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ADDRESS BY LICENCIADO RAMON BETETA, PRESIDENT OF THE
MEXICAN DELEGATION, IN THE CLOSING PLENARY SESSION
OF THE UNITED NATIONS CONFERENCE ON TRADE & EMPLOYMENT

Mr. Chairman, honorable Delegates:

The Delegation of Mexico had the opportunity, during one of the first plenary sessions of this Conference, of stating its points of view on the Draft Charter which was to serve as a basis for our discussions.

I expressed then, that the Geneva Draft lacked balance both in the structure of the proposed Organization and in the suggested rules for international trade. This disequilibrium was manifest if it was considered, as had to be, that the two principal objectives of the Draft Charter were equally important and that in no case should we try to sacrifice one --economic development-- to the realization of the other --the increase of international trade.

The Delegation of Mexico asserted in the discussions that a prerequisite to the increase of international trade was the existence of healthy, prosperous and growing economies, in each and every nation. There is an old Spanish proverb which says that in order to have rabbit stew, it is first necessary to have the rabbit. No recipe can be effective without this requirement. In international trade, the rabbit of the proverb is the production of each country, and the procedures established to bring about a reduction of trade barriers are only a recipe.

Now that the Conference is coming to an end, it is satisfactory to point out that this thesis has been incorporated in the document we have formulated, because it was recognized by a majority of the attending Delegates.

For example; the suppression of the Tariff Committee, whose existence constituted an disequilibrating element in the... (MORE)

proposed Organization due to the excessive emphasis that it gave to the reduction of tariffs, was a triumph of the point of view which the Delegation of Mexico upheld. On the other hand it was agreed, that the Economic Development Committee suggested by Mexico was not indispensable for the time being.

The changes made in the Chapter dealing with economic development, resulting from the deliberations of Committee II, over which Mexico had the honor to preside on election by the Conference, were of positive significance. The Chapter lost part of its merely declarative character and became more efficacious in its effort to attain, through cooperation between countries, the ideal of promoting their economic development.

However, the attainment of such a purpose was endangered due to the tendency which seemed to flow from the Draft Charter, of preventing the less developed countries from giving adequate protection to their industries.

Thus the insistence of my Delegation that the measures which had been used traditionally by Mexico to protect its incipient industry should not be impeded in practice nor even theoretically condemned in absolute form, hence also the obstinacy shown at times by the Mexican Delegates during the course of the discussions. And so it is that I can now express the satisfaction of our Delegation for the explicit recognition made in the Havana Charter of all nations to protect their industries by means of tariffs. Such recognition is given not only in the official records of the proceedings, but also in the text of the Charter itself. Article 17 leaves each country complete liberty to negotiate with others on terms which should be mutually satisfactory, giving each country the right to choose the articles on which it is willing to make concessions, and to decide in each case, whether the tariff should be increased, reduced or bound at its existing level. The country preserves, as it is obvious, insofar as customs tariffs are concerned, an absolute liberty of action in respect to all items which it does not desire to bound by agreement. (MORE)

In consequence, it may^{be} asserted that those countries, such as Mexico, who have protected their industry through customs tariffs, have kept within the Havana Charter, the possibility to continue the use of measures which they have traditionally employed for this end.

Mexico, up to the present, has never used quantitative restrictions as protective measures for its industry or agriculture. My Delegation, however, strove unceasingly so that their establishment in the future, where necessary, would not be made impossible. Together with the Latin American Republics and other countries who had the same objective, it was able to obtain a compromise acceptable to a majority of the Conference.

According to the compromise reached a country may use, if it so desires, measures contrary to the Charter -such as quantitative restrictions- to protect all industries established between January 1st, 1939, and March 24th, 1948. They may also be used to assist in the establishment of industries for the processing of primary commodities, the exportation of which has diminished due to restrictions imposed by other countries; and also to protect those industries which efficaciously utilize indigenous primary commodities, for the purpose of raising the standard of living of the people, provided that, in the long run, it is improbable that those quantitative restrictions may be harmful to international trade. Finally, they may be used to protect any kind of industry in cases where the use of other measures would be more harmful to international trade. Furthermore, after due consideration, the International Trade Organization may approve quantitative restrictions in other cases, and with the criterion provided for in the Charter.

