

SUMMARY RECORD OF THE FIRST PLENARY MEETING

Held at the Capitol, Havana, Cuba,  
on Friday, 21 November 1947 at 4.00 p.m.

1. ADDRESS BY HIS EXCELLENCY THE PRESIDENT OF THE REPUBLIC OF CUBA

His Excellency Dr. GRAU SAN MARTIN (President of Cuba) said that his country deemed it a great honour and privilege, to which he added his personal satisfaction, to have been afforded the opportunity of most cordially welcoming the distinguished plenipotentiaries who were meeting at the crossroads of the World for the purpose of carrying out one of the most important duties of historical responsibility that the human conscience, in its anxiety to create new instruments capable of securing the peace and happiness of men, had ever undertaken.

The people of Cuba and its Government, over which he had the honour of presiding, felt highly flattered by the fact that under their hospitable skies an assembly of such significant importance should be held, in accordance with the resolutions of the United Nations Organization imbued with the noble effort of propitiating the economic stability of the world, by helping to point out a way at a time when all was so uncertain.

Trade had been man's main peacetime activity almost since the time he had begun to live in society, which led people to believe that the success to be attained by the work of the Conference would become an invaluable pillar of that lasting peace that all the peoples were so anxiously seeking. The specific purposes of the present momentous meeting were therefore closely interwoven with that noble aspiration which all held that the unanimous desire for a just and permanent peace should become a tangible reality.

The solution of the serious social problem of employment depended to a great measure on the more or less propitious conditions under which trade would be carried on in the future. That was one of the main aspects which would undoubtedly be the preoccupation of the plenipotentiaries' meeting in Havana, as it was to those who had the opportunity of co-operating in the work of preparation of the International Trade Charter at the preliminary meetings, which would now be the subject of the intelligent consideration of members of the conference.

/Commercial interchange

Commercial interchange had reached such a degree of development that it had gone way beyond the period when it merely endeavoured to satisfy the material needs of mankind. It could now be said that trade, besides being the last link in the chain of production and distribution of wares and in the access of the people to prosperity - which would be greater as its development increased - also satisfied desires of a moral order. They were no longer dealing with that primitive relation of material interest since the present concept of trade took in such a vast sphere that there was room in it for all the initiatives of human thought and energy.

Dr. Grau San Martin added that the representatives had before them the grave responsibility of creating, in a world thrown out of balance by the war, conditions of prosperity for all. He was aware that they were prepared by the high quality of their minds as well as by the sound orders that they had received from their Governments, fully to undertake that commitment, which gave all the assurance that they would overcome such obstacles as might stand in the way of the successful achievement of their undertaking.

The task of all representatives was closely linked to the very task of peace. It was well to remember that trade, as an immediate object in the interest of man, had been frequently referred to as the cause of disturbance of good relations among peoples. Illustrious thinkers had repeatedly proclaimed that wars were nothing save concrete manifestations and fatal consequences of a lack of balance that had come about in economic interchange. But those who believed in that philosophic interpretation of conflicts might easily be proved wrong if a system of international trade could be agreed upon which, through its fairness and soundness, might be capable of removing the spectre of war.

It had been Cuba's privilege to participate in the work preparatory to the present meeting and to have belonged to what was called the "Nuclear Group" which had charge of preparing the Draft World Trade Charter. Representatives at previous meetings had had the satisfaction of bringing up the points that were deemed adequate to promote the lawful growth of world trade.

They were then encouraged by the same faith that moved them in the present task. But the hopes they had placed on the objectives of the Conference were still broader, because they involved the ambition that the new standards would serve not only for the immediate purpose of destroying barriers which hindered the normal functions of commercial interchange, but because it was believed that those general rules would be followed by an improvement in the standard of living of countries that were still retarded  
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in their material development.

Everyone was well aware that the preoccupations of the representatives were entirely unselfish and that they were seeking with altruistic and constructive vision to have the present meeting reach agreements that would raise the standard of living of many countries. Those of the representatives who had the good fortune of representing nations which enjoyed a high standard of technical and industrial progress should endeavour, without failing further to improve that beneficial evolution, to have all nations succeed in turn in achieving a degree of progress and culture which would make it possible for them to fulfil the objectives that seemed essential to every society that was economically well organized: the prosperity and happiness of man and his dignified position in production and in life. It should be everyone's maximum desire not only to attain the position of those countries which had achieved a high degree of industrial development, but also to raise the standard of living of other peoples.

