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

VERBATIM REPORT

TWENTY-SECOND MEETING IN EXECUTIVE SESSION (CONTINUED)
HELD ON FRIDAY, 22 AUGUST 1947 AT 5.50 P.M. IN
THE PALAIS DES NATIONS, GENEVA.

M. Max SUTENS (Chairman) (Belgium)

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(The Meeting resumed at 5.30 p.m.)

CHAIRMAN (Interpretation): The meeting is called to order.

We have two points on our Agenda for this afternoon. The first one is point 4 of the Agenda today - Arrangements for Conclusion of Discussions on the General Agreement on Tariffs and Trade. The second point is the examination of the Note submitted by the Cuban Delegation in document E/PC/T/184.

I would suggest that we start with the second point, and I would ask the Delegate for Cuba whether he has any observations to make regarding his suggestion.

MR. M. MOBARAK (Lebanon): We have only received the text in French this very minute, Mr. Chairman. We were not able to get it this morning.

DR. G. GUTIERREZ (Cuba): Mr. Chairman, in Annexure 10 (Section E-3), page 49, of the English text of the London Report of the First Session of this Preparatory Committee, it is stated as follows:

"Changes in the form of tariffs, or changes in tariffs owing to the depreciation or devaluation of the currency of the country maintaining the tariffs, which do not result in an increase of the protective incidence of the tariff, should not be considered as new tariff increases under this paragraph."

The Executive Committee, at the meeting of August 8, 1947, recognised the legitimacy of the application of this principle.

The Cuban Delegation recorded at that meeting that Cuba is in the position contemplated in the clause quoted above, and that possibly it would avail itself of the measure whose legitimacy had been so approved.

The Cuban Delegation considers it its duty to submit at this moment, prior to the termination of the Second Session of the Preparatory Committee of the United Nations Conference on Trade

and Employment, the stand it takes in this matter of primary interest for its country.

The procedure established in Annexure 10 leaves no doubt as to the fact that no discrimination exists between the case of a depreciation and a devaluation of currency, provided the corresponding adjustment does not result in an increase of the protective incidence of the respective tariff.

On May 22, 1943, Cuba devaluated its currency, decreasing the gold content thereof from 1.50463 to 0.8886 grams of fine gold, i.e. by 40.9%.

The effect of this devaluation on the Cuban tariff, as to its protective value, can be derived from the fact that the present Cuban tariff was established in the year 1927 and has not been increased since that date.

Other countries which also devaluated their currency in 1934, adjusted their customs tariffs accordingly. Cuba, on the contrary, had to reduce in the same year, under difficult conditions, a large number of its tariff items, affecting adversely the general level of its minimum tariff. It moreover granted greater margins of preferences, which contributed to a further reduction of its tariff.

A careful examination of the scope which Cuba should give to a tariff adjustment has led us not to put it into practice up to the present time in a desire to first exhaust all other possible approaches to the problem within the framework of our negotiations. The increases which Cuba would make could be confined to such items in its tariff as are essential for the economic development of our country.

Cuba is of the opinion that upon acceptance by the Executive Committee of the legitimacy of the principle contained in Annexure 10 of the London Report, there is no necessity to submit its case, as all the circumstances set forth herein justify the application of the clause quoted above. However, Cuba has decided to take this opportunity of making known to all Nations participating in this Conference - although it has no practical effect for most of them - the intention of reserving the right to apply this principle in its tariff negotiations.

We feel confident that this reservation will be received by the Conference with the same spirit of understanding which has been accorded to a previous case in which the effective application of the principle was submitted to its consideration.

CHAIRMAN: Mr. Brown.

MR. W. BROWN (United States): Mr. Chairman, I suggest that it would serve no useful purpose to enter now, at this Meeting, into a long discussion of the proposal which has been made by the Cuban Delegation. Of course, we do not question the principle which is set forth in that Annexure 10 of the London Draft, but, on the other hand, we do not believe that the Cuban proposal can be related to this principle in the same manner as the Brazilian proposal, which was discussed here previously. We have no objection to the Cuban proposal, which we discussed in the meetings of the Tariff Agreements Committee, which we thought was the proper place for its discussion. At the same time, we would want to reserve entirely our position as to the effect this proposal may have upon tariff negotiations between Cuba and the United States.

CHAIRMAN (Interpretation): Does anyone desire to speak on this subject?

CHAIRMAN (Interpretation): Does anyone wish to speak on this subject? The Delegate of Chile.

Mr. Angel FAIVOVICH (Chile (Interpretation): I will only say that, without indicating our position on the substance of the Cuban proposal for the time being, we consider that this question must be studied in the light of the discussion which took place concerning the suggestion of Brazil some time ago - a suggestion which we accepted.

I therefore reserve my right to deal later on with this subject.

CHAIRMAN (Interpretation): The representative of the United States of America suggested that if this proposal raises certain problems, these problems should be examined at the Tariff Committee. Moreover he expressed his opinion that he had some doubt as to its direct relationship with Annexure 10 of the London Draft. In those circumstances I would suggest that we go no further on this point, but leave the Tariff Agreement Committee to study the possible implications of this suggestion.

