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

COMMISSION B.

SUMMARY RECORD

Sixth meeting held on Monday, 9th June, at 3.35 p.m.
at the Palais des Nations, Geneva.

Chairman: Hon. L. D. WILLGRESS (Canada)

CHAPTER VII.

ARTICLE 46:

The CHAIRMAN proposed that as the United States Delegation's suggested alterations to Article 46 appeared to constitute drafting points they should be referred to the Sub-Committee.

Mr. SCHWENGER (United States) agreed with this suggestion.

M. PETER (France) thought that the amendment proposed by the United States constituted a substantive change, at least on two points: the first was in the use of the term "persistence" of disequilibrium. It was desirable to take action as soon as disequilibrium appeared. Secondly, in regard to the last sentence of the United States amendment, it was not only a matter of exceptional treatment of trade but also of production and consumption. He preferred the original text of the Drafting Committee.

Mr. AUGENTHALER (Czechoslovakia) in general preferred the United States wording on the grounds that it was clearer than the original. He agreed, however, that the reference to "persistence" should be deleted. He also wished it to be clearly understood that the term "disequilibrium" covered conditions of

scarcity as well as conditions of surplus. In regard to wording, he pointed out that it was incorrect to say that burdensome stocks and pronounced fluctuations in prices do not characterise the trade in manufactured goods. It was agreed that primary products were subject to special difficulties in these respects, and he therefore suggested some such wording as "different in their substance" to be added to the reference to manufactured goods.

M. MOSTIN (Belgium) expressed a preference for the text proposed by the United States. He could not agree, however, that the difficulties covered by the Article were peculiar to primary conditities; but the means to solve them were different.

Mr. GUERRA (Cuba) agreed that the United States text represented a change in substance, particularly in the reference to "persistence" of disequilibrium. He suggested a reference instead to "the tendency to disequilibrium". He was opposed to the deletion of the reference to "adverse effects on the interests of producers and consumers". He regarded the last sentence of the United States text as an improvement. Chapter VII was only concerned directly with trade; it was not necessary to specify regulation of production.

Mr. DOIG (Australia) in general supported the United States text. Like the Cuban delegate, however, he was not happy about the deletion of the reference to adverse effects on producers and consumers. To delete this reference in Article 46 might involve deletion of similar references in

other parts of the Chapter, and he would be opposed to this. He supported the final sentence of the United States text, and, with certain reservations, the consequential changes in Article 47.

Mr. CAPLAN (United Kingdom) thought that Article 46 should now be referred to the Sub-Committee, bearing in mind its special importance as introduction to the whole Chapter. This was agreed.

ARTICLE 47:

Title.

It was agreed to refer to the Sub-Committee the change in title proposed by the United Kingdom.

Preamble.

It was agreed to refer to the Sub-Committee the amendments to the preamble proposed by the United States and the United Kingdom.

Sub-paragraph (a).

Mr. WHITE (New Zealand) explained his Delegation's proposal to insert the words "and consumption" between the words "production" and "adjustments". This was desirable to achieve consistency with Article 46. Merely to refer to "production" made the scope of the sub-paragraph too limited.

Mr. SCHWENGER (United States) agreed with the sense of the New Zealand amendment, but suggested that the words "adjustments between production and consumption" would be preferable.

Mr. MINOVSKY (Czechoslovakia) and Mr. CAPLAN (United Kingdom) supported the New Zealand amendment, and MR. MARTINS (Brazil) supported the wording proposed by the United States. It was agreed to accept the New Zealand amendment in principle and refer it to the Sub-committee.

MR. DOIG (Australia) explained the purpose of his delegation's amendment. It was only a drafting change to bring sub-paragraph (a) into line with sub-paragraph (c) of Article 52. He suggested that it might be submitted to the Sub-committee.

Professor DE VRIES (Netherlands) argued that the Australian proposal was more than merely a drafting change, in particular as regards the deletion of the words "as rapidly as the circumstances require". He agreed, however, that as it was not the intention of the Australian delegation to make a substantive change the amendment might be referred to the Sub-Committee.

MR. GUERRA (Cuba) agreed with the Netherlands Delegate. He strongly opposed the deletion to which the latter had drawn attention.

MR. DEUTSCH (Canada) agreed with the Netherlands and Cuban delegates regarding this deletion.

It was agreed to refer the Australian proposal to the Sub-committee.

Sub-paragraph (c).

Mr. SCHWEBGER (United States), introducing the United States amendment, stated that his Delegation had originally opposed the words shown in square brackets, but as these had been supported by a number

of other delegations, they had reconsidered their position in the matter, and had now included the substance of the words in question in their amendment.

Mr. GUERRA (Cuba) stated that his Delegation had taken the lead in securing the insertion of the words in square brackets in the Drafting Committee's Report, and they were now prepared to accept the wording proposed by the United States.

