

SECOND COMMITTEE: ECONOMIC DEVELOPMENT

SUMMARY RECORD OF THE SIXTEENTH MEETING

Held at the Capitol, Havana, Cuba,  
on Wednesday, 31 December 1947, at 10.30 a.m.

Chairman: Mr. ABELLO (Philippines)

CONTINUATION OF THE DISCUSSION ON ARTICLE 14.

Mr. COREA (Ceylon) announced that it would be necessary for him to submit a corrigendum to the Summary Record of the Fourteenth Meeting as certain of his remarks had been misinterpreted. (E/CONF.2/C.2/SR.14/Corr.1).

Mr. STEWARD (Uruguay) explained the purpose of his amendments to Article 14 (document E/CONF.2/C.2/6/Add.23). They made for a more logical procedure and satisfied the position of countries which had not been present at Geneva. In paragraph 1 (b), it was essential to extend the time-limit for the notification of existing measures so that governments would have an opportunity to decide what measures should be maintained.

Mr. VIRATA (Philippines) did not discount the importance of reconstruction or development of under-developed countries, but felt that these questions came more appropriately within the purview of Article 14. Article 13 would then deal with the permanent usefulness of economic development in the economic evolution of the world.

Owing to the economic interdependence of the various countries, he considered it necessary to retain the principle of prior approval by the Organization, but within certain limits. A country which desired to take advantage of the right to establish protective measures should be able to do so within a year of the Charter's entry into force for a transitional period of economic development. It would not be necessary to specify what measures were contemplated, but the Organization would have to determine that the country was under-developed and/or war devastated and would have to lay down an appropriate transitional period.

The essential difference between his amendment and the terms of Article 13 (4) (b) was that the former recognized the process of economic development as a necessary transitional stage which had to be dealt with

/on a general

on a general and not on a piece-meal basis. If general authority to establish protective measures were granted, it need not result in the indiscriminate use of such measures. The assumption rather should be that by such economic adjustments, countries would reach a stage of development when they could dispense with protective measures and participate in the world economic regime envisaged by the Charter.

Mr. ZORLU (Turkey) supported by the representatives of Syria and Costa Rica pointed out that when the currency of a country was devalued it might be necessary to increase the tariffs on certain products. His amendment was designed to ensure that any increase in tariffs as a result of currency devaluation should not be interpreted as a protective measure under the terms of Article 13.

Mr. HAWKINS (United States of America) expressed the view that the Turkish amendment would more appropriately be considered together with Articles 16 and 17.

Mr. TORRES (Brazil) agreed with the United States representative, but accepted the principle of the Turkish amendment. He wished it placed on record that this delegation was opposed to the deletion of paragraph 2 as it would serve a practical purpose if Article 14 was to be maintained in substantially its present form.

Mr. ZORLU (Turkey) further explained the purpose of his amendment. In the case of a currency devaluation, it might be possible that the revision of the scale of tariffs would not apply to all products. He was anxious that such an increase in tariffs would not be construed as a protective measure if it applied only to certain products. The amendment either could be considered by this Committee or could be referred to the Third Committee.

Mr. NASH (New Zealand) drew attention to the fact that there would have to be a consequential amendment to Article 14 if his amendment to Article 13 were accepted. The word "maintenance" would have to be inserted after "development" in the introductory paragraph.

Mr. BAYER (Czechoslovakia) pointed to the need for conformity between the time-limits set forth in paragraphs 1 (a) and 1 (b). Should the amendments aiming at the postponement of the time-limit in paragraph 1 (b) be accepted, countries coming under the terms of paragraph 1 (a) would be at a great disadvantage.

Mr. Morisseau LEROY (Haiti) supported the amendment proposed by the delegation of the Philippines.

The CHAIRMAN proposed that a Sub-Committee be established to examine and submit recommendations to Committee II concerning the proposals on Articles 13 and 14 with authority to consult, if considered necessary, with

/the Sub-Committee

the Sub-Committee of Committee III on Articles 20 and 22.

