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

VERBATIM REPORT

THIRD MEETING OF COMMISSION A

HELD ON WEDNESDAY, 28 MAY 1947, AT 10.30 A.M., IN
THE PALAIS DES NATIONS, GENEVA

M. MAX SUETENS (Chairman) (Belgium)

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CHAIRMAN (Interpretation): The meeting is called to order.
I call upon the First Delegate of India, Mr. Chundrigar,
for a statement on Chapter IV.

THE HON. MR. ISMAIL I. CHUNDRI GAR (India): Mr. Chairman,
I appreciate your courtesy in giving me this opportunity of making
a few general observations in respect of the chapter on Economic
Development which we are now discussing. As you may be aware,
India attaches the greatest importance to the question of the
economic development of the less developed countries, and nothing
has gratified us more than the way in which the point of view of
such countries presented by our Delegation was sought to be met
at the London Conference. It has paved the way for the success
of this Meeting, and I feel sure that if the same spirit of
accommodation, understanding and co-operation inspires our work
during the present session, as I have no doubt it does, our labours
will come to a successful conclusion.

We are glad of the recognition explicit in this Chapter that
the only true basis of an expansion of international trade lies in
an increase in the standards of living of all the peoples of the
world, and that trade is but a means towards that purpose and not
an end in itself. We therefore welcome those articles in the
Chapter which express not only the common interests of all the
nations in the productive use of the world's human and material
resources but which spell out the obligations of the more advanced
countries to co-operate with the international organisations in
the attainment of that objective. The facilities required for
rapid economic development are not equally available to all nations,
and unless the more fortunate countries which have capital funds,
technical skill and equipment are prepared to share their resources
and knowledge with those which lack them, there would be no abiding
basis for advance. I realise the difficulty of defining in more
precise terms the responsibility of the advanced countries in regard
to the provision of such facilities but it seems to me that it is of
the utmost importance that the obligation should not be regarded as
a mere formality or just a pious hope.

THE HON. MR. I. I. CHUNDRIGAR (India) (Contd.): One of the features of the revised Charter which has aroused real interest in India is the assignment of certain positive functions to the Trade Organization. The doubt as to whether it is competent to undertake the task of providing technical assistance for completing the plans of Member countries has now been dispelled, and I understand that this function will be regarded as falling within its scope. I hope that the Development Commission which will be set up under the ITO will be able to arrange fair and reasonable terms for the supply of technical and other services, partly directly but perhaps mainly indirectly by linking the supply of such services to the points of urgent need. Such a task well-done will give a new orientation to the function and purpose of the ITO and I am sure that this combination of trade and development functions, far from weakening its structure, will make it more effective and valuable.

For these reasons, Mr. Chairman, I consider this chapter to be something like a charter of development for the relatively under-developed countries and I should be sorry if anything is done either to bring into it matter extraneous to it or likely to alter its face and character. On the other hand the chapter needs considerable retuning in many parts. I am not satisfied with the grudging and apologetic way in which the right of protection is sought to be recognised and conceded. As one reads Article 13 one cannot help feeling that those who were responsible for drafting it were still in the grip of the laissez faire philosophy, although they were prepared to make a departure in exceptional cases. The whole spirit is still that of free trade, modified only to suit the cases of particular industries. Now if I may express myself frankly, that kind of philosophy has no bearing on present day conditions in a large part of the world. If the purpose of this

Charter is to promote higher standards of living and full employment - and I note that it is one of the foremost of its objectives - then our attitude to protective measures should not be to condemn them but to secure their judicious use, having regard to the circumstances of each country.

I need hardly stress the fact that we in India are committed to a policy of rapid economic development, and the measures that we shall employ should primarily be judged in the light of their effectiveness in achieving that object. We cannot afford to discard any necessary instruments for enabling us to reach our goal quickly, but that is not to say that we are oblivious to their international aspects. We cannot accept the general proposition implied in the Report that Quantitative Regulations for protective purposes are inherently bad and therefore inadmissible. In framing this Charter we should take care that no obsession with past experience is allowed to blind us to the valuable and indeed essential part which they can play in the development of the resources of under-developed countries, provided, of course, they are employed for constructive purposes. It all depends upon the purpose for which such restrictions are employed and the manner of their use. It is not difficult to devise adequate safeguards against their abuse, but it would be unfortunate indeed if we were called upon to discard this instrument merely because of the manner in which it has been used by some countries in the past.

