that the decision already taken had represented the views of the majority and that the Chairman had interpreted it correctly. If the decision were reversed, complications would arise. The same problem had arisen in Geneva and had been dealt with satisfactorily by reference to Committee II. In London, in Geneva and in Havana joint sub-committees had taken over such matters.

Mr. CHARLONE (Uruguay) felt that since the amendments concerned the use of quantitative restrictions as a means of maintaining equilibrium of balance of payments, discussion rightly belonged in Committee III.

Mr. BURGESS (United Kingdom) withdrew his proposal in favour of that made by the representative of the United States of America.

The CHAIRMAN, replying to a point of order raised by the representative of URUGUAY, said he would first put to the vote the proposal of the representative of Switzerland.

/Mr. MARTIN (United States of America)

Mr. MARTIN (United States of America) pointed out that his proposal did not preclude consideration of the three amendments by the Third Committee, but simply provided that, after such consideration, they should be referred to a joint sub-committee of the Second and Third Committees.

Mr. d'ASCOLI (Venezuela) supported the Swiss proposal.

Mr. PEREZ (Colombia) supported the United States proposal.

The proposal of the representative of Switzerland that the Third Committee should consider the amendments proposed to Article 20 by the delegations of Argentina, Ceylon and Chile, was adopted.

3. Article 20 - (continuation of discussion of proposed amendments and Geneva draft notes (document E/CONF.2/C.3/7))

Mr. d'ASCOLI (Venezuela) said his delegation reserved its right to make observations at the second reading of Article 20 as it was awaiting instructions from its Government. Venezuela had never made use of quantitative restrictions, but might find it necessary to take certain measures in the future in order to make appropriate use of its available foreign exchange, since its export trade depended largely on a single mineral product.

U NYUN (Burma) considered that quantitative restrictions were essential for the industrial development of under-developed countries. Burma was an agricultural country, but also had sugar and salt industries, and seasonal employment for agricultural workers was provided by spinning, weaving and pottery-making. Burma was also rich in minerals and forests. The most economic and efficient way of developing those natural resources was by setting up local industries and encouraging the expansion of existing ones. Those new industries would have to be protected from the competition of the highly industrialized nations by measures which would not upset the general economic equilibrium of Burma, as would high tariffs. The most efficient and the most simple method of protecting such industries was by quantitative restrictions. The Charter of the ITO should therefore contain a provision recognizing the right of under-developed countries to adopt such restrictions for achieving economic development.

Mr. FORTHOUME (Belgium) pointed out that Belgium had always been in favour of and had stimulated economic development in all parts of the world as the best means of ensuring a constantly increasing effective demand. His delegation, however, could not accept any distinction between the position of the so-called under-developed countries and the industrialized countries. Industrial and economic development was an evolution. It was true, as certain representatives of so-called under-developed countries had said, that it was essential for them to develop their untouched resources of raw materials. If, however, economic development was to be carried out without  
/proper co-ordination,

proper co-ordination, the industrialized countries would be faced with the need for a re-adaptation of their entire economic structure.

Mr. NASH (New Zealand) could not agree fully with the remarks of the representative of Belgium, and pointed out that highly industrialized countries had a good start over those countries which were still under-developed. His delegation had no amendments to suggest to Article 20. The exchange control policy of New Zealand was covered by the provisions of Article 21 and related clauses. Referring to the question raised by the representative of Colombia as to whether control of exports for the purpose of controlling exchange came within the scope of Article 20, Mr. Nash said that that matter was covered by Article 24. New Zealand had never restricted exports. Exports were controlled by a system of licensing which laid down that funds coming from the sale of products overseas should be paid into the Reserve Bank, which was Government controlled. A distinction should be drawn between measures applied to exports or imports which restricted trade and those which merely regulated trade. He therefore felt the term used should be "quantitative regulations" and not "quantitative restrictions". He supported the proposal of the representative of Australia to delete the word "temporarily" in sub-paragraphs (a) of paragraph 2 of Article 20.

It would be impossible for New Zealand to develop economically under a system of unrestricted free trade. It would not be practicable to have a free trade policy and an equitable standard of living throughout the world. Unrestricted quantitative restrictions would be harmful to the whole world. Regulated planned economies would, however, help not only the under-developed and partially developed countries, but also the highly industrialized ones.

Mr. McCARTHY (Australia) considered that quantitative restrictions did materially reduce international trade in many cases and described the serious effect of the imposition in 1928/29 by certain countries of such restrictions on the import of wheat, wool, butter and apples.

Article 20 of the Charter should be studied in connection with other closely related Articles. The problem of sugar could be solved by an international agreement, and in that case the provisions of Chapter VI qualified Article 20. Article 20 should not be deleted and the ITO should have the power to decide on the merits of each particular case whether quantitative restrictions might be applied to further economic development.

Mr. PELLAUPESSY (Netherlands) supported Article 20 as at present drafted. Economic development was of the utmost importance, but it was already covered by Article 13.

/Mr. BLUSZTAJN (Poland)

Mr. BLUSZTAJN (Poland) considered that representatives should state clearly whether they were in favour of supporting a policy of free trade or whether they accepted the principle of direct state intervention. At the present time the quantitative restrictions in force in Europe had expanded the volume of international exchange, although it had reduced it in the thirties. He supported the suggestion of the representative of New Zealand that the word "regulations" should replace the word "restriction". Economic planning implied regulation of production and exchange, and a country which applied quantitative regulation, while trying to increase its imports and exports in accordance with its plan for economic development, would be following the principles of the Charter.

The CHAIRMAN said that the representatives of Argentina, Brazil, Ceylon, India, Ireland, Italy, Norway, Pakistan, Philippines, Switzerland, Syria and the United Kingdom had indicated their wish to speak at the next meeting of the Committee which would take place on Saturday, 20 December, at 10.30 a.m.

The meeting rose at 1.10 p.m.