
SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

SUMMARY RECORD

Seventh Meeting in Executive Session held
on Wednesday, 21 May 1947, at 3 p.m.
at the Palais des Nations, Geneva.

Chairman: M. Max Suetens (Belgium)

The CHAIRMAN invited further Speakers on the amendment to Article 14:2(c) presented by the Delegations of Chile, Lebanon and Syria (E/PC/T/W.27).

Mr. HOLMES (United Kingdom) agreed with the views expressed in the meeting this morning by Mr. GUERRA (Cuba) and thought that perhaps the Chilean case made might be met under Article 38:4. As it stood the amendment was altogether too wide. The date provided in Article 14:2(c), July 1st 1946, was a very late date and no doubt provided for the possible survival of the maximum of preferences.

Mr. WINTHROP BROWN (United States) stressed that his Delegation sympathised with the objectives of the development of under-developed countries, but he considered that the Chilean amendment was inconsistent with the spirit with which this Conference had approached the problem of preferences.

Mr. McCARTHY (Australia) considered the Chilean proposal too sweeping because it opened new possibilities for the creation of preferences. If countries wished to pursue a policy of development they should do so under the supervision

of the Organisation and according to criteria set up by it.

Mr. WILGRESS (Canada) thought that international co-operation was important for further development of under-developed countries. Preferences were only one of the means to foster economic development.

Baron VAN DER STRATEN-WAILLET (Belgium) thought that the aims sought by the under-developed countries could be achieved by applying Article 38:4.

The CHAIRMAN stated that all Delegations which had spoken so far agreed that it would be dangerous to introduce a permanent exception to the most-favoured-nation clause.

Mr. ANGEL FAIVOVICH (Chile) in replying to the remarks of former Speakers thought that his amendment would not introduce new discrimination. On the contrary Article 14:2(c) contributes to discrimination between countries with preferential systems, and those who do not apply preferences, thus the Charter seemed to be going towards a system of complete inequality. He did not consider his proposal radical, and thought that, if the possibilities provided for in his amendment were not given to under-developed countries, the latter would be kept in the role of suppliers of raw material which would be a grievous error. He informed the Committee that he had just had news from his Foreign Minister informing him that a trade agreement had been concluded with Czechoslovakia which included the mutual provision that exception to the most-favoured-nation clause was made for the benefit of contiguous countries.

Mr. Moussa MOBARAK (Lebanon) referred to the preferential agreements between former parts of the Ottoman Empire after 1918, and asked the representative of the United Kingdom if the

meaning of Article 14 was that special agreements between Lebanon, Transjordan and Palestine should lose their force. He recalled that though the most-favoured-nation clause had been incumbent on all Members of the League of Nations the countries of the Near East were allowed to make preferential arrangements. He proposed to refer the amendment to a Drafting Sub-Committee.

Mr. NATHAN (France) stated that in principle he was not in favour of new customs preferences and that Article 14 must remain as it stands. On the other hand the possibility might be discussed if Article 38 would give satisfaction to the case mentioned in the amendment.

Mr. HOLMES (United Kingdom) thought that the creation of a new preferential system would be rather like introducing a new and very substantial customs tariff as a preliminary to the present tariff negotiations. Answering the question of Mr. Moussa MORARAK he explained that the preferential system existing in the Near East was covered by Article 14:2(c).

Mr. WINTHROP BROWN (United States) denied that the provisions of Article 14 or any provisions of the Charter should be deemed to represent any effort by highly industrialised nations to maintain a predominant position. The problem of economic development was recognised as an extremely important and vital question. In his opinion discriminations in international trade should be eliminated for all nations. The provisions of Article 13 and 38 even as they stand now meet the problem put forward in the amendment of Chile, Syria and the Lebanon.

Mr. ANGEL FAIVOVICH (Chile) doubted whether Article 14 as it stands was not conceived in the interests of highly

industrialised countries. If the Conference did not want to consider realities and actual needs it would do injustice by closing the door on the legitimate wishes of under-developed countries and might lead to jeopardising its objectives.

Mr. MINOVSKY (Czechoslovakia) explained that the preferential clause was inserted in the trade agreement between Czechoslovakia and Chile at the request of the Chilean representative. He did not have the actual text but referred to a clause of the commercial treaty of 1938 between Czechoslovakia and the United States.

Mr. CHWANG (China) was in full sympathy with the position of under-developed countries and suggested that paragraph 2 of Article 14 should be transferred to an article which covers general exceptions.

The CHAIRMAN asked the Chilean Delegate if he would accept the proposition made to him, i.e. to withdraw his amendment to Article 14 and take up the question later in connection with Articles 13 and 38.

Mr. ANGEL FLIVOVICH (Chile) asked for some time to consider this proposal, and Mr. Moussa MOBARAK (Lebanon) associated himself with this request.

The meeting rose at 6.05 p.m.