The world today was anxious for a new order in production and trade, a better distribution of materials and products. Insofar as it might be possible for all represented at the conference an endeavour should be made to prevent man from going against the work of Nature, and on the contrary, an endeavour should be made to have him follow the routes of Providence which represented, in the last analysis, the soundest essentials, because, otherwise, they would run the risk of contradicting the natural right inherent in all peoples to produce and participate in the commercial interchange with those products which could be produced in the easiest and most spontaneous manner.

The view of the Cuban Government regarding the present problems of the world among which were those submitted to the consideration of representatives, naturally included formulae of a technical order capable of giving sound guidance to economic relations; but it was mainly characterized by the spiritual encouragement that gave it shape and stimulation. They believed that if the economic standard was to be an effective guarantee of the rights it covered, it must be inspired in a deep sentiment of human justice and in a respect for democratic principles. The activities of the Conference would be of little use if they were limited to an erection of structures of faultless scientific appearance, but which, in the end, did not seek to meet the legitimate rights and the demands that were honestly founded.

They were seeking an intelligent co-ordination of their different possibilities, from which it could be assumed that they had reached the necessary understanding that personal interest was secured in the measure

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in which they understood the interests of others, without losing sight of the fact that such harmonious adjustment should be developed in a democratic atmosphere, such as was offered by the high moral keynote of the present meeting.

One of the most fruitful and profitable tasks of the Conference would be that which attempted to prevent fear and suspicion from obstructing the free development of peoples and thus delay their material improvement. On that they based their fervent hope which they entrusted to the wisdom of the Conference in order to succeed in creating a system which would destroy every threat to the peaceful and honest exercise of commercial activities and which, in that way, would solemnly consecrate, as the golden rule of world economy, the just principle of security in productive activities.

The broadmindedness which inspired the present meeting gave the feeling that it would not be indifferent to the needs of those nations with incipient economies, which, like many American nations, required financial co-operation for their industrialization as a means of effectively strengthening that bastion of freedom which it was sought to make impregnable, for the defence and protection of the most cherished of human ideals.

Dr. Grau San Martín called the attention of the assembly to the fact that the signing of the International Trade Charter in Havana - bulwark of the West Indies - which was the last foothold of a past which today disappeared in order to make way for further human conquests, was an unmistakable symptom that America, in a tireless struggle for Freedom and Justice, looked with honourable complacency upon the consecration of supreme aspirations that had been its own from the very start of its venturesome existence.

Economy had become the very life of the world. The presence of representatives at the Conference was a denial of the erroneous concept that gave but minor importance to the great problem of trade. On the contrary, the feeling of the present times demanded that those activities should be given greater importance, placing them on the highest plane of human purposes and moral nature. They must meet the material demands of existence and unhesitatingly heed the voice of necessity, but they must do so with the highest ethical standards and the most worthy incentive. The subtle gears of economy should be improved without losing sight of the fact that it would reach its highest degree of perfection the more closely they placed it in the service of Peace, binding it closely to the triumph of justice and freedom.

In wishing representatives a pleasant stay in his country, Dr. Grau San Martín hoped that their very important work would be highly successful. He was fully confident that such generous efforts could result only in fruitful achievement for the present and a rich endowment for future generations.

2. MESSAGE ON BEHALF OF THE SECRETARY-GENERAL OF THE UNITED NATIONS BY  
MR. BENJAMIN COHEN, ASSISTANT SECRETARY-GENERAL

Mr. Benjamin COHEN (Assistant Secretary-General in charge of the Department of Public Information of the United Nations) stated that he desired to convey to His Excellency the President, as well as to their Excellencies the President of the Legislative Chambers and Cabinet Members, the sincere appreciation of the United Nations for the great honour conferred by their attendance at the inaugural meeting.

The Secretary-General, Mr. Trygve Lie, prevented by the unexpected extension of the work of the General Assembly, of personally attending the present Conference under the auspices of the United Nations, which he considered of the most far reaching importance, had asked Mr. Cohen to represent him and to convey his deep regrets at not being able to come to Havana as he had wished to do.

The Secretary-General had also requested Mr. Cohen to transmit his sincere thanks to the Government of Cuba, (without whose co-operation it would not have been possible to convene the Conference in the beautiful city of Havana), together with his high appreciation of the excellent work which the Commission, appointed by the Cuban Foreign Office, has done in preparing the Conference as well as of the cordial hospitality now being tendered by the people and authorities of the Cuban Republic.

In few fields of the vast task outlined by the San Francisco Charter could the United Nations make a more immediate contribution to the improvement of international relations and of the economic life of the various peoples than in that of international trade. Article 55 of the Charter provided that the United Nations, in order to further peaceful and friendly relations among nations shall promote the establishment of high standards of living, full employment, and conditions of economic and social progress and development. At its very first session in 1946, the Economic and Social Council had established a Preparatory Committee for the International Conference on Trade and Employment, which met first in London and then in Geneva and whose endeavours had attained the most complete success. It had now called together this Conference to study the draft Charter prepared by that Committee, looking towards the establishment of an international trade Organization.

