

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

CORRIGENDUM TO E/FC/T/C.II/FV/2

COMMITTEE II

Verbatim Report of the Second Meeting held
on Wednesday, 23 October 1946.

Page 17: Speech of Mr C.L. TUNG (China) -

As from line 1, third word, read remainder of speech as follows :-

"Then the question arises, what is the definition of a transition period for under-developed countries? We notice it is provided in the proposed Charter that three years may be given to those countries who wish to maintain a certain measure of restriction, especially of quantitative restrictions, but, as anybody could understand, this is almost impossible for most under-developed countries to achieve industrial development in three years.

"Then it is further provided in the Charter that those countries who suffer from or are threatened with deficits in balance of payments or have a low level of monetary reserve may, in consultation with the Trade Organization, continue their control for a certain period, but I think such criteria or such a definition of transition period are rather ambiguous and not satisfactory. We feel that the criteria of monetary reserve and balance of payments are good criteria for monetary stability, but that does not mean that they are also good criteria for industrial development or an under-developed country. For instance, a country may have a large monetary reserve and may have sufficient balance of payments, but if, owing to lack of regulation of imports, their home market may be overflowed with consumers' goods, non-essentials or even luxuries, they may never be industrialized, so

in addition to the criteria of monetary stability we must have additional criteria for the industrialization of under-developed countries. In the absence of any suggestion for such criteria the Chinese delegation would venture to say a country may be considered fairly industrialized when fifty per cent of its wage-earning population is employed in modern industrial enterprises of production and distribution, or when fifty per cent of its national income is derived from modern enterprises in industry, commerce and finance. We think that before such stages of development can be attained by under-developed countries, they may maintain a reasonable amount of protection in respect of tariff adjustments and quantitative restrictions, exchange control, and other means of trading regulation.

"But these protective measures should not be maintained, of course, except with the following provisos:-

"(a) They must be gradually relaxed with advancement of industrial development;

"(b) they must be maintained absolutely on the basis of non-discrimination toward member countries, or non-member countries, with permission of the Trade Organization; and

"(c) they must be maintained absolutely for the purpose of industrialization and minimised to the fullest extent as regards their effects on the commerce of the member countries.

"These in general are the views of the Chinese delegation when we are going to discuss the topics of the principles underlying tariff adjustments, quantitative restrictions, exchange control subsidies and so on, and we hope these views will be adopted by this Committee and proposed to the Joint Committee for consideration, and that before this is done we are going to proceed with our discussions in the light of a transition period as I have just tentatively defined."