That Quantitative Restrictions cannot be avoided altogether and that in some circumstances they are perfectly justified has been accepted in the Charter. If countries in Balance-of-Payments difficulties may be permitted to employ them, I cannot see any legitimate ground for denying their use for protective purposes. There are cases where protection by tariffs will be unduly

burdensome to the national economy, whereas quantitative regulations may have less injurious effects on trade and on the domestic industry as a whole. Poorer countries cannot employ the method of subsidy as easily as the richer countries. Hence the Charter should permit the use of quantitative restrictions whenever necessary. I agree, however, that suitable limitations should be prescribed to ensure against any use of quantitative restrictions. The Amendments to Section C of Chapter V of which my Delegation has given notice will achieve that object.

In conclusion I shall permit myself to make one general observation. I speak mainly for India; but believe me, Mr. Chairman, I cannot help feeling that I am reflecting the feelings and points of view of a large section of the peoples of the world. I am very anxious that this conference should succeed. It can succeed only if the genuine difficulties and needs of all countries are properly appreciated and met. We must not fail. On the success of this Conference depends the well-being of the whole world, and I hope that every country represented here will make its full contribution to the achievement of common agreement.

CHAIRMAN (Interpretation): I would like to thank the First Delegate of India for his remarks which, as our applause has certainly testified, have very much interested the Commission.

Gentlemen, we now go on with our work and leave the lofty hills to which the remarks of Mr. Chundrigar have brought us and come back to the desert of real facts. We now come to Article 13, Governmental Assistance to Economic Development.

A great number of amendments have been brought to the attention of the Chair. The amendments come from Chile; New Zealand; Australia; Czechoslovakia; China; United Kingdom; from Australia again; Lebanon and the Netherlands. The Indian Delegation had also proposed an amendment, which was supported by China, Cuba and New Zealand, but I understand that the Indian Delegation has decided not to bring its amendment before the Conference now and will bring it forward on the occasion of the discussion of another Article.

The amendments which are before us are of a very diverse nature. On one side we find amendments of Delegations who find this Article much too long and much too detailed, and who are proposing a certain very much simplified text for this Article. On the other hand, we have Delegations who think that this Article is not long enough and not detailed enough, and want to make some additions to the present Draft. So as to have some order in our discussion, gentlemen, I would like to call on the different Delegations I have just mentioned, and ask them to explain their points of view. The first Delegate I am calling on is the Delegate of Chile.

M. F. GARCIA-OLDINI (Chile) (Interpretation): Mr. Chairman, we have submitted two amendments on this Article. The first one deals with paragraph 1, and the other is a substitute for paragraph 2. Both are complementary and must be examined in the light of the other. As far as the first paragraph is concerned it says only in the present text that this aid will take the form of protective measures. We suggest saying that it will take the form of protective and other measures. What we want to do by this is to enlarge the meaning of the words in the present text. We find that, as it is, the present text is too narrow and might even be equivocal. We want to enlarge this meaning with the point of view that we have already expressed here before, and we believe that it would be useful to put this small addition which we suggest to paragraph 1. You will remember that the first delegate of our country has already expressed here the idea that it is not always enough to finance a new industry - to give it the capital it needs. It is sometimes necessary also, at least at the beginning of its development, to assure a market for this new industry and here we come back to the question of an arrangement with governments, especially in contiguous countries - an arrangement through which the necessary markets can be assured. Our aim in enlarging paragraph 1 in this sense is, therefore, to cover this point. We want to go further than the purely customary measures which would probably be understood by the simple word of protection. If this is done, if our suggestion is accepted, then paragraph 2 must be modified, and this is the reason why we suggested a new text for paragraph 2. This text is inspired by the discussion of New York, and it simply puts the contents of paragraph 2 in better agreement with the idea we have

just expressed. You have the text before you, I do not think I have to read it, and I hope that, after the debate and various declarations that will be made here, you will examine it with all good will. Our amendment does not go quite as far as we would have wished it to go, but it would already be a satisfactory step towards the aim which we are pursuing here.

Mr. L.C. WEBB (New Zealand): Mr. Chairman, the delegation of New Zealand, in order to avoid any unnecessary delay in the consideration of the Charter, does not desire to press a discussion of its amendment to Article 13 at this stage. Our position is that we have lodged an amendment to Article 33. In the event of our amendment to Article 33 succeeding, we would, in any case, not desire to proceed with the amendment to 13. We therefore, Sir, with your permission, would seek to reserve our position on Article 13, in order that we may, if necessary, come back to our amendment. Apart from that, I would only say that the delegation of New Zealand, as far as Article 13 generally is concerned, would be in favour of any changes which would have the effect of adding simplicity and brevity.