Mexico, which has endeavored not to be only an exporter of primary commodities in their crudest form, but which desires to be enabled to process them in order to integrate its industry on a more solid basis, views with pleasure the open possibility of protecting its industries, through quantitative restrictions in
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the cases permitted by the Charter, should it so desire in the future.

Another point in which the Geneva Draft lacked balance, according to the Mexican Delegation, was the equality of treatment given to under-developed nations, as compared to those already highly industrialized. Equality of treatment for those who in practice are unequal -we said at the time- entailed an injustice which it was necessary to remedy.

The validity of this thesis was recognized even by representatives of the most highly industrialized nations, notwithstanding the great difficulties involved in its application. As a result, Article 13 recognizes that only the less developed countries may apply the exceptional measures it provides, which are not allowed to the highly industrialized countries.

The Delegation of Mexico, likewise, objected to certain structural aspects and to the powers of the International Trade Organization in the Draft Charter. We maintained that although an Organization of this nature, lacking powers and with merely consultative functions, would be practically worthless; the other extreme of setting up a Super-State to which the economic policies of the Member States would be subordinated was also unacceptable. This objection was shared by the majority of the Delegations, and because of that, powers were curtailed in various Articles of the Charter, leaving the International Trade Organization, nonetheless, with sufficient powers to enable it to carry out its regulatory and coordinating functions, but without coercive powers or the possibility of applying sanctions as such.

Fully as important as the functions of the Organization, was the structure of its organs. Mexico has always opposed the predominance that in the various international organizations has been given to some countries over others. Far from securing the equilibrium sought, the granting to powerful nations of faculties denied to the weak, it created insurmountable obstacles to the (more)

functioning of such organizations. This has been the case, for instance, with the use of the veto in the United Nations, sought to have incorporated in the Charter, the Therefore, our delegation / principle of one vote for each country, without weighting it in accordance with economic importance and also sought to have represented, in the Executive Committee, with comparable powers, the less developed as well as the more powerful countries. The triumph of these ideas, allows us to declare that the International Trade Organization will stand out as the most democratic of international organizations created to date.

I do not wish, Gentlemen, to give the impression that the Havana Charter is a perfect instrument. Far from it, the Charter still has many points with which the Mexican Delegation has not been in full agreement. The records of Committees and Subcommittee meetings are full of our objections. completely
The fundamental defect of the Charter is that of not having / satisfied any one; a defect which, at the same time, constitutes it demonstrates that its outstanding virtue, since /the Havana Charter is not, as the Geneva Draft Charter appeared to be, an instrument conceived to further the interests of some countries over those of others. The new Charter is the result of a compromise between interest which are different even when not opposed. Each and all Delegations had to resign themselves to see that their ideas were only partially accepted.

It is obvious that, within each country represented here, more or less powerful interests exist which feel injured by the Havana Charter; there will be others who recognize that the Charter protects them against measures which could be freely taken against them by their competitors in other parts of the world if the Charter did not exist.

Thus, the limitation of the freedom of action of each country constitutes an advantage to all others; the agreement not to act against other countries is, in turn, the guarantee that others will not take action against yours.

Each nation will have to analyze from every angle the probable effects of the Charter on its economy, weighing on the one side the benefits which certain groups will receive through limitations (More)

imposed on other States with which it trades, and, on the other, the disadvantages which other groups may suffer as a result of not being able to establish protective measures contrary to the Charter. Whether or not a country will decide to adhere to the International Trade Organization, will depend on the result of such a balance.

Once it adheres, the possibility to withdraw is always present. The tact, wisdom and impartiality with which the Organization will be managed; the consideration shown to the legitimate interests and just desires of all countries, without distinction, will determine the success of this Organization which has been created to serve all Nations alike.

If its operations bring about a real stimulus to economic development, an increase in the well-being of peoples and a wider international trade, the International Trade Organization will grow in prestige and vitality to the point where it will include all nations. If this does not occur, Nations which have adhered to it will in disillusion, leave to go their separate ways.

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