Dr. Gustavo GUTIERREZ (Cuba): In principle, Mr. Chairman, I do not have any objection to have this discussed by the Tariff Agreement Committee but as other matters of this kind were discussed by the Executive Session I only want to raise this question: - what is the difference between taking up this matter in the Tariff Agreement Committee and in this Session?

CHAIRMAN (Interpretation): I believe there is at least one practical reason which even compels us to postpone the examination of this problem. It is that the text was distributed in English only this morning, and the French translation only this afternoon. Moreover, the Chilean

Delegate has asked to be able to study this problem further, and therefore I believe the best solution would be not to deal with it now.

Mr. Gustavo GUTIERREZ (Cuba): Mr. Chairman, that is exactly why I said that in principle the Cuban Delegation had no inconvenience in passing this matter to the Tariff Agreement Committee. The question I have put is what was the difference in taking that matter there or here? If it is assumed that the decisions or resolutions of one Committee and the other are the same, I am very glad to agree with the other members of Delegations.

CHAIRMAN: (Interpretation): I believe I can give an assurance to Mr. Gutierrez. All the Delegations are represented on the Tariff Agreement Committee and I am sure that under the Chairmanship of Mr. Wilgress he will be certain that the discussions will take place in all fairness. That Committee has at least as much authority as our own Committee, which is at present in the phase of dying.

Mr. Gustavo GUTIERREZ (Cuba): But will it have to come back to the Executive Session? If any decision were taken in the Tariff Committee.. is it necessary to come back to this Executive Session? That is the only question I want to put now.

Mr. E. WYNDHAM-WHITE (Executive Secretary): I think that when we come to take document E/PC/T/181 you will see what is proposed: - that we should, after the meeting now, delegate to the Tariff Agreement Committee the power to decide any question submitted by this Executive Session to the Tariff Agreement Committee. I think, if we adopt document E/PC/T/181, then remit this subject for discussion in the Tariff Agreement

Committee, it might meet your point.

Mr. Gustavo ~~CUTIERREZ~~ (Cuba): Mr. Chairman, if the Tariff Committee is given the same powers as this Executive Session I have no objection.

CHAIRMAN (Interpretation): Under these conditions, we can go to the next point of our Agenda, point 4 - "Arrangements for conclusion of discussions on the General Agreement on Tariffs and Trade" which was just mentioned by Mr. Wyndham-White. You have all read this document. Are there any remarks?

Mr. J.R.C. HELMORE (United Kingdom): Mr. Chairman, I apologize for delaying everybody on this day when we are so anxious to get away from this Committee, I think, but you remember that during another meeting in the next room we did refer to this matter briefly, and we asked the Executive Secretary to prepare us a note which would set out the position of the General Agreement on Tariffs and Trade when the Charter discussions had finished.

The Executive Secretary said just now that the purpose of this note was to delegate the duties of the Preparatory Committee to the Tariff Agreement Committee as from the time of the completion of the Charter discussions, which we hope and expect will be at a comparatively early hour tomorrow morning.

I venture to suggest that some very small changes in wording would make the position clearer, and would not involve the Preparatory Committee in a constitutional wrangle as to whether it had to approve the text of an Agreement reached by Governments. I hope the words that I suggest, while not in any way altering the situation that we delegate this matter to the Tariff Agreement Committee, would avoid either problem.

The words are, Mr. Chairman, in the English version, the third paragraph of the front page: "It would therefore appear appropriate that the text of the Agreement should be formally" and then say "reported to" instead of "approved by". Over the page, at the end of the paragraph, where it reads "submitting with the Report a text of an Agreement", I suggest we say, to complete the thought, "a text of the Agreement reached by the Governments concerned".

I would suggest, Mr. Chairman, that we might avoid the further inconvenience - it is by no means a danger, but it is an

inconvenience - that the Preparatory Committee would have to have a formal meeting in order to consider what has been done by the Tariff Agreement Committee. That would mean exactly the same people sitting in exactly the same room, and we might, I think, dispense with that formality if we decide to delegate. We could achieve that by altering the last paragraph to read: "The Preparatory Committee could then be considered as having discharged its functions as soon as a final Report had been received from the Tariff Agreement Committee".

(After interpretation): Mr. Chairman, I wonder if you would allow me to make a very slight correction. It was pointed out to me while the translation was going on that at the end of the last paragraph but one, my amendment should not have read "reached by the Governments concerned", since that might be slightly inconsistent with the spirit of the discussion in the Tariff Agreement Committee the other day, and that it would be safer and better to say "reached by the Delegations concerned".

CHAIRMAN: (Interpretation): We have three amendments. The first one consists of saying, in the third paragraph, "formally reported to the Preparatory Committee" instead of "formally approved by". Do you agree with this amendment? No remarks?

(Adopted)

It is suggested that we should say, at the end of the same paragraph, "submitted with the Report a text of the Agreement reached by the Delegations concerned". Do you agree with this change? No remarks?