Dr. H.C. COOMBS (Australia): Mr. Chairman, the purpose of the suggested Australian amendment to Article 13 is, firstly to ensure that all applications for permission to use protective measures other than those permitted under the Charter, should receive as expeditious treatment as possible. Certain phases of the amendment are designed, furthermore, to make the Article a little easier to read. So far as the first purpose is concerned, it is clear that this procedure does depend substantially for its

success upon the expeditious handling of applications, and that can be achieved only with the good will of the countries whose trade would be affected by the action proposed. It is important, therefore, that it should be made clear in the Article, so far as is practicable, that it is the obligation of any country whose trade is affected, and the obligation of the Organization itself not to use the obvious complexity and difficulty of this type of procedure merely as a means of putting obstacles in the road of achievement of the purposes of the country making the application. If the Article is, in fact, to serve the purpose which it was designed to serve, that is to give a certain flexibility to the protective programmes of the countries carrying out the development of an industrial character, then it is essential that the application should be dealt with promptly. We therefore propose three minor amendments to the present draft. In paragraph 2 we suggest the inclusion of the words which will require that the Organization is to determine, at the earliest opportunity, whether or not it concurs in the proposed measure or any modification thereof. In paragraph 2(b) a requirement is placed on members to commence any negotiations required within such period as the Organization may prescribe, and to continue with such negotiations, unless the Organization otherwise approves, with a view to reaching substantial agreement as early as practicable. A new paragraph 3 is proposed instructing the Organization to determine procedures for Article 13 that will enable a determination to be reached and such release as may be appropriate to be granted as early as practicable.

Consideration was given to the possibility of laying down a precise time-table, with maximum limits during which the various stages of the procedure proposed should be completed. It was felt, however, that that might very well defeat the purpose we have in mind. Some of those applications should be capable of being dealt with promptly, within a minimum time; others, where major items of trade are concerned and a number of countries perhaps vitally affected, it is clear that an adequate consideration of the issues might legitimately take some time. We have sought, therefore, merely to embody in a general way in the Article words which make it clear that it is the obligation of all concerned to expedite the procedure contemplated.

In order to simplify the reading of the wording, we suggest that Paragraph 2 (a) be broken up into sub-paragraphs, and Paragraph 2 (b) also be broken up into three sub-paragraphs. I think the details of our amendments have been made available to Members.

CHAIRMAN: The Delegate of China.

H.E. Mr. N.J.WU (China): Mr. Chairman, this paragraph lays down the procedure to be followed by a Member who, in the interests of its programme of economic development, contemplates any protective measure which would conflict with any other provision of the Charter or with any obligation it may have assumed through tariff negotiations with any other Member or Members. From the point of view of the protecting Member, especially an under-developed country, with less economic stability, the disadvantages of such a course are obvious.

In the first place, such a Member, in order to achieve its developmental programme, must have some freedom of action to make

prompt and appropriate adjustments of its economic conditions from time to time. Yet this freedom will be incompatible with the requirement herein provided for, to notify the Organisation beforehand and await the latter to inform Members whose trade would be substantially affected by the proposed measure so as to obtain their views. Such a procedure is bound to be too slow to meet the urgent necessity for protection. Moreover, it is by no means easy to ascertain in advance whether and how the trade of any other Member or Members would be "substantially affected" by the proposed measure. In other words, the would-be effect cannot be predicted accurately until after the enforcement of the measure. Only then will it be useful for such consultations to be held on the basis of known results and will the Organisation be in a position to assist the Members concerned to reach an agreement harmonizing their conflict of interests.

Another objection is that such a procedure may, by causing leakage of vital information on the contemplated measure, also lead to market disturbances which may be attempted by other countries to the detriment of the interests of the protecting country and thus defeat beforehand the very purpose of the protection.

For this reason the Chinese delegation proposes the following amendment to Article 13, paragraph 2, sub-paragraph (a):

That the words "considers it desirable to" in lines 2 and 3 be deleted: the word "adopt" should therefore be changed to "adopts": and then the word "proposed" that appears in lines 11, 14, 16 and 22 should also be deleted.