Mr. CAPLAN (United Kingdom) thought that the idea represented by the words in square brackets, or in the form proposed by the United States, was a valuable one, but the wording might perhaps be improved. He proposed the following alternative wording:

"to moderate pronounced fluctuations in the price of a primary commodity in order to achieve a reasonable degree of stability on the basis of prices fair to consumers and remunerative to efficient producers".

Mr. MUÑOZ (Chile) supported the wording proposed by the United States.

Mr. GUERRA (Cuba) stated that since the United Kingdom had withdrawn their opposition to the sense of the words shown in square brackets, he was ready to see the matter referred to the Sub-Committee.

Professor DE VRIES (Netherlands) expressed a preference for the United States wording.

It was agreed to refer to the Sub-Committee both the United States amendment and the wording suggested by the United Kingdom.

Sub-paragraph (d)

MR. SCHWENGER (United States) suggested that consideration of his Delegation's proposal for a separate section dealing

with conservation agreements should be deferred, as this was closely linked with their proposals regarding Article 59 and also with the problem of rearrangement.

This was agreed.

Sub-paragraph (e)

Mr SCHWENGER (United States) proposed the deletion of this sub-paragraph on the grounds that the objective to which it referred was covered by Article 59.

Mr. CAPLAN (United Kingdom) argued that there were different degrees of shortage: on the one hand acute shortage, where arrangements for equitable distribution were essential - these were excluded from the provisions of Chapter VII under Article 59; on the other hand, conditions where shortage was not so serious, but where expansion of production would be of value to producing and consuming countries. It was this second type which should be referred to in Article 47.

Mr. AUGENTHALER (Czechoslovakia) emphasised again that the term " disequilibrium" as used in Article 46 referred to shortages as well as to surpluses. Article 59 referred solely to distribution of commodities in short supply. The amendment proposed by the Czechoslovak delegation referred to both distribution and expansion of production.

Mr. MARTINS (Brazil) supported the United States proposal to delete the sub-paragraph on the grounds that it could be interpreted in different ways. For example, it might be interpreted in a manner prejudicial to countries which were developing their own resources. He suggested that discussion should be deferred until Article 59.

Mr. GUERRA (Cuba) recalled the discussions at the London meeting of the Preparatory Committee. Article 59 referred

only to an emergency. In London they had recognised the need for long-term measures to expand production; hence the present sub-paragraph (e). There was no contradiction between the latter and Article 59. They referred to two quite distinct situations.

MR. DEUTSCH (Canada) agreed with Mr. Guerra. He was opposed to deletion of sub-paragraph (e) which would be a substantive change.

Mr. CAPLAN (United Kingdom) also agreed with Mr. Guerra. In regard to the Czechoslovak amendment he thought that sub-paragraph (e) might not be the best place for a reference to "equitable distribution". He proposed the following alternative wording:

"to provide for an expansion of the production of primary commodities of which the supply could be increased with advantage to consumers and producers".

Mr. AUGENTHALER (Czechoslovakia) drew attention to the fact that in the French translation of the Annotated Agenda the term "fair prices" had been incorrectly translated as "prix normal".

Mr. PETER (France) associated himself with the remarks of the Czechoslovak delegate regarding disequilibrium due to shortage, and also regarding the French translation of the word "fair".

Mr. de SWARDT (South Africa) supported the United Kingdom wording and hoped that the United States would withdraw their amendment. He thought that in spite of probable difficulties, the door should be kept open for expansionist arrangements.

Mr. SCHWENGER (United States) emphasised that his Delegation were in favour of the idea expressed in sub-paragraph (e) but only questioned the appropriateness of mentioning it in Article 47.

Mr. MARTINS (Brazil) withdrew his support for the deletion of sub-paragraph (e). He expressed his approval of the reference in the United Kingdom amendment to the interests of producers in the expansion of production.

The CHAIRMAN proposed that the question should be referred to the Sub-Committee, and this was agreed.

Dr. ADARKAR (India) explained the reasons of his Delegation for wishing to add at the end of sub-paragraph (e) the words "or where expansion is required to aid in the achievement of internationally approved consumption programmes". He pointed out that sub-paragraph (e) referred only to primary commodities in short supply. It might be necessary, in the case of basic foodstuffs, to increase production even when a surplus existed, e.g. under the F.A.O. proposals for sales at special prices for nutritional purposes. He thought that the I.T.O. Charter should provide for arrangements of this kind. He thought that the wording proposed by the United Kingdom might cover the point, as it referred to the desirability of expanding production whenever such expansion was of advantage to producers and consumers. He raised the further question whether, if multilateral arrangements were impracticable, bi-lateral arrangements would