The years following the first world war had seen the development of a rapid and ominous trend towards national economic isolationism, and in favour of constantly higher barriers to international trade. Positive efforts were made through the League of Nations to arrest that trend by international action. The World Economic Conference of 1927, the Tariff Trade Conference of 1930 and 1931, the International Monetary and Economic

Conference

Conference of 1933 bore witness to those efforts and to the failure with which they were attended.

The end of the recent world war provided a better opportunity to carry on the work. It was seized by the United Nations and a new approach to the problem was adopted with results both immensely gratifying and encouraging. The present draft Charter reflected that new approach; and the General Agreement on Tariffs and Trade recently concluded in Geneva - an agreement unprecedented in its technique as well as in its scope - pointed to what might be accomplished in that field.

The Conference was meeting at a time when the economy of the world was tragically disrupted by the effects of a war of unparalleled destructiveness. It could not be expected to devise solutions for all the ensuing maladjustments, many of the most urgent of which were being attacked elsewhere, through the economic organs of the United Nations, the Specialized Agencies, and by the governments directly concerned.

Its task was to look beyond such immediate distortions and to chart a course for what it was hoped would be a brighter future, and to establish a code of conduct which nations would accept as a guide for their commercial policies in a united effort to make the best use of the world's resources for the common welfare. Representatives were being asked to make a solemn pledge to direct the efforts of their countries to the pursuit by international co-operation of rising standards of employment, production and consumption.

It was not possible to underestimate the difficulties of the task! The immediate distortions and stresses of the world were not of direct concern. But they were so acute that they would be an ever-present factor in the discussions and must be taken into account in the drafting of the measures for bringing the ITO Charter into effect. The great contribution in that field was to ensure that the measures being forced upon governments in periods of abnormal economic stress like the present should not become a permanent feature of the peace economy. The world had had one bitter costly lesson of what that meant. The Conference and the effect thereafter given to its decisions would show whether that lesson had been learnt.

The document which the Conference would prepare must be so drafted as to fit the needs of a great diversity of states with wide variety of economic and political circumstances and in different stages of economic development. It was here that the Report of the Preparatory Committee gave cause for optimism. The diverse conditions existing in the many countries present were reflected in the composition of the Preparatory Committee itself. Its members were deliberately chosen by the Economic and Social Council to

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include a variety of geographical areas, a variety of types of economy, and a variety of political and economic philosophies. Thus the main issues which confronted the Conference had been submitted to a most exhaustive debate resulting in the draft before the Conference. There was every reason to hope that broad areas of agreement could be found in the Conference.

The world was weary, perplexed and still haunted by fear. The Conference could send forth a message which would revive flagging spirits and bring fresh hope.

Mr. Cohen, on behalf of the Secretary-General, wished the fullest measure of successful achievement in the important work of the Conference.

His Excellency Gonzalez Munoz, Minister of State, took the Chair as Temporary Chairman.

3. ADDRESS BY THE MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND

Mr. GUTT (Chairman of the International Monetary Fund), said that since the beginning of its activities, ITO had been good enough to invite the International Monetary Fund to participate in its work. He wished to express his thanks for that consideration. More important, the representatives' concern was to see that the International Trade Organization worked in close collaboration with the Fund was evidence of the thoroughness with which they were approaching the problem of a balanced expansion of international trade. That was the problem for which the Fund and the ITO, each in its field, must strive together to find a solution.

At Bretton Woods, representatives of forty-four countries expressed the opinion that an international trade organization would be needed if the nations of the world were to be successful in clearing the channels of trade of the obstacles which hampered nations in their efforts to attain higher standards of living and economic progress. For that reason they adopted Resolution VII of the Bretton Woods Conference urging the nations of the world "to reach agreement as soon as possible on ways and means whereby they may best reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations". That was what members of the Conference were trying to do.

In some respects the problems they dealt with were similar to those dealt with by the Fund. After all, unnecessary quantitative restrictions and unnecessary exchange controls had precisely the same effect in restricting trade. And competitive exchange depreciation was in itself another form of tariff on imports and subsidy on exports.