Then at the bottom of sub-paragraph (b) which reads: "subject to such limitations as may have been agreed upon in the negotiations between the Members concerned or such further limitations as the Organization may impose," the Chinese delegation proposes to delete that phrase which reads: "such limitations as may have been agreed upon in the negotiations between the Members concerned."

(After interpretation, continued): With regard to the last paragraph of the translation, the Chinese delegation also proposes a deletion at the bottom of sub-paragraph (b). It did not appear in my paper but I gave it verbally. The Chinese delegation proposes, at the bottom of sub-paragraph (b), to delete a phrase which reads:

"such limitations as may have been agreed upon in the negotiations between the Members concerned."

Mr. STANISLAV MINOVSKY (Czechoslovakia) (Interpretation): I think I might explain the reasons which moved us to propose our amendment. We find at the beginning of Article 13 the words "to promote the establishment or reconstruction of particular industries". The Czechoslovakian delegation assumed therefore that paragraph 2 should also make sure the realisation of these two objectives. However, this intention should be clearly specified again in paragraph 2, as, if such were not the case, it would not be obvious that the procedure established in Article 13 also applies to the measures dictated by the necessity of reconstruction. By

the words "reconstruction of particular industries" we understand not only the reconstruction of factories destroyed during the war, but Czechoslovakia finds herself after the war in a new situation which compels her to rebuild entirely the structure of her industry. This procedure might necessitate a period of time longer than that provided for, because it is a very important reconstruction plan which will deal also with the structure of her production. It is a reconstruction which has a lot in common with the first establishment of some industries and the economic development in general.

That is why our delegation proposed that the word "reconstruction" be also inserted in paragraph 2 of article 13.

CHAIRMAN: The delegate of the United Kingdom.

MR. J.R.C. HELMORE (United Kingdom): Mr. Chairman, the amendments that we have put down to this Article are directed in part to a point which the delegate for China has just mentioned, that is, the need for speed. Without departing from the principle which was generally agreed in London, though subject to some reservations, that the prior approval of the Organization was the right principle on which to construct this paragraph, we have felt that a reasonable criticism could be made that there were infinite possibilities of delay. Our amendment, therefore, proceeds in the first place in paragraph 2(a) to lay down a time table during which the Organization and the members affected shall carry out the procedure there.

In the case of a measure which does not fall under paragraph 2(b), that is to say a measure which does not conflict with an obligation especially assumed through negotiations with other Members, we go on to say in paragraph 2(d) that if the Organization has not reached determination in five months, the Member may adopt the proposal of which it has given notice, subject to the undertaking that it will withdraw it if in the end the decision of the Organization is contrary to this.

We then deal with another point in our proposed new paragraph 2(e) which appears on page 13 of the Amendment paper. That is simply a transitional provision to provide that what I might call, perhaps, a 2(c) measure in operation at the time of the entry into force of the Charter shall continue until the Organization has reached a determination about it. The only obligation on the Member is to inform the Organization promptly, that is to say, within two calendar months after the entry into force of the Charter, of a 2(c) measure which is to continue.

If I might be allowed to refer for one moment to the Australian amendment, I think I see the same spirit in the forming of their amendment as in the forming of ours. In particular, they have picked up one point which we have not picked up, that is, in 2(b) they propose an additional paragraph (2) - those are the underlined words toward the bottom of page 11 - which would apply the same sort of expeditious treatment for a 2(b) measure as we have suggested for a 2(c) measure.

MR. G. HAKIM (Lebanon): Mr. Chairman, Article 13 contains a recognition of the principle that protected measures may be necessary in the interests of industrialization. Article 13 allows a Member to take measures which are inconsistent with the provisions of the Charter, if these measures are studied by the Organization and then the Organization permits the Member to take such measures. The Organization is authorised to release a Member of its obligation under the Charter in the interests of industrial development.

The purpose of our amendment which adds a sub-paragraph (d) to paragraph 2 is to draw attention to a problem which is special to small nations. It is a special problem which small nations meet in their efforts to develop their industries. Industry in small nations is hampered by the absence of a sufficiently large market without which modern low-cost industry, efficient low-cost industry, cannot develop.

If every small nation is left to its own resources and to its own efforts, it will find itself incapable of developing industry irrespective of all the conditions which it may have and which may be favourable to the development of industry.

There is one^{out} of this difficulty which the small nations meet, and that is for a number of small nations to come together in a regional arrangement and thus provide a wider market for their industrial products.

