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SECOND COMMITTEE: ECONOMIC DEVELOPMENT

SUB-COMMITTEE C ON ARTICLES 13 AND 14

NOTES ON THE THIRD MEETING

Held at the Capitol, Havana, Cuba, on Thursday, 9 January 1948, at 10.30 a.m.

The Sub-Committee continued the discussion of negotiated commitments.

Mr. SHACKLE (United Kingdom) expressed the view that no general right to modify negotiated commitments should be given for the purpose of economic development.

Mr. VIRATA (Philippines) said that there would have to be re-negotiations before negotiated commitments could be set aside but he found it difficult to understand why the Organization had to give a decision. The obligation of prior approval by the Organization would only lead to delays and would increase the reluctance of countries to make commitments.

Mr. HAWKINS (United States) stated that the Charter did not prevent parties which had negotiated commitments, getting together for re-negotiations but gave the Organization the right of intervention in order to safeguard the rights of other states indirectly concerned, which might be injured through the setting aside of obligations.

Mr. NOVCA (Mexico) contested the right of the Organization to intervene in the re-negotiation of obligations assumed by two states. He also repeated his objections to prior approval. The Mexican amendment did not scorn commitments, but simply envisaged their provisional suspension till the Organization could decide if the restrictive measures, which had been applied, were justified.

Mr. SKAUG (Norway) pointed out the benefits his country drew from the United States-United Kingdom agreements in Geneva. He would not like to see those agreements being re-negotiated on a purely bilateral basis, without any protection for the rights of other states indirectly concerned.

Mr. REISMAN (Canada) expressed the view that under a system of direct negotiations without the intervention of the Organization there might be great delays or even a refusal of release. On the other hand, if the Organization concurred in principle that a commitment should be set aside, it would stimulate

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the conclusion of negotiations. As regards proposals for automatic release from obligations he said that his country would not be prepared to concede much for an agreement which could be abrogated unilaterally.

Mr. LIEU (China) remarked that, some provision must be established to avoid the danger of a market being flooded by a given product simply because the country concerned had manifested its intention, through application to the Organization, to reduce imports of that product in the interest of its economic development.

Mr. GARCIA OLDINI (Chile), on the invitation of the Chairman, stated that the intervention of the Organization in order to assist in the re-negotiations should be reduced to a minimum and that once negotiations had resulted in an agreement, the ITO should give its approval automatically.

Mr. ADARKAR (India) said that as far as negotiated commitments were concerned, India approved the procedure established in Article 13. No country had the right to modify voluntarily assumed obligations through unilateral action. In order to be of assistance to world trade, such commitments must have a certain stability. Release from them should only be allowed in exceptional cases and the Organization must have a right to scrutinize carefully the reasons for which a given state was seeking such a release.

Mr. H. de LEON BELLOC (Argentina) declared that his delegation was strongly opposed to the principle of prior approval. Owing to the fact that he understood neither English nor French he reserved his right to bring up again in the full Committee any point which had been discussed by the Sub-Committee at its first or second meeting. He also raised the question of Sub-Committee records.

After a short discussion it was agreed to continue to maintain records as described in E/CONF.2/BUR/15/Add.1.

Mr. STEWART (Uruguay) opposed the principle of prior approval in the name of the sovereignty of Member States which must be left completely free. Member States must be able to take the measures which they considered indispensable for their economic development. If, for essential reasons, a state was forced to violate provisions of the Charter, it could be judged under the terms of Articles 89 and 90. The freedom given to States would be compensated by increased responsibility. He also agreed with the Mexican and Chilean delegates on the need for secrecy and speed to insure the benefits provided for in Article 13.

Mr. SEACKLE (United Kingdom) declared that in his opinion, the procedures established in Article 13 were as speedy as possible. As to secrecy there was no reason why the Organization should not proceed secretly in connection with an application for release from negotiated commitments. If the

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Organization wanted to succeed, the Member States must sacrifice certain aspects of their sovereignty in the interest of the collectivity.

It was agreed to continue the discussion at the next meeting.