Therefore, according to whether or not the International Trade Organization and the International Monetary Fund acted in good understanding together, they would be of mutual help to each other, or they would be in conflict with each other. It went without saying that the first alternative was not only desirable but indispensable. The International Trade Organization alone would not be able to settle the economic problems of the world; nor would the International Monetary Fund alone; nor the International Bank for Reconstruction and Development alone. There must be a common understanding, an overall view. It had always been necessary; it was still more so today than at the time the work of the representatives began. The world situation had deteriorated from the political point of view - and that, nearly always reacted on the economic situation - because many hopes which were, rightly or wrongly, entertained, had not been fulfilled. It had deteriorated from the economic point of view because circumstances had by themselves been unfavourable - bad crops, shortages of raw material and

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fuel - and because of trade and payments difficulties.

That was an additional reason why a great, a very great combined effort of all international organizations - each acting in its proper field - would be necessary to help the world economy to rise and move forward again.

He had spoken of trade and payments difficulties which hampered progress in world recovery. Here, especially the IMF and the ITO both working towards the balanced expansion of world trade, the first in the monetary field, the second in the commercial field, could do much to see that trade and payments difficulties were not increased by harmful restrictive measures.

Whatever form such harmful restrictions might take, whether through exchange policy or commercial policy, their common purpose was to avoid such obstacles to the expansion of world trade and the establishment of a healthy balance in international payments. Close co-operation between the trading countries, as well as between the two organizations, would be necessary if that effort was to be successful.

The Fund wished to act on that premise. They believed it to be most essential that the two organizations should understand one another so that they might most effectively work together. Even in a rapidly recovering world that would have been necessary. Under present conditions, when so many countries were facing a critical international payments problem, it was indispensable that the economic problems which all faced should be tackled boldly and with good will, by the countries themselves and by all international organizations. Otherwise, there was great danger that that crisis would generate into a series of restrictive measures that would hamper world recovery and the restoration of world trade. The establishment of the ITO should be a helpful safeguard in minimizing that danger.

There had been the attitude of the Fund from the beginning. He hoped that their participation in the deliberations of the Preparatory Committee in London, New York and Geneva, and in the discussion of those Articles of the ITO Charter which were particularly close to their field of responsibility, had served a useful purpose. As representatives had noted, the Fund did not wish to limit the scope of the ITO, but rather to emphasize their common interest in certain aspects of trade and payments problems. It wanted ITO to know what it was doing and would continue to do, to help meet the exchange and payments problems. It wanted the ITO to be an effective instrument for dealing with the world's trade problems.

Representatives present had devoted many meetings to preparing the Draft Charter being considered by the Conference. He thought that a magnificent job had been done. He did not mean that a perfect document had been prepared. If he said so, it would quite properly be doubted whether

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he spoke with full knowledge and complete sincerity. The difficulties attending the task had been great. The achievement revealed the compromise that was necessary for agreement. On the one hand, some extremely broad principles to govern trade relations between members could be read in the Draft of the Charter. On the other hand, one found just as broad and probably many more exceptions to those principles. In many instances, those escape clauses were a frank recognition of the fact that, under present conditions, those principles were too strong a diet for a sick world. When the patient had passed through convalescence, all might hope that the nourishing diet prescribed in the Charter would keep world trade in good health.

In that regard, there would be no doubt some people who would say that it would have been more advisable to wait two or three years and then to agree on a document embodying hard and fast adherence to the principles of the Charter. He was certain that consideration had been given. If the Charter was not all that it might be, it was because they felt it was urgent to start now. And quite rightly so. The dynamics of the present time did not allow them to wait until perfect conditions assured the easy functioning of a perfect world.

He felt he could speak with some authority on that point. The Fund had had to begin its operations during a very critical period in international financial relations. One might have waited for better times, until the situation was more stable. It had been sometimes said that the Fund was a fair-weather ship. Perhaps so; but if a fair-weather ship, by taking some chances, could save a number of lives in the midst of a storm, all would agree with him that it should try to do so. And representatives would agree with him that the seas of the world were rather stormy today. That was why they had begun their work without regard to the harsh and unfavourable economic climate. He did not regret that decision to go ahead. If, by their common actions, imperfect as they might be, they could spare humanity a year, a month, or even a week, of that economic tragedy, it would have been worthwhile. It was far better to do something helpful, incomplete and imperfect though it may be, than to do nothing at all, waiting for the best to come. Never had the French proverb been more true. "Le Mieux est l'ennemi du bien".

And if, as he had said, the text of the Charter was not perfect, he did not think that was a reason for being discouraged. Texts were one thing. The spirit of the men in an international organization was another thing. Even with a perfect text, if doubt and discord should prevail in the ITO, it would be doomed to failure. Even with something short of a perfect text, the ITO would be what the people who ran it made it; and if they acted in a sensible,

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practical, co-operative spirit, the ITO, he was sure, would achieve considerable results.

