

SUMMARY RECORD OF THE FIFTH PLENARY MEETING

Held at the Capitol, Havana, Cuba,
on Friday, 28 November 1947 at 10.30 a.m.

President: Mr. Sergio I. CLARK (Cuba)

1. CONSIDERATION OF RECOMMENDATIONS OF GENERAL COMMITTEE

Mr. SUEMENS (Belgium) First Vice-President who had presided at the meeting of the General Committee, explained that the first meeting of that Committee was held in order to outline a programme for the termination of the work of the Conference by 31 December, some of the work to be completed earlier, and to clarify a rule of procedure which had already been adopted.

The PRESIDENT announced that the representative of Cuba wished to correct a misunderstanding: the Cuban Parliament would not meet until the third week of March.

There being no comment, the report of the General Committee (E/CONF.2/EUR.2) was approved.

2. CONTINUANCE OF THE GENERAL DISCUSSION

Mr. U. KYIN (Burma) stated that the Draft Charter was of special significance to his country, which had closely followed its development. Smaller, under-developed countries had an equal, if not greater interest, with the larger, developed countries in the stabilization of international trade, particularly those countries presently in process of rapid political development. Countries striving to raise the material standard of living most needed stable markets and stable supplies and therefore looked to the ITO Charter and were willing to contribute their share to its development.

However, the Charter must be flexible so as to accord the maximum opportunity for economic development. For instance, full employment must not alone be the aim; raising to a higher level the present low standards of employment must be given equal emphasis.

The Charter should not be negative and restrictive since rigid restrictions led to evasions and conflicts. Rather, it should be flexible enough to accommodate all types of philosophies, especially as regards under-developed countries.

Burma was striving for economic rehabilitation as a result of the war; it was working out a planned economy, which involved industrialization of a

/hitherto agricultural

hitherto agricultural country. Agreements between Burma and other nations must have scope to accomplish this and amendments to the Draft Charter to be presented by the delegation of Burma would be directed to this end.

The Charter of the ITO would be an instrument of peace if it were formulated so that those countries not completely industrialized were on terms of full equality. (For fuller text see Press Release ITO/47).

Mr. WILGROSS (Canada) stated that the alternative to the uniting of nations to restore multilateral world economy, making national policies regarding trade subservient to the well-being of all nations, was chaos, in the form of economic warfare and lowered standards of living. He hoped that the spirit of goodwill and mutual co-operation evident in the first and second sessions of the Preparatory Commission would continue to dominate in the present Conference.

The Draft Charter represented the sustained efforts of careful and considered work. The countries present at the Preparatory Commissions were a true cross-section of the world, representing those directly and indirectly touched by the war, all stages of economic development - from agricultural to fully matured economies, and those interested in public ownership as well as those advocating private enterprise. The compromises included in the results of the work at Geneva took into consideration all these divergent interests. It stood to reason that the resultant Draft Charter was a compromise, not fully acceptable to any one nation, but formulated in a spirit of co-operation and understanding.

The outstanding example of good faith and sincerity among the countries represented at Geneva was the conclusion of the General Agreement on Tariffs and Trade. The General Agreement had been released 18 November; certain countries would implement it January first. Herein lay the concrete evidence of goodwill and the potentialities of the International Trade Organization. He hoped that the achievements up to now were a preview of future world trade.

Mr. Wilgress reiterated the statements at Geneva that Canada was in general prepared to accept compromises even though there were more qualifications than his delegation would have liked. It was fortunate that the danger of too broad escape clauses had been recognized, so that presently there was a Draft Charter which could be generally accepted as a basis for the International Trade Organization.

He stressed the importance of certain points which had not been fully studied in Geneva such as voting in the Conference, composition of the Executive Board and relations with non-Members, although a great deal of ground work had already been accomplished.

/While the Draft Charter

While the Draft Charter represented a finely balanced compromise, two aspects must be carefully watched: certain changes introduced in Geneva came close to departing from multilateral agreements; escape clauses must not nullify the benefits thus far accomplished. For the sake of unanimity, some points had been left for future resolution, thus placing a great burden on the Organization. Care must be taken, in order to avoid a break-down through sheer weight, that these be not beyond the capacity of the new organization.

