

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE II

Ninth Meeting
held on Friday 15 November 1946
at 10.30 a.m.

Chairman: DR. COOMBS (Australia)

1. Statement by Representative of the International Chamber of
Commerce

Mr. PHILLIPS, President of the American Chamber of Commerce in London, speaking as the representative of the International Chamber of Commerce, said that he represented, and spoke on behalf of, the leading trade, industrial and financial Organizations of thirty-one countries. To give a true consensus of opinion of all those interests, based upon his Organization's machinery of consultation and investigation required a great deal more time than had been at its disposal. It was most difficult to keep up with the rapid progress of the Preparatory Committee, and therefore almost impossible to interpret the views of the International Chamber of Commerce in terms of what had been decided by the several Committees and Sub-Committees.

The International Chamber of Commerce's brochure No. 101, together with supplementary suggestions circulated as document E/PC/T/9 of 8 November 1946, represented the considered policy of the International Chamber as so far defined by its Council.

The most complex sections of the work of the Preparatory Committee were the commercial policy provisions of the future International Trade Organization Charter. The most valuable contribution the International Chamber could make to the Committee's work would be at a later stage, when its representatives could go through Article by Article the

provisions agreed upon at the Committee's meeting. That would be done as soon as the Conference documents were published. The Chamber hoped to have available before the next meeting of the Preparatory Committee, or before the International Conference, a detailed commentary stating the views of world business on the proposals elaborated by the Government experts. He proposed, therefore, to concentrate on a few general aspects of the subject, in the hope that some of his remarks would be useful in the final drafting.

Governments might later find that the political and economic difficulties from which most countries of the world were suffering might turn out to be an insurmountable obstacle in the way of adopting a really detailed Charter covering all possible contingencies. The International Chamber feared that might be so, when it first studied the admirable Proposals put forward by the United States Government. The Chamber felt that the intention was perhaps too ambitious for the present state of the world. There appeared to be two alternatives. One was to agree upon a simple statement of objectives defined as precisely as possible, allowing merely in general terms for countries at present unable to realize those objectives to catch up at a later date. The other alternative was to work out everything in great detail, allowing for each country's individual problems and idiosyncrasies. The International Chamber of Commerce favoured the former alternative, mainly because it felt that the inclusion of every country's particular emergencies might make agreement possible in words, only to be nullified in acts later.

The International Chamber had undoubtedly been worried by the number of detailed exceptions, and in some cases permanent exceptions, to the general principles of the proposed agreement. Obviously there would be little point in discussing matters at great length, if the resulting agreement was to be merely a reflection of what already

existed without effecting any fundamental change. That was what the International Chamber of Commerce feared. Perhaps the Preparatory Committee had succeeded in avoiding the dilemma.

Another point, upon which the Chamber had placed great emphasis, was the need for translating international co-operation into practical terms. It seemed to the Chamber that a practical test of whether people really meant something by expressions of willingness to co-operate would lie in their willingness to accept some form of international arbitration for disputes with other countries. If a given country was authorized by the Charter to do something in certain specified circumstances and acted accordingly, and some other country held that the justifying circumstances did not actually exist, it was not enough to have a mechanism of investigation, or even of investigation coupled with some form of sanction. There must be a readiness to accept the decision of some impartial international body. It seemed to the Chamber that the only way in which this could be achieved would be by the prior acceptance in the Charter itself of international arbitration as a recognized system of settling at least those disputes which did not involve matters of essential policy for the countries concerned.

The members of the International Chamber of Commerce would certainly be unanimous in their approval of the principle adopted by the present Conference to the most-favoured-nation clause. In the original Proposals of the United States Government, there was almost no reference to that valuable instrument of achieving non-discrimination and multilateralism. That had now been remedied; and the International Chamber would merely urge that the exceptions to most-favoured-nation treatment provided in the Charter should be as few as possible and as clearly defined as possible.