Of course, the task would be hard. The present time was difficult for the establishment of principles to govern the trade relations of the world. Many nations were struggling to maintain even a minimum level of consumption for their people. Others were in the process of recasting their economic and social structure. And nearly all were grappling with the consequences of war that had left their production distorted, their monetary reserves depleted, and their currencies inflated. All those factors increased the difficulty of securing constructive co-operation within the community of nations.

It was particularly difficult for a Government in those circumstances to ask from their people a sacrifice, a renunciation of what they believed to be their rights, a renunciation of what they believed to be their interests, without being able to show them an immediate counterpart: the real counterpart being the future increase in world trade, of which those people could have their share.

Yes, it was difficult. Everything today was difficult, much more than before. But he was confident that everything could be settled. Only two things were needed for that: vision and courage. That vision and courage still existed in the world had already been shown by the results they had arrived at. Their long and arduous labour indicated that in spite of those difficulties in many countries, in spite of the differences in economic organization, the need for an International Trade Organization that would establish principles of fair practice in international trade was generally recognized throughout the world. Those principles, while flexible enough to meet all emergencies, should facilitate steady economic progress in a peaceful world. Above all, they must not allow present difficulties to result in erecting new obstacles to trade which in future years might become an insurmountable barrier to a prosperous world.

Some people might say: "If there are so many escape clauses in the Charter, everybody will resort to them and no result will be attained". That was, of course, a possible danger, but he thought it would not materialize. Why? Because nations had come more and more to realize the dangers with which they were threatened if they did not come to an agreement. The time of illusions had passed, or almost passed. They have crumbled between the two last world wars, and if there were some still remaining in 1945 or 1946, what had happened since then should be enough to destroy them. Nations now realized, he hoped, that if no understanding was arrived at between them, they were all headed for disaster, and that to arrive at an  
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understanding each of them would have to sacrifice customary restrictions, preferences, advantages, in order to share in the general gains which would result from a broad agreement. They would do much to avoid facing a further contraction or disruption of international trade.

The Fund had studied carefully the successive drafts of the Charter and he was glad to say that, subject to the approval of their Board of Governors, they were willing to assume the obligations which were required of them. The purposes of the International Trade Organization were their purposes. Therefore, the co-operation between the Fund and the ITO had to be wholehearted and mutual. The more they helped the International Trade Organization in achieving its objectives the closer they got to the accomplishment of their own.

Mr. Gutt said he hoped that the organization to be created would become an effective instrument for international co-operation in the field of trade, and that its work would progressively contribute toward the attainment of that ultimate purpose they all share - the establishment of a peaceful and prosperous world.

4. MESSAGE FROM THE INTERNATIONAL LABOUR ORGANIZATION

Mr. TAIT (Representative of the International Labour Organization) said it was his privilege to bring to the Conference greetings and good will from the Director-General of the International Labour Organization and to express his sincere hope that the Conference would be successful in achieving the purposes for which it had met.

In the first place he wished to say how pleased he was that the Conference was meeting in Havana, the city in which the ILO held its Second American Regional Conference in 1939. All those who were present on that occasion had the pleasantest memories of their sojourn on Cuban soil.

The fundamental purpose of the ILO was to raise living standards through agreements among Governments and representatives of employers and of workers on industrial and labour problems, and the ILO was therefore vitally interested in the work of any other body which sought to achieve the same purpose by other means. They welcomed the statement in the preamble of the draft Charter which was submitted for the approval of representatives that the work which they were undertaking was based on Article 55 (a) of the Charter of the United Nations which proclaimed the importance of attaining higher standards of living, full employment and social progress and development.

Mr. Tait thought that it was significant that in the draft Charter the statement of purpose and objectives was immediately followed by a chapter in which it was proposed to include certain mutual undertakings in relation to employment, production and effective demand. The amended Constitution of the ILO placed the achievement and maintenance of full employment among the aims and purposes for which the ILO should strive, and they were already co-operating with the Economic and Social Council in that field.

In that connection he referred especially to the Article on Fair Labour Standards in which specific reference was made to the ILO and said that on that question, as on all other questions in Chapter II of the draft Charter, the ILO would co-operate fully with the International Trade Organization.

On economic development the ILO also had a role to play, notably in connection with the provision of technical skill by such means as vocational training, the exchange of instructors and trainees, etc. He thought the American Members of the Organization would undoubtedly recall the detailed discussion of vocational training in relation to industrialization which took place at the American Regional Conference in Mexico City in 1946. Since then, a small tripartite committee to consider American regional co-operation in that field had been established and had started to work. Similar discussions had taken place within the last few weeks at the ILO Asian

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Regional Conference, and the question was also on the Agenda of the Near and Middle East Conference at present meeting at Istambul.