It is a protective measure. Such regional arrangements are protective measures, because these small nations provide protection for each other's products in the wider market which they establish.

The Charter of the United Nations speaks of regional arrangements as an exception in the interests of economic development. Our Amendment proposes to set in words a recognition of the necessity of such regional arrangements for small nations. All it says is that the Organisation should give the most favourable consideration to any proposal for regional arrangements which two or more Members present to it. There is no attempt here to permit these small nations to take measures which are against the permission of the ITO. There is only a desire to have the principle recognised that these small nations have a special problem which should be given the most favourable consideration by the ITO.

This Amendment would make it possible for the small nations to look forward to the future with greater hope for the development of their industries. Without this Amendment the ITO takes no recognition of this special problem, and while it may study the problem of the small nations for the purpose of industrialisation, still it does not give a special recognition to the problem which is a very vital problem for the development of the industry of small nations.

Thank you, Mr. Chairman.

Mr. GOTZEN (Netherlands): Mr. Chairman, the Netherlands Delegation has had the honour to submit for the consideration of the Committee two Amendments of Article 13 with the same purpose. We are fully in accordance with guarantees against misuse provided for in the second paragraph of this Article; but in

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our opinion these guarantees should be supplemented by one which would make it possible to limit the duration of all measures taken for what I might call "educational protection". It is for this purpose that we have submitted our first Amendment.

As to our second Amendment, purporting to be an addition of a new paragraph 3 to Article 13, we may remind the Commission of the insertion proposed by the Indian Delegation of a new Article 26(a) on quantitative restrictions for protective purposes. We will endorse the general idea underlying this proposal, although at this stage not binding ourselves as to the exact wording. However, we wish to point out that in our view the Indian Amendment, if adopted, at any rate, will have to be completed by some provisions for the fixation of a time limit prior to which the restrictions should be revoked. These regulations should, we think, find their place in Article 13, and we have therefore submitted this second Amendment. Thank you.

CHAIRMAN (Interpretation): Regarding this Article 13, I think that it would also be useful to hear the Indian Delegation, who had previously submitted an amendment which was withdrawn but which, nevertheless, raises one of the questions which have been raised in particular by the Delegate of the Netherlands.

Dr. P.S. LOKANATHAN (India): Mr. Chairman, the Indian Delegation have really two amendments to Article 13. One relates to the first sentence of Paragraph 1 of Article 13. We think that in the way that sentence has been framed it is somewhat halting and vague, and does not wholly satisfy our feelings. Protection seems to be regarded in this first paragraph of Article 13 as not very desirable, but something to which we have got to be reconciled, and we do not share that feeling at all. We feel that countries situated like ours, which form the majority of countries and also the majority of the populations of the world, have quite a different philosophy with regard to that.

We feel that protection should be regarded not as a mere concession to weakness, but as a legitimate instrument for development. Therefore, our amendment tries to put that a little more clearly. We wish to say that such assistance in the form of protective measures is justified. I do not think there is really much difference in substance, but it does seem to us that the way in which it has been drafted suggests, if I may say so, a sort of superiority complex, and we do not want that sort of complex to be present in the Article.

The second amendment which, for certain reasons, we felt could be taken at a later stage along with Article 26, may also be considered at this stage, not only because some consequential amendments may have to be moved in respect of Article 13; but also because we feel that we should not take the risk of being told that we are too late. Therefore, the purport of our amendment which was going to be moved later might as well be indicated here.

Broadly speaking, the amendments that have been moved today are designed to speed up procedure and to get the Organisation to give an expeditious answer to questions put by countries which want to resort to quantitative regulations. We welcome those amendments insofar as they speed up procedure, but we also feel that those amendments do not go to the root of the difficulty. That has been clearly stated by the Delegate of China. We all feel that if conditions were such that we had to use quantitative regulations for protective purposes, then we could not afford to wait as long as Article 13 implies. Therefore, we do feel that some reserve power must be left with the countries which seek quantitative regulations so that that power might be exercised, in the first instance, without having to go to the Organization.

It seems to us that that is a fundamental matter. In the first place we are willing, for instance, to give complete satisfaction to countries which feel affected thereby, and therefore if any country is affected by the use of quantitative regulations by other countries then that complaint must go to the Organization, and the countries who oppose quantitative regulations must certainly go and discuss the matter. We are quite willing for that.