(Adopted)

CHAIRMAN: The last suggestion would be, therefore, to add or to modify the last paragraph into a new text which would read: "The preparatory Committee would then be considered as having discharged its function as soon as a final Report had been received from the Tariff Committee".

Do you all agree?

The Delegate of China.

Mr. WUNSZ KING (China): Mr. Chairman, I would like to ask Mr. Helmore whether it is his idea that the words which have been suggested by him would replace the last paragraph in the note of the Executive Secretary?

Mr. HELMORE (United Kingdom): Yes, Mr. Chairman.

Mr. WUNSZ KING (China): Thank you.

CHAIRMAN (Interpretation): Does everybody agree?

Mr. GUTIERREZ (Cuba): I am in agreement, Mr. Chairman, but would like to add either an Amendment or an interpolation, after you finish with the subject - that is, after the proposal has been decided.

CHAIRMAN (Interpretation): We are therefore in agreement on the text as amended.

Mr. GUTIERREZ (Cuba): I have no objection to the text which has been approved, but I wish ^{to know} the interpretation of the Chair - in the meantime, does the Preparatory Committee delegate its powers to the Tariff Agreement Committee in relation to all tariff matters? Is it so?

CHAIRMAN (Interpretation): I believe we can now agree on this interpretation.

Mr. BARADUC (France) (Interpretation): As far as Mr. Gutierrez's statement in English is concerned. But the Interpretation was exactly the opposite to what was stated by the Delegate of Cuba.

CHAIRMAN (Interpretation): It is understood that the original proposal of Mr. Gutierrez be given in English.

Any other remarks on Document 181.

Does anybody else wish to speak.

Dr. HOLLOWAY (South Africa): Just for one minute, but if the point I mention looks like giving rise to a discussion, I wish to drop it like a hot potato.

I will address it to the Executive Secretary.

At Havana there will be a large number of new faces, and it will take us some considerable time to know people. If it is not a sin against the Holy Ghost to do so, may I suggest, at least in the early stages, instead of putting the names of the countries in alphabetical order, the Executive Secretary should direct somebody to pull the names out of a hat every morning, and put them down in that order.

Mr. HASSAN JABBARA (Syria) (Interpretation): I would like to ask for a decision about the future reunion of the Tariff Committee. It was said here that there will be a meeting at the end of September, but between August 22nd and the end of September there are forty days. What will then be the position of countries which have finished their tariff negotiations before the end of September? Will they be compelled to keep their delegates here?

CHAIRMAN (Interpretation): I would ask Mr. Wilgress, but I think the answer is simple. When a member of a delegation is through he can go home as long as there remains here a delegation of his country to sign the agreement.

The Hon. L.D. WILGRESS (Canada): I am in complete agreement with you, Mr. Chairman. Let us hope that the tariff negotiations and the work of the Committee will be substantially completed by September 10th. After that there will be a considerable amount of what I would call clean-up work to be done. It will be necessary for some parts of all the delegations to remain to do that work, and also to take part in the final procedure which is now envisaged for around September 30th. It will be up to the delegations concerned to determine whom they shall leave for that purpose.

M. MOUSSA MOBARAK (Lebanon) (Interpretation): Is it necessary that the Agreement be signed by one of the delegates who took part in the Geneva discussions, or can it be signed, for instance, by a diplomatic representative at Berne or somewhere else?

CHAIRMAN (Interpretation): Only if such a delegate has the full powers to do so.

Mr. J.R.C. HELMORE (United Kingdom): Mr. Chairman, I wonder if I can delay this meeting again for two minutes. I want to ask the Chairman of the Tariff Agreements Committee whether he would consider it a wise and profitable thing not to hold the meeting of the Tariff Agreements Committee which was to be held on Monday, and to postpone it till Wednesday? I have a feeling that we are all of us, after the hard work of the last fortnight, somewhat exhausted, and, indeed, rather tired of looking at the Charter articles, and by delaying the work of the Tariff Agreement Committee for 48 hours we might in the end save a great deal of time. That proposal would, of course, not affect in any way any bilateral negotiations, which are not the business of this Committee, anyhow.

HON.L.D. WILGRESS (Canada): Mr. Chairman, I am entirely in the hands of the members of the Committee. If it is the general wish that the next meeting be postponed until Wednesday, I am quite in agreement.

CHAIRMAN (Interpretation): Does everyone agree?

M. HASSAN JABBARA (Syria) (Interpretation): I would suggest a meeting on Thursday morning because, as you know, Mr. Chairman, a certain number of delegations will be absent in Czechoslovakia, and we are not sure of the weather for their coming back.

HON. L.D. WILGRESS (Canada): I understand that those going to Czechoslovakia are returning on Tuesday morning, so it should be possible to have a meeting on Wednesday afternoon.

CHAIRMAN (Interpretation): Do we all agree that the meeting should be held on Wednesday afternoon?

The meeting is adjourned.

(The meeting adjourned at 6.30 p.m.)