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

COMMISSION B

SUMMARY RECORD

First Meeting held Thursday, 29 May 1947, at
10.30 a.m. at the Palais des Nations, Geneva.

Chairman: First - M. Max SUTENS (Belgium)
Then - Hon. L.D. WILLGROSS (Canada)

The Chairman of the Preparatory Committee, M. SUTENS (Belgium) opened the Meeting and announced that the Preparatory Committee was to meet at 10.30 a.m. on Friday, May 30th, in Executive Committee for the purpose of examining the Report of the Working Party on Tariff Negotiations (document E/PC/T/76). After examination of this report the committee would constitute itself as Commission A to proceed with, and to conclude the examination of Chapter VI of the Charter.

Explaining that the Committee was to sit today in its function as Commission B of the Preparatory Committee, the CHAIRMAN designated the Hon. L.D. WILLGROSS (Canada) as Chairman of Commission B and invited Mr. Willgross to take the Chair.

Mr. WILLGROSS, in taking the Chair, expressed his appreciation of the honour conferred upon his country and upon himself by nominating him as Chairman of Commission B and asked

for nominations of the Vice-Chairman. Upon the nomination of Belgium, M. ROYER (France) was nominated Vice-Chairman of Commission B.

The CHAIRMAN designated the annotated agenda prepared by the Secretariat for discussion of Chapter VI (document E/PC/W/132) as the working document of Commission B for its examination of Chapter VI and opened the debate on this Chapter, proposing to proceed in the order of the annotated agenda.

The Delegate of INDIA stated that before debate of Chapter VI in the sequence of Articles 39 - 45, a matter of fundamental importance, raised by the amendment of the United Kingdom to Article 45, would have to be debated. It had been the understanding of the preparatory Committee in London and in New York that services were to be excluded from the purview of the Charter and of Chapter VI. The amendment to Article 45, proposed by the United Kingdom, however, implies by excepting specific services from Chapter VI that other services were to be included in the Charter and in Chapter VI. Consequently it would be necessary before the examination of any other amendments to settle definitely the question whether services are to be included or excluded from the scope of the Charter and of Chapter VI.

The CHAIRMAN, directing the attention of the Commission to the reservations mentioned in General Notes 1 and 2 to Chapter VI in document E/PC/W/132, opened the debate on the principle involved in the amendment proposed by the Delegation of the United Kingdom.

The Delegate of the United Kingdom explained that the purposes of the amendment proposed for Article 45 was not to eliminate restrictive business practices with regard to services

from investigation, but to ensure that such practices with regard to services would be dealt with by other more appropriate specialised bodies. The I.T.O. was designed to deal with practices in trade but not with practices regarding shipping, insurance, banking and other services, all of which constituted very complex specialised fields.

The Delegate of CZECHOSLOVAKIA associated himself with the position of the Delegate of India and remarked that services such as, for instance, transit were dealt with in other parts of the Charter. Outside of transport there are other services which are equally important for a great number of countries and whereas there is no need for detailed regulation of services in the Charter, the principle of the inclusion of services should be clearly stated.

The Delegate of CUBA observed that the exclusion of services from the Charter and Chapter VI would constitute a severe gap in the regulation and promotion of international trade. In view of past experience of Cuba with regard to the importance of restrictive practices of shipping companies, Cuba concurs with the Indian and Czechoslovakian position that banking, shipping and insurance should be included in the Charter.

The Delegate of CHILE also seconded the position of the Delegate of India observing that countries who are principally exporters of their national products are vitally dependent upon sea transport for their conduct of foreign trade.

The Delegate of AUSTRALIA, expressing his sympathy with the views voiced by the Delegations of India, Cuba, Czechoslovakia and Chile, explained that Australia also is vitally interested in removing restrictive practices with regard to services. However, upon careful consideration Australia had arrived at

the conclusion that services could not be dealt with in a cursory manner, by merely including them in Chapter VI, but would have to be treated in a much more comprehensive manner by a body of experts on the subject. The present composition of the Preparatory Committee would not allow adequate coverage of the subject and services were most likely not within the Terms of Reference of the Preparatory Committee.

The Delegate of BRAZIL stated that the inclusion of services in this Chapter was not only desirable but of vital necessity. There exists a close link between transport and trade and no attempt to deal with trade but excluding transport can be envisaged. There is no necessity to deal with restrictive practices regarding services in detail but the principle of their inclusion must be accepted, so that later agreements with regard to services might find this principle firmly established.

The Delegate of SOUTH AFRICA expressed himself against the proposal to deal with services in the I.T.O. Charter because this should be the object of other specialised agencies and it would be fatal to overload the I.T.O. by inclusion of services. The mere acceptance of the principle would be nothing but a general statement without any real consequences.

The Delegate of FRANCE expressed himself against the inclusion of services in view of the very complex nature of the questions involved and despite the fact that France was in extreme sympathy with the view that a regulation of services was needed.

The Delegate of the NETHERLANDS expressed himself in the same sense pointing to the fact that the Maritime Conference was about to be established and would have to be the body to deal with practices in maritime shipping.

The Delegate of INDIA explained his opinion that there must be a clear-cut straightforward decision for the inclusion or exclusion of services from the I.T.O. Charter. His Delegation had given to the matter a great deal of thought and in view of the close connection of international trade and services connected with international trade, was for their inclusion in the Charter. However, his Delegation also recognised the force of the argument not to overburden the I.T.O. from the outset with too many and too varied functions.

The CHAIRMAN, pointing to the fact that Chapter VI in its New York version did not expressly exclude services, queried whether the New York text would be agreeable to India inasmuch as this text would mean that any Member who considered that certain practices relating to services were having a harmful effect on international trade could raise the question in the I.T.O. and it would then be considered by the I.T.O. in consultation with the specialised agency concerned with such services.

The Delegate of INDIA expressed his consent to the Chairman's interpretation of his position.

The Delegate of CHILE stated that he could not subscribe to this interpretation; unless services were included expressly in one or the other part of the Charter he would be forced to record a formal reservation in this respect.

The Delegate of BRAZIL concurred in this observation and registered his adherence to the Chilean reservation.

The Delegates of SOUTH AFRICA, AUSTRALIA and the UNITED KINGDOM said that they could not accept the Chairman's interpretation of the New York text; as implying that complaints with regard to services could be lodged and that these would be dealt with by the I.T.O. in consultation with other competent bodies.

The CHAIRMAN stated that the debate had shown that one group of countries was for the outright exclusion of all services from the purview of Chapter VI, another group for the outright inclusion, while a third group would favour the Indian position. In view of the fact that the principle involved had been amply discussed he opened the debate on the amendment proposed by the United Kingdom for Article 45, requesting the Delegate of the United Kingdom to explain the object of this amendment.

The Delegate of the UNITED KINGDOM explained that his amendment was designed to put things into their right place and to ensure that the I.T.O. would not be overburdened with too many complexities, by having to deal with the specialised subjects involved in banking, shipping and insurance. According to the plans for international regulation of various activities, definite bodies with clearly circumscribed functions will be charged with various aspects of the highly complex international post-war economy. There are already in existence or in the process of development specialised agencies to deal with transport and with banking. Although there is no specialised agency in existence or at the moment contemplated for the international regulation of insurance practices, Article 61(c) would enable the I.T.O. to take the initiative in the creation of agencies for those economic activities which are not yet covered by specialised bodies. If I.T.O. were to be charged with supervision of all kinds of economic activities nothing but confusion might arise.

The CHAIRMAN adjourned the meeting for continuance of the debate of Chapter VI for 3 p.m.

The meeting rose at 1 p.m.