We are also willing to set definite limits to the use of quantitative regulations; they can be explicitly stated and provision made in Article 7. We do not mind what those limitations are. We have in our own amendment put forward one definite limit. If that is not enough, we shall be prepared to consider what other limits may be fixed, but the point we want to emphasize is that once the limitations, whatever they are, are fixed, then the countries must be able of their own accord to impose quantitative regulations on the assumption that they satisfy the criteria fixed in Article 7. The countries must be left to follow sincerely the criteria before they adopt the quantitative regulations.

Another point is this. We quite see that we cannot allow quantitative regulations to be applied in cases where there is already a binding agreement between the countries which want to use quantitative regulations and the countries who may be affected by it. Therefore we say in respect of any product regarding which we want to use quantitative regulations, if the country has already entered into an agreement by negotiation, then we should see to it that the procedure ascribed or discussed in Article 13, 2 (a), (b) and (c) is followed.

If I may sum up my position, Mr. Chairman, I want to say first that quantitative regulations are not wholly undesirable - they can be used for protection. Secondly, that they can be used only under definite criteria described in the Articles. Thirdly, that the complaining Members must have the right to take the matter to the Organization and the countries who want to continue quantitative regulations must come and participate in the discussion. And finally, that where any quantitative regulations in respect of any product are sought to be made, if the country has already been entered into agreement by negotiation then the procedure ascribed in Article 13 should apply.

CHAIRMAN (Interpretation): In the document W/125, prepared by the Secretariat, we find the following note. The delegation for Cuba has made reservations with regard to this paragraph at the Drafting Committee. These observations^{are} on paragraph 2(a), subparagraph (b), and the delegation of Cuba has stated that it may propose either to redraft the whole of the Article or to transfer corresponding provisions in the Article which would be inserted after Article 26. I would like, in view of this, to ask the Cuban delegation whether it wishes to speak at present or to defend the amendment at the time of the discussion of Article 26?

Mr. R.L. FRESQUET (Cuba): Mr. Chairman, Cuba not only has withdrawn the reservations to paragraph 2 of Article 13, but also has withdrawn the support to the alternative draft of Article 13 made in New York. This statement does not mean that Cuba is not on the same footing as those nations who favoured the draft of Article 13 in New York, so we are exact in the procedure to consider the new draft that would be presented for the consideration of the Committee. We think that this attitude will ease the drafting work of the Sub-Committee that we foresee will have to be appointed to deal with this Article.

CHAIRMAN (Interpretation): I believe that we have studied all the amendments which have been submitted. I assume that no other delegate wishes to submit an amendment.

Dr. H.C. COOMBS (Australia): I do not know whether you wish to deal with this now, but the Australian delegation has submitted a suggested draft for an addition to Article 13 A. It deals with the same subject matter as the other Article 13, and if you wishe I

could indicate the purpose of that suggested addition now.

CHAIRMAN (Interpretation): I quite agree. The Committee would like to hear your suggestion.

Dr. H.C. COOMBS (Australia): Mr. Chairman, we propose, in Article 13 A, to provide a transition period for countries on first joining the Organization, during which they may abandon or seek the approval of the Organization for the continuance of measures which conflict with the Charter, but which are already in operation. We do not wish to suggest any difference of view from that embodied in Article 13, but it does seem to us that there may well be countries who are employing measures of a protective character precluded under the Charter, which would take a little time to wind up and perhaps to be dealt with by alternative means permitted under the Charter. We suggest that this transition period should be granted therefore, during which the use of those measures could continue provided that there was provision for other countries to complain against them and for the countries concerned to seek the approval of the Organization for their continuance. Our proposal is, we believe, an essentially administrative one since we consider that there may be serious embarrassments created for some countries if some of those existing practices are required to be eliminated overnight.

CHAIRMAN (Interpretation): Gentlemen, after the statements we have heard this morning, our task appears to be a very difficult one indeed. I think it is impossible to refer all the amendments purely and simply to the Sub-Committee without a debate here. At the same time, it does not seem that there is the possibility of a general discussion on all these amendments, which are all so different. It would be useful, however, to have a general discussion on some of the principles included in these amendments. I myself see five guiding principles.

First of all there is a tendency, which we find embodied in the Chilean amendment, to make of Article 13 an Article dealing with principles which would not be too rigid as far as procedural questions are concerned. On the other hand, we have the tendency shown in some of the amendments - in particular, those submitted by the United Kingdom and Australia - to have very precise limits of procedure.