Because of Canada's industrial growth, she watched with particularly friendly interest the process of industrialization of other countries. The Draft Charter was encouraging. The results of the present Conference should be not for the aggrandizement of individual countries but for the betterment of the peoples of the world. (For fuller text see Press Release ITO/48).

Mr. AZER (Egypt) stated that the eyes of the world looked toward this Conference hoping that the Charter would become a pillar of peace. Most countries would answer that plea by endorsing both the letter and the spirit of the Charter. The fears of the peoples of the world could be alleviated by working together, the foremost thought being the interests of the whole, rather than of the individual. Previous speakers had dwelt upon economic chaos and the suffering of mankind. The outcome of this Conference would have an enormous bearing on the future: the return of free trade was not yet in sight; the problems of the large and small countries should be worked out in a spirit of co-operation, particularly during the transition period of the economic and political development of smaller countries.

Egypt, always an agricultural country, dependent primarily upon its export of cotton, had had to industrialize to care for its increased population. The war had accelerated this process and she now found herself with an urban skilled-labour class. The rise in the standard of living was one of the aims of the Charter of the United Nations. Such a development resulted in increased purchasing power, increasing the flow of both domestic and foreign goods.

Small, under-developed countries looked to the more industrialized countries for understanding. Fortunately, some of these had a realistic attitude.

The delegation of Egypt would present at the proper time some suggested revisions. There were two points to be considered: prior to the initiation of the Draft Charter of the ITO, the Arab states had passed resolutions to safeguard their common interests. Those were binding and would be honoured. Also, should the Charter tolerate preferential treatment, the Arab League should be free to enter into similar agreements.

/Special privileges

Special privileges were damaging to the smooth functioning and national interests of other states. Smaller countries realized the responsibilities and obligations of the larger powers, but they were a natural outcome of their unique position. Inevitably all nations must come closer together, since all nations were becoming more economically inter-dependent.

Mr. Azar pleaded for mutual understanding: not "survival of the fittest", but "live and let live". (For fuller text see Press Release ITO/61)

Mr. VALIES (El Salvador) emphasized that his country would contribute to the spirit of co-operation of the Conference, in the hope that progress would be made for the great and small, for industrial and agricultural countries. Had El Salvador been represented at the Preparatory Commissions it might have advocated the principle of international trade based on economic regions rather than political; that idea might yet serve as a compromise solution to many problems. An organization concerned with the commercial interchange of nations would implement the aims of Bretton Woods: the Charter of the ITO would fulfil those aims if marked emphasis on restrictions gave way to the sponsoring of international development.

El Salvador's problems were the development of hydroelectric power, the development of industries sponsored by local investment, and markets for the products of such industries. Such problems could be solved by the Charter if more international co-operation than presently foreseen were permitted. It was therefore necessary to submit amendments to Chapter III and Chapter VII. The financial resources of the Organization should be utilized to aid economic development. Inasmuch as the purchasing power of non-industrial countries scarcely covered basic needs, it was not possible to achieve the aims of the Charter, even were there no barriers or tariffs, without economic development. The reduction of prices, the elimination of tariffs would not solve the problem. Concerning the Chapter on commercial policy and the general treatment of most favoured nations, the delegation of El Salvador would ask for the inclusion of a "Central American clause" permitting preferential arrangements between Central American countries. Also, since El Salvador's tariffs were purely financial their reduction or elimination would depend upon industrialization of that country.

Mr. VALIES recognized that the Charter was not silent on that subject but felt that economic development should be brought into proper perspective with trade barriers and restrictions. (For fuller text see Press Release ITO/60).

Mr. GANI (Indonesian)

Mr. GANI (Indonesian Republic) (The official record of the speech will be issued separately.)

Mr. SPEEKENBRINK (Netherlands), on a point of order, took exception to the propriety of certain parts of the speech of the Indonesian representative and asked the Chair for a ruling.

The PRESIDENT announced that he would make the ruling at the beginning of the next meeting.

The meeting rose at 12.10 p.m.