He invited the attention of the Sub-Committee to the statement made by New Zealand that, if the New Zealand amendment to Article 13 were accepted, a consequential amendment would also be required in Article 14, and also to the request of Czechoslovakia that a careful examination should be made of the time schedules in paragraph 1 (a) of Article 14 so that these should correspond with those in paragraphs 1 (b) and 1 (c) as eventually approved. The Chairman also proposed that the additional paragraph in Article 14 proposed by Turkey (E/CONF.2/C.2/9, page 63 and E/CONF.2/C.2/9/Add.4/Corr.3) be referred to the Sub-Committee on Articles 13 and 14 but that the Sub-Committees should be authorized after examination of this amendment to refer it to Committee III, if such reference were considered desirable.

Mr. TORRES (Brazil) wondered whether the possibility of a joint Sub-Committee of the Second and Third Committees had been fully explored. He felt that consultation might not achieve the desired results.

Mr. HEWITT (Australia) said the purpose of the original suggestion by his delegation would be achieved if it were understood that the Sub-Committee of the Second Committee would have complete authority to determine the order of its work so that simultaneous discussions on related or identical topics in the Sub-Committees of the Second and Third Committees could be avoided and that a decision could be taken in one Sub-Committee before the matter was considered in the other Sub-Committee.

He pointed out that in the debate in the Second Committee on Article 13 his delegation had refrained from making a statement as its attitude had been stated fully in the Third Committee in connection with related amendments.

Mr. HAIDER (Transjordan) suggested that there should be joint meetings of the Sub-Committees of the Second and Third Committees on points which were of common interest.

Mr. ZORLU (Turkey) supported the proposal made by the representative of Australia at the previous meeting that there should be a joint Sub-Committee of the Second and Third Committees.

Mr. LIEU (China) pointed out that the Third Committee had already appointed a Sub-Committee to consider Articles 20 and 22 and therefore there could be no question of a joint Sub-Committee. He supported the proposal made by the representative of Transjordan.

Mr. REISMAN (Canada) supported the proposal of the Chairman that a Sub-Committee be set up with powers to consult the Sub-Committee of the Third Committee concerned with Articles 20 and 22. That procedure envisaged the possibility of holding joint meetings of both Sub-Committees and also the possibility of setting up small joint working groups on all those points where overlapping might occur.

/Mr. NASH (New Zealand)

Mr. NASH (New Zealand) suggested that the Chairman of the Sub-Committee dealing with Articles 13 and 14 should consult with the Chairman of the Sub-Committee dealing with Articles 20 and 22 in order to determine its order of procedure. The possibility of repetition and duplication might be overcome if representatives of the countries appointed to consider Articles 20 and 22 were also appointed to consider Articles 13 and 14.

The representatives of Cuba, Transjordan, Syria, Brazil, Colombia, Chile and Mexico supported the Chairman's proposal.

The CHAIRMAN'S proposal as to the Sub-Committee to consider Articles 13 and 14 and amendments thereto was approved. The Chairman then appointed to the Sub-Committee the representatives of the following countries: Argentina, Australia, Brazil, Canada, Chile, China, Cuba, India, Iraq, Mexico, Norway, Philippines, United Kingdom, United States of America.

Mr. MULLER (Chile) regretted that he would be unable to accept membership in the Sub-Committee as the delegation of Chile was so small. He suggested that a representative of another Latin-American nation should take his place.

After discussion it was decided to set up a Sub-Committee with a membership of sixteen, to include those countries proposed by the Chairman, with the exception of Chile, together with Colombia, the Netherlands and Uruguay.

After a discussion in which the CHAIRMAN and the representatives of Mexico, Australia and Czechoslovakia took part, it was decided to set up a Sub-Committee in accordance with a suggestion made by the Chairman at the fourth meeting of the Committee, consisting of the representatives of Australia, El Salvador, France, Mexico, Poland and the United Kingdom to examine and submit recommendations concerning the footnote to Chapter III on "reconstruction" appearing at the bottom of page 12 of the draft Charter.

The CHAIRMAN announced that the first reading of Chapter III was concluded and that the Committee would adjourn sine die.

The meeting rose at 12.15 p.m.

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