There is a third question. It is the question of preference agreements, which has been raised by the Delegate for the Lebanon and which is covered implicitly in the Chilean proposal.

There is a fourth question, raised in particular by the Delegate for India - the question of quantitative restrictions. We might wonder whether we should study this question now or wait until we reach Article 26.

Finally we have the question just raised by the Delegate of Australia, about the countries which might join or would like to join the I. T. O. This would be a new Article, 13A.

Therefore, if the Committee is in agreement, we might discuss these various points. We might have an exchange of views of all the Delegations, so that the Sub-Committee would have the opinions of all the Members of this Committee at the time when it has to reconcile the various texts and to make a final draft.

The debate is now open on the first two questions I have mentioned; that is to say, are we going to accept the Chilean proposal, tending to have Article 13 as an Article of principle without too rigid rules of procedure, or, on the contrary, are we going to accept the United Kingdom and Australian proposals, tending precisely to limit the procedure and accelerate it.

The Delegate of Brazil.

Mr. J.G.TORRES (Brazil): Mr. Chairman, we were hoping to have a chance to indicate the position of our Delegation vis-à-vis Article 13, and we presume this is the right time for it.

We do not deem it advisable to add to the already numerous amendments any new ones. We clearly realise that would make our work even more difficult and we thought it would be better to hear the views of the different delegations and then suggest our own.

MR. J.G. TORRES (Brazil) (Contd.): It seems that in considering Article 15 we are up against three main difficulties. We have recognised that the Article is rather involved. We have recognised that the procedure could possibly be expedited and that it could possibly be improved in its drafting.

We have also, or at least the majority of the delegates that have spoken this morning, indicated that it might be desirable to give to the Article a certain degree of flexibility which it does not have now by making it possible for countries to adopt these measures before the ITO decides on them, as long as these measures are promptly made known to the ITO.

The delegate for India has pointed out a very interesting problem - the problem that we should not consider protection as any disease or any evil, but as a legitimate affair introduced in the interests of countries that need to develop.

I would therefore submit, Mr. Chairman, that possibly after having heard the views of the other delegations we adopt the Australian draft as a working paper as it seems to me to be very well prepared. It seems to have taken into consideration all the main points and that when it is considered as a working paper, the point of giving to protection a better standing, and the question of the possibility of allowing for the countries to take measures simultaneously with the communication to the ITO, be considered..

CHAIRMAN (Interpretation): Is there any other delegate wishing to speak?

M. F.G. OLDINI (Chile) (Interpretation): Mr. Chairman, the debate has shown the reality of the very many means of assuring protection, and the first Chilean amendment has found itself justified by the reasons given, even by those who spoke from another point of view or with different aims.

As for our second amendment, we must consider the various aspects of the question. As the delegate for India rightly pointed out and as the delegate for Brazil just pointed out also, the protection is really a right which springs from a vital necessity, and our proposal is based precisely on that point of view.

Our proposal stresses the measures taken by Governments. It states if a Member in the interests of its programme of economic development adds any protective or other measures of whatsoever kind, etc., and if such measure affects the trade of another Member, the latter may apply to the Organisation. We might add, perhaps, some words indicating that the Organisation may be informed if necessary.

Our point of view is that this necessity appears only in the case when the measures of protection taken may affect or damage the economy of a third country. Then a system of consultation might be applied more or less rigidly. We think that it might be important to try and reach a middle course between the flexibility which we propose and between the rigidity proposed by other speakers. We think, indeed, that some rules are necessary, but these rules should be sufficiently flexible, and based on logic.

If we take as a basis of discussion, as the Delegate for Brazil has pointed out, one or other of the proposals before us which are based on completely different conceptions and which pursue completely different aims, I think we shall complicate very much the problem; but if at the time when the various Delegations have expressed in detail their opinion we decide that it might be easy or easier for the Sub-Commission to choose among the opinions expressed, and retain from each other's proposals those which might be beneficial to the Organisation and acceptable to the different Members, then I think it would not be too difficult to find a text of compromise between the various views expressed.

CHAIRMAN (Interpretation): I think it is quite impossible to finish the discussion at present. Therefore I propose to adjourn until this afternoon at 3 o'clock. At that time we shall pursue the discussion now engaged, and immediately after we shall deal with the U.S. Amendment on Investment and Movement of Capital.

The Meeting rose at 12.45 p.m.