He had no desire, however, to go into any further details. The purpose of his message was general rather than specific. It was to express the pleasure of the ILO at the progress so far made in drafting a Trade Charter and in actually lowering the barriers of international trade, thereby promoting the raising of living standards throughout the world. They wanted to help in the work of the ILO and on occasion they might wish to ask the ITO to help them. If the ITO was effectively established as a result of the Conference, the Governing Body of the ILO, representing employers and workers as well as Governments would, he was sure, be among the first to offer its congratulations to a new specialized agency and to offer its assistance in the immense task to which the Conference had set its hands.

15. MESSAGE FROM

5. MESSAGE FROM THE FOOD AND AGRICULTURE ORGANIZATION

Mr. WYNDHAM WHITE (Executive Secretary of the Conference) read the following message which had been received from the Council of FAO:

"The first session of the Council of FAO sends a message of greeting to the International Conference on Trade and Employment. In the opinion of this Council, the matters on the Agenda of the Havana Conference are of the utmost importance to the nations of the world, and the Council expresses its confident hope for the satisfactory outcome of the Conference.

"Moreover, much of the subject matter is of direct importance to the work of FAO. Improvement in agricultural production and nutrition depends to no small extent on the progress made in promoting a freer flow of international trade, and the Council attaches importance to this aspect of ITO's functions.

"As regards trade in agricultural products FAO is pledged to the twin objectives of expansion and price stability, and the Council would recall the words of the Geneva Session of the FAO Conference, '...that for a certain number of important commodities, commodity agreements are the best means of assuring steady markets and price stability at a fair level and thereby of encouraging primary producers to plan with confidence!'. This Council takes particular interest in the Chapter in the Draft Charter concerning inter-governmental commodity agreements, a field in which this Council itself has certain functions under its Constitution. This Council believes that Member Governments will find it useful to work both through FAO and through ITO in their respective fields.

"The Council notes with special interest the Chapters of the Draft Charter concerning employment and development. The FAO Conference has clearly stated that in many important areas of the world, agricultural progress depends on parallel industrial development. The Council recognizes that the ITO, when established, will play an important part in assisting Member Nations in programmes of development and looks forward to close collaboration in these matters between the two organizations.

"Both agricultural and industrial development can prosper only in an expanding world economy toward which the International Trade Organization along with other international agencies can contribute much.

"May therefore the International Trade Organization of the United Nations be speedily established".

/6. ADDRESS BY

6. ADDRESS BY THE CHAIRMAN OF THE PREPARATORY COMMISSION OF THE CONFERENCE

Mr. SUEMENS (Belgium), Chairman of the Preparatory Commission, said that he had the honour to submit to the United Nations Plenary Conference on Trade and Employment the Draft Charter prepared by the Preparatory Committee established under the decision of the Economic and Social Council of 18 February 1946.

The Preparatory Committee, of which he had had the honour and pleasure to be Chairman, had held two sessions, one in London from 15 October to 26 November 1946, and the other in Geneva from 10 April to 30 October 1947. Between the two sessions a Drafting Committee had met in New York from 20 January to 25 February 1947.

Altogether, the Preparatory Committee had held nearly 650 meetings in connection with the drafting of the Charter, and almost 1,000 meetings in connection with the bilateral negotiations which had led to the conclusion of a General Agreement on Tariffs and Trade. He did not think that there were many conferences which had accomplished so much work within an equal period of time. That was definitely the result, on the one hand, of the spirit of co-operation which had animated the various delegations and, on the other, of the zeal and efficiency of the Secretariat.

The Draft Charter which was submitted was a composite product. It had four quite distinctive and well-defined objects.

Its first object was to give international trade relations the security they required by means of a universally recognized code of rules. In the present state of affairs those rules resulted from commercial treaties. The clauses of such treaties were not all alike, however. They were not sufficiently general in character. They were sometimes contradictory and the majority of them were ill-adapted - or not at all adapted to the new techniques of commercial policy. It was necessary to reconsider, clarify and codify them. He wished to mention the most favoured-nation treatment clause, clauses dealing with quantitative restrictions, with transit, subsidies, anti-dumping and countervailing duties, customs formalities in general and so on. It had been found necessary to go far beyond the scope of ordinary commercial treaties and to establish completely new rules regarding restrictive business practices, namely, agreements concluded directly between private interests with the object of restraining competition by fixing prices and export quotas and by sharing markets. Such agreements had as much influence on trade as ordinary commercial agreements. It would be impossible to conceive of a complete code of rules for commercial policy which did not cover such practices. It was the first time an inter-governmental agreement had entered the field which was formerly left /to the discretion

to the discretion of private interests.

