

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

COMMISSION A

Summary Record of the Third Meeting held on
Wednesday, May 28, 1947, at 10.30 a.m. in
the Palais des Nations, Geneva.

Chairman: M. SUTENS (Belgium).

1. The CHAIRMAN called on Mr. Chundrigar, Head of the Indian Delegation, for the general statement on Chapter IV which he had requested an opportunity to make.
2. Mr. CHUNDRIGAR (India) said that his Delegation attached the greatest importance to the question of the economic development of the less developed countries. The facilities required for rapid economic development were not equally available to all countries and therefore some arrangement for an equitable sharing of such facilities should be made. It would be difficult to define precisely the responsibilities in this connection of the countries more advanced industrially, but such an obligation should be regarded as more than a mere formality. India attached particular importance to the assignment to the International Trade Organization of certain positive functions with respect to economic development. He hoped that the proposed development commission to be established under the Organization would be able to arrange for the provision of necessary services to under-developed countries

on fair and reasonable terms. Such a combination of development and trade functions would make the proposed International Trade Organization a more effective organization. He considered Chapter IV as something like a Charter for the relatively under-developed countries. He believed that the measures employed to achieve their development should be judged primarily in the light of the objective of rapid economic development. His Delegation could not accept the premise that quantitative restrictions were inherently bad and inadmissible, and believed it was possible to devise adequate safeguards for their use. The use of quantitative restrictions in the case of balance-of-payments difficulties was already provided for exceptionally in the Draft Charter. He believed the use of quantitative restrictions for protective purposes should also be specifically provided for in the Draft Charter, subject to suitable precautions. Speaking on behalf of India and he believed a large number of other countries as well, this Conference would succeed only if the needs of all countries were appreciated and met and the well-being of the world would depend to a considerable extent on the success of this Conference.

3. The CHAIRMAN declared the meeting open for discussion of Article 13 of Chapter IV, Governmental Assistance to Economic Development. The Annotated Agenda (E/PC/T/W.125, Rev.1) prepared by the Secretariat for the discussion of this Chapter indicated that a number of Delegations had submitted amendments to this Article. He asked these Delegations to explain their proposals.

4. Mr. OLDINI (Chile) explained that the purpose of their proposed amendment to paragraph 1 was to permit arrangements

between governments, particularly of contiguous countries, to assure markets to new industries. Their second amendment was designed to bring paragraph 2 into conformity with paragraph 1, if amended as they proposed.

5. Mr. WEBB (New Zealand) stated that if his Delegation's proposed amendment to Article 33 were adopted, they would wish to withdraw their proposed amendment to Article 13. He therefore wished to reserve his Delegation's position regarding Article 13 for the time being.

6. Dr. COOMBS (Australia) explained that the primary purpose of their suggested amendments was to ensure that all applications for permission to use protective measures other than those permitted under the Charter would receive as expeditious treatment as possible. It should be made clear in the Article that it was obligatory upon countries whose trade was affected and on the Organization itself not to use the complexity involved in this type of procedure to put obstacles in the way of a country applying for permission to use protective measures. Since the whole Article was designed to permit a certain flexibility to countries in their adoption of protective measures to be used for economic development, it was essential to ensure expeditious handling of their applications.

7. Mr. WU (China) explained that his Delegation had submitted certain amendments to this Article because they regarded the procedure provided for in the present text as incompatible with the freedom of action essential to members wishing to achieve economic development. The proposed procedure would be bound to be too slow, and it would be difficult to predict accurately the effect of a proposed protective measure on the

trade of other members. Only after the protective measure had been taken would the consultation with affected members through the Organization provided for in this Article be useful.

8. Mr. MINOVSKY (Czechoslovakia) explained that the intention of their proposed amendment was to provide explicitly in paragraph 2 for the use of protective measures for purposes of reconstruction as well as economic development.

9. Mr. HELMORE (United Kingdom) said that the amendments proposed by his Delegation were primarily directed to speeding up the procedure stipulated in this Article. Without departing from the principle of prior approval by the Organization for the use of protective measures as agreed in London, though subject to some reservations, his Delegation believed the present draft could be criticized on the grounds of providing infinite possibilities for delay.

10. Mr. HAKIM (Lebanon) explained that his Delegation's proposal was designed to provide recognition in the Charter of the necessity for small nations to utilize regional arrangements for ensuring wider markets as a protective measure for the development of their industries.

11. Mr. GOTZEN (Netherlands), although in full accord with the guarantees against misuse of protective devices provided for in paragraph 2, believed these should be supplemented by an additional guarantee making it possible to limit the duration of protective measures. His Delegation's suggestion that a new sub-paragraph (d) be added to paragraph 2 was submitted with this aim in mind. His Delegation endorsed the general principle underlying the Indian Delegation's proposed addition

to Article 26 which would permit the use of quantitative restrictions for protective purposes, although not the precise wording. If the Indian amendment to Article 26 was adopted, the Netherlands Delegation believed a time limit prior to which such restrictions should be revoked should be established under Article 13. They therefore proposed the addition of a new paragraph 3.

12. Dr. LOKANATHAN (India) stated that his Delegation had proposed the revision of paragraph 1 so as to include the recognition that the grant of special governmental assistance in the form of protective measures was not merely a concession but a legitimate instrument for economic development. Their proposed amendment to Article 26, which was directly relevant to Article 13, was designed to permit countries to utilize quantitative restrictions for protective purposes without having to refer first to the Organization, subject to prescribed limitations. Any affected country should have the right of appeal to the Organization, and the country taking protective measures should be obligated to consult with the Organization and the affected country. Where there was already a negotiated agreement between such countries, the procedure stipulated in Article 13 as drafted should apply.

13. Mr. FRESQUET (Cuba) indicated his Delegation had withdrawn its reservations to paragraph 2 of Article 13, as well as their support to the alternative draft to this Article submitted in New York. They were now willing to consider any new draft produced by the sub-committee.

14. Dr. COOMBS (Australia) explained that his Delegation had proposed the addition of a new Article 13 A to provide for a transitional period during which countries employing

protective measures prohibited under the Charter could, on first joining the Organization, make the necessary administrative adjustments or seek the Organization's approval for their continuance.

15. The CHAIRMAN suggested that prior to referring these proposed amendments to the sub-committee, it might be useful to have a general discussion of the following general principles or points of view which had emerged from the Commission's discussion for the guidance of the sub-committee:

1. Determination of general principles for the use of protective measures without stipulating too rigid a procedure - embodied in the Chilean amendment.
 2. Specification of a precise and detailed procedure - embodied in the Australian and United Kingdom amendments.
 3. The use of preferential arrangements as a protective device - raised by the Lebanon Delegate, and implicitly in the Chilean proposal.
 4. The use of quantitative restrictions as a protective measure - raised by the Indian Delegation.
 5. Transitional period for countries first joining the Organization - raised by the Australian Delegation.
16. Mr. TORRES (Brazil) proposed that the Australian draft proposals (E/PC/T/W.127) be adopted as a working paper, subject to consideration of the point that protective measures should not be granted merely as a concession and to the possibility of permitting countries to initiate protective measures simultaneously with advice to the Organization to this effect.

17. Mr. OLDINI (Chile) supported the Indian and Brazilian point that the use of protective measures should be recognized as a right, not a concession. However, he believed it would be easier for the sub-committee to find a compromise between the various views expressed if no particular proposal was adopted as a working draft.

18. The CHAIRMAN suggested that the Commission continue this discussion at 3 p.m., after which they would revert to consideration of the United States Delegation's proposed amendment to Article 9 regarding capital investment.

19. The meeting rose at 12.45 p.m.