

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE G (SWISS PROPOSAL)

NOTES ON SEVENTH MEETING

Held on Tuesday, 27 January 1948, at 6.00 p.m.

Chairman: Mr. L. P. THOMPSON-McCAUSLAND (United Kingdom)

The delegate for Venezuela said that his country was faced with both economic and financial problems. The economy of his country was entirely based on oil, which was an exhaustible natural resource and from which had to be obtained the funds necessary to carry out a plan of economic development. All the products for domestic consumption had to be imported. Article 13 provided no solution to the problems of his country and the necessity of maintaining relatively substantial monetary reserves precluded the use of Article 21. The present draft of the Charter gave no liberty and no advantages to his country and it would, therefore, be necessary to insert a provision to meet this particular special case which was parallel to, though in some respects different from, that of Switzerland.

The delegate for Uruguay said that special consideration should be given to cases where (1) a country sold a product vital to it to another country which was within a preferential system permitted by the Charter; (2) a country exported basic products to soft currency countries; and (3) the capacity of a country to import depended on the production and export of a single product. Neither Article 13 nor Article 21 nor Article 23 was sufficient; the procedure which would have to be undertaken in order to protect and establish a new industry was complicated and laborious.

The CHAIRMAN summarized the following similarities of the case of Switzerland on the one hand and the cases of Venezuela and Uruguay on the other hand: (1) The countries were not eligible to operate under Article 21; (2) the exports of these countries went to countries with economies larger than their own; (3) the exports from these countries went largely to other countries which were imposing restrictions under Article 21; and (4) dependence on imports for essential goods.

The dissimilarities were as follows: (1) The Latin-American countries made no claim that they exported luxury goods; (2) the Latin-American countries were "mono-producers"; (3) the Latin-American countries were faced

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with the task of carrying out a policy of national development; (4) in the case of Venezuela and certain other Latin-American countries, the mono-production was of a natural exhaustible resource.

The delegate for the United States pointed out that many of the points raised by the delegates for Venezuela and Uruguay related to the general financial difficulties which Article 21 was designed to cover. It was clear that a mono-producing country would need larger reserves than a more diversified economy. The procedure under Article 21 was not laborious as consultation was only required before action if practicable; Members, therefore, had the right to protect themselves in conditions of emergency. Many of the real dangers were covered by Article 21 and there was no need to insert a special provision in the Charter. The delegate for Poland noted that Article 21 contained both financial aspects and economic planning aspects. The problem of the Latin-American countries could be resolved if this distinction were kept clear.

The Sub-Committee agreed (the delegates for Venezuela and Uruguay dissenting) with the summing up of the CHAIRMAN that whatever fault might be found with Articles 13 and 21, they were designed to cover the points raised by the delegates for Venezuela and Uruguay and that there was no gap in the Charter in these respects which required the insertion of a special provision.