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

SUMMARY RECORD

Tenth Meeting in Executive Session held  
on Friday, 23 May at 3.00 p.m. at the  
Palais des Nations, Geneva.

CHAIRMAN: M. Max Suetens (Belgium)

The Committee approved the arrangements for consultation with non-governmental organizations in Category A as set forth in document E/PC/T/45 Rev. 1.

The Committee received and approved the report on credentials contained in document E/PC/T/60.

The Committee considered and approved the amendment to the rules of procedure proposed in document E/PC/T/49 limiting to sessions of the full Preparatory Committee the requirement that verbatim records be provided.

Article 7

M. ROYER (France) opened the discussion on Article 7 with an explanation of the proposal which had been presented by the Delegation of France for amending that article (see document E/PC/T/W60 and amendment 1). He explained that the amendment had been inspired by the need for providing certain relaxations of the generally rigid rules in the event that a general crisis develops threatening to dislocate the normal course of international trade. He maintained that the amendment did not threaten the effectiveness of the Charter since the continuation of any measures adopted was expressly subordinate to approval

by the Organization. He declared that provisions elsewhere in the Charter were not such as to render the proposed amendment unnecessary, since under the provisions already contained in the Charter action could be taken only after a crisis had already complicated the system of international exchange. He examined, in this connection, paragraphs 1, 2 and 5 of Article 26, Article 34 and paragraph 2 of Article 35 and found them inadequate to cope with the sort of crisis that he had in mind. In the presence of such a crisis, he maintained, governments might take measures more excessive than those permitted under the proposed amendment. He interpreted the amendment as providing for concerted action to limit such protective measures to reasonable proportions. He considered that it was also important to insert in the Charter the provision for convening an emergency conference in such circumstances. Mr. MARTINS (Brazil) expressed the support of his Delegation for the amendment. Mr. LOKANATHAN (India), while not taking a definite position in respect of the amendment, expressed the view that the objective of the amendment might be covered already in the present draft of the Charter, particularly in Article 26. He drew the attention of the Committee to an amendment which the Indian Delegation would propose to Article 25 concerning safeguards against the effects of inflationary pressure. Mr. DEUTSCH (Canada) expressed his concern lest the second paragraph of the amendment proposed by the Delegation of France might open the way to independent action by individual countries to an extent which would threaten the Charter. He considered that the situation referred to in the proposed amendment was probably already covered in paragraph 2 of Article 35. If necessary, that article could be amended to cover the situation specifically. He considered it important that the type of procedure set forth in Article 35 should be employed in such cases. Mr. HELMORE (United Kingdom) considered that the retention of the article in its original form was desirable.

In his judgment the various aspects of the matter dealt with in the proposed amendment were covered in Articles 26, 28, 30, 34, 35, 52, 66 (paragraph 3) and in various other undertakings to which many member governments had subscribed. He considered that the retention of the original article would have the value of providing a general directive for guidance in carrying out the specific provisions set forth elsewhere in the Charter.

Mr. TANGE (Australia) asked for a clarification or definition of the phrase "after consulting the Organization" in the proposed amendment and expressed the view that protective action should be determined by the Organization and should not have an indiscriminate effect but should be directed against the source of the difficulties. He thought it desirable to establish some procedure similar to that provided in Article 35. Mr. WILCOX (United States) indicated that his Delegation had decided to withdraw its original proposal that the subject of this article should be dealt with elsewhere than in Chapter III. M. JUSSIANT (Belgium) considered that some specific provision relating to remedies against deflationary pressure should be made. He mentioned, in particular, that the proposal for calling emergency conferences might be retained with advantage. M. NATHAN (France) indicated that the amendment could be revised to cover inflationary as well as deflationary pressure to take account of the views expressed by the representative of India. He reiterated the view of his Delegation that the other articles of the Charter did not make adequate provision for meeting a serious and abrupt decline in external demand as a result of deflationary pressure from other countries.

Mr. GOTZEN (Netherlands) explained that the amendment proposed by the Netherlands Delegation was intended to make clear that concerted as well as separate or independent action was permissible.

The CHAIRMAN proposed that, as the general discussion had been completed, the various suggested amendments would be referred to the Sub-committee presided over by Mr. LOKANATHAN (India). The Sub-committee would be expected to consider whether the article should be retained in Chapter III and, if so, to draft a text of such an article. He requested the Sub-committee to consult with the Netherlands Delegation concerning its amendment. The Committee accepted the proposed procedure.

Article 6.

The CHAIRMAN noted that no amendments had been submitted relating to this article and proposed that the Committee should accept it in its present form subject to any alterations which may be required to take account of changes made in other articles. The CHAIRMAN announced that Commission A would hold its first meeting on Tuesday to commence the discussion of Chapter IV.

The meeting rose at 5.45 p.m.