The second object of the Charter was the establishment of an Organization including on the one hand bodies meeting at regular intervals and, on the other, a permanent administration to see that the rules laid down by the Charter were respected and to settle any disputes or claims which might arise in international economic relations, either by mutual agreement or by means of legal proceedings. In that sphere, the Draft Charter called, among other things, for the constitution of an International Trade Organization and established its Statutes.

The third object arose out of Article 17 which stated that Members should enter into mutual "negotiations directed to the substantial reduction of tariffs and other charges on imports and exports and to the elimination of preferences . . . on a reciprocal and mutually advantageous basis". That part of the programme had already been put into effect. On 10 April the States represented on the Preparatory Committee began negotiations among themselves which were continued without interruption for six months culminating in a multilateral agreement, to which the final touches were put on 30 October last. That agreement, which was made public only a few days ago, was the largest undertaking of its kind ever to be realized. It included the results of some 100 bilateral negotiations carried out at Geneva. Each country made a direct offer to the other country of all the tariff concessions made by it, whether in the form of reductions, bindings or the reduction or elimination of preferences. Thousands of tariff items had been affected. The trade thus involved was estimated at \$10,000,000,000 or more than half the import trade of the countries represented at Geneva and a little less than half the pre-war world import trade. The commitments of some countries were in the neighbourhood of eighty per cent.

The comprehensive list of concessions was preceded by a number of clauses, mostly drawn from the Draft Charter, which guaranteed the genuine value of the concessions until the Charter came into force.

The first part of that international agreement reaffirmed the principle of most-favoured-nation treatment as stated in Article 16 of the Draft Charter. It imposed on the countries which negotiated the concessions the obligations to observe and to maintain them. It provided that the countries concerned could enter into joint consultations if they considered that a product included in the list of concessions was not receiving the treatment accorded in the agreement.

The main purpose of the second part of the General Agreement was the reaffirmation of a number of principles and provisions of Chapter IV of the Draft Charter (commercial policy) and to some extent of Chapter III

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(economic development).

The third part dealt with subjects raised by the agreement itself and not included in the Charter. It was important to note that countries participating in the agreement were to meet regularly and that their first meeting had to be held before next March. If the Charter had not come into force within a reasonable time, measures to amend, complete and maintain the General Agreement were contemplated, if that should be necessary.

By a protocol open for signature from 30 October 1947, Australia, Belgium, Luxembourg, the Netherlands, Canada, France, the United States and the United Kingdom had undertaken to put the agreement into effect on a provisional basis as from 1 January 1948. Article 17 laid down the conditions under which other countries might participate in the agreement.

But that was not all. Neither the establishment of principles nor the formation of an organization to provide a general safeguard and machinery for conciliation and arbitration could suffice for maintaining and expanding trade. He would quote at that point what he had said at Geneva: "The law provides security. It does not establish anything by itself. One might even go further. The reestablishment of free trade by itself would not be enough. There must also be definite co-operative action in the fields governing trade, namely production, consumption, employment and general economic development, and in particular the general economic development of the under-developed countries. In all those fields the action to be taken was primarily dependent upon national sovereignty. Each country must have its own policy. But the various policies thus involved would run the risk of conflicting with one another if they were not controlled by concerted action". The rules for such concerted action form an important part of the Charter and are its fourth object.

Similarly, mention might be made of the rules laid down in regard to inter-Governmental commodity control agreements. The regulation of the production and consumption of, and trade in, primary commodities had been recognized as necessary in a number of cases. Procedure had been established whereby such control could be exercised in a manner conforming with the general purposes of the Charter.

The work, such as it was, was not complete. In spite of the good will shown by all, it had not been possible to reach unanimity on a certain number of points, and some delegations had made reservations regarding various clauses. There were also a certain number of questions which had been left open. After careful consideration the Committee recognized that it was not qualified to settle them and that that task could only be performed by the Plenary Conference. It had prepared alternative solutions

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regarding such points, however, and was submitting them to the Conference. That solution was adopted as regards voting arrangements (Article 72), the composition of the Executive Board (Article 75), the interpretation and settlement of differences (Articles 89 to 92) and finally relations with Non-Members (Article 93).

The work was not only not complete, but was also not perfect. It was with the greatest modesty that they were submitting to the Conference the results of their work. They were not unaware of the criticisms levelled against it, of which two in particular must claim their attention.