He desired in concluding to express his appreciation of the unfailing kindness and courtesy he had received from everybody connected with the Conference, and to pay a very special tribute in that respect to the extremely hard worked Secretariat.

The members of the International Chamber of Commerce in all countries looked to the Conference with very great hope and with the most profound wishes for its success. Its failure would be an international disaster; and, if the Chamber could in any way contribute to staving off that disaster, the Conference could be sure of the Chamber's unstinted collaboration.

2. Statement by Representative of the World Federation of Trade Unions

Mr. DURET, representative of the World Federation of Trade Unions, said that the World Federation of Trade Unions attached great importance to the questions being discussed by Committee II.

He stressed the importance of provisions for a transition period. Immediate application of the long term provisions of the proposed Charter, without adequate regard for the transitional problems of less developed and war ravished countries, might have serious consequences. Such action might endanger efforts to secure stabilization of the balance of payments and carry out full employment programmes. It might make it difficult to reduce the disparity between the more and the less developed countries. He hoped, therefore, that a broad meaning would be given to the provisions for a transition period. With respect to provisions for a transition period, he urged:

(a) A definition of the precise conditions in which countries might claim the application in their favour of transition provisions:

(b) A detailed list of the exemptions from general obligations which might be granted to such countries:

(c) Regulations to govern the relations between countries enjoying the "transitional status" and countries not granted such status:

(d) A detailed definition of the conditions that would bring the transitional status to an end:

(e) A statement as to the body responsible for deciding whether a country was in a transitional period, the extent of the special privileges to be granted, and the date when the special privileges were to be terminated.

He asked whether countries would be able to preserve their economic sovereignty during the transitional period. He thought that the individual countries themselves would be most capable of deciding what measures would be appropriate to achieve full employment and stabilization of demand.

The WFTU was made up of the trade union movements of a number of countries, some of which were taking part in the Conference while some were not. The Organization wanted to know, therefore, what the relations would be between members and non-members. It also asked what measures could be taken by the ITO to induce non-members to join. Use of sanctions and penalties would be dangerous, and might lead to the growth of competing economic blocks and international tension.

With respect to the provisions on state trading in the Draft Charter, the WFTU wished to know:

(i) What were the "commercial considerations" provided for in Article 26, and how those provisions would ensure stability of production and the development of new fields of production in the different countries:

(ii) Why the obligation to publish the amount of foreign purchases in advance was imposed solely on countries having a state monopoly of foreign trade:

(iii) Whether the "commercial considerations" provided for in Article 26 excluded reciprocal planned exchanges of goods, and whether such reciprocal exchanges would be considered discriminatory, if they were open to third countries. It was necessary for countries with planned

economies to co-ordinate their policies with other such countries in order to facilitate much needed economic development. Article 26 seemed to penalize them.

(iv) Whether Article 27 would require a state trading enterprise to import or export at fixed prices until the home or foreign market was saturated.

The WFTU wondered whether states had sufficient power to ensure that the discriminatory policies which they renounced would not in fact be applied by powerful private organizations. If not, what methods could be applied?

The WFTU also asked what provision would be made for the conclusion of long term international agreements for the maintenance of full employment. Development of new industries might be impossible if time was not given, and stability was not provided, by such agreements.

Article 8 (on most-favoured-nation treatment) seemed to imply that fundamental differences in production potential would not be taken into account. Was that so? Where there were differing levels of economic development, equal rights might not provide equal benefits.

It was indispensable that countries carrying out full employment programmes should be able to protect themselves from deflationary depressions in economically powerful countries devoted to the policy of economic liberalism. Countries with planned economies should not have to suffer the consequences of depressions for which they were not responsible.

The WFTU and tens of millions of workers were following the work of the Conference with great interest. It was hoped that international economic relations would be facilitated by the work of the Conference, and that the conclusions reached would alleviate the effect of depressions. The Conference should give adequate consideration to the differing economic positions of the different countries.

The meeting rose at 12.50 p.m.