The first of them might be summarized as follows: The Charter could have been useful, if it had been comprised by a combination of strict rules. Unfortunately that had not been the case. It contained a large number of exceptions, resolatory and even escape clauses, so that it did not afford any real assurances but only precarious and hazardous guarantees. He would reply frankly and say that those criticisms were well founded. The situation with which they had been confronted, and which was also confronting the present Conference, must not be forgotten. If all countries were at the same level of economic development and had the same form of commercial policy, similar monetary resources and policies, and comparable responsibilities, it would be a fairly simple matter to evolve a strict code. That was unfortunately not the case. After the war, which had undermined the very foundations of the machinery of trade and had ruined many States, the burdens, needs and the possibilities of various countries were profoundly different. The problem was one of finding formulas making it in the interest of each country to subscribe to the Agreement, whilst placing the same burden of obligation on each. On the other hand, the Charter must respect the autonomy of each party, the autonomy of those countries having a liberal economy, that of those countries having State monopolies and whose foreign trade itself was a monopoly, and that of those whose foreign trade was designed for purposes of reconstruction, of industrial development or of price stabilization. All the rules of the Charter must be acceptable to those various types of countries and be adaptable to the nature of the different economic systems involved.

For the above reasons, their work could only be one of compromise. Its weakness should not, therefore, cause either surprise or alarm. The Charter was continuously growing. Its text afforded opportunities for revision. Furthermore, both the work of the bodies to be established and the International Trade Organization itself would continue to improve the present text.

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The second criticism in question was directed against the character of the Charter itself. It was reproached for being academic. It was considered to afford but few solutions to the distressing problems which the various countries had to face today. That criticism was perhaps justified some months ago, but that was certainly not so at the present time. The conclusion of the General Tariff Agreement fully demonstrated what might be expected of the Charter and of those who had signed it. They were at pains to comply with one of their major obligations even before the Plenary Conference came to consider their work.

It was something of a consolation, on the other hand, to note that the Conference of Sixteen which met at Paris to study Europe's difficulties referred to the Charter on several occasions and made certain recommendations regarding it. No better tribute than that could be paid to the concrete and practical character of the Preparatory Committee's work.

If a further example of that realism were required, he could refer to the stand taken in regard to preferential agreements. The rules of commercial policy in that respect were extremely strict before the war. As regards normal relations between countries not forming part of the same political entity, there were two possible formulas: on the one hand, the most-favoured-nation treatment, and, on the other hand, a customs union. Any other scheme was heterodox. On that account, for example, such attempts at gradually lowering tariff walls as the Ouchy Convention, signed in 1932 between the Netherlands, Belgium and Luxembourg, were abortive. The Economic Committee of the League of Nations drew attention to that deficiency on several occasions and had even proposed solutions. It could now be seen that under Article 42 of the Charter, before the effective entry into force of a customs union, transitional stages having a preferential character might be contemplated. Similarly, Article 15 provided that under certain circumstances preferential arrangements might be concluded in the interests of the programmes of economic development or reconstruction of one or more countries.

In that respect, as representatives knew, thirteen of the countries which participated in the Conference of Sixteen at Paris to draw up a table of Europe's economic needs decided to study the possibility of concluding a customs union between European countries. That study group, comprising delegates or observers from twenty-two countries, met at Brussels on 10 - 15 November. After certain statements, inter alia those of the representatives of the Netherlands and of his own country, had been heard, it was decided to establish a Preparatory Committee which should be entrusted with assembling technical information. A second meeting was

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contemplated for the last two weeks of January 1948.

He would say no more about the work of the Preparatory Committee. It had tackled the matter three times, and had reconsidered the main questions confronting it at least twice. He sincerely believed that the texts submitted to the Conference not only took more fully into consideration the concrete difficulties which all had to face in their foreign trade relations, but also, as regarded coherence, logic and clarity, constituted an improvement on the texts drawn up at London and New York.

Their work was one of good faith in every sense of the term. They would be happy if the Conference would accept it as such, and even happier if it could find solutions to the particularly controversial issues involved which were superior to those of the Preparatory Committee. On his own behalf and on behalf of the countries represented on the Preparatory Committee, he wished the Plenary Conference good luck.

7. EXPRESSION OF THANKS

His Excellency Dr. Gonzalez MUNOZ (Temporary Chairman) expressed his gratitude for the privilege of sharing with the United Nations Secretariat the high responsibility of inaugurating the Conference. He would do all he could towards making the Conference a success.

8. CONFERENCE ANNOUNCEMENT

Mr. Wyndham WHITE (Executive Secretary of the Conference) announced that an informal meeting of heads of delegations would be held the following morning at 10.30, followed by a plenary meeting for the election of the Chairman and officers of the Conference.

The meeting rose at 6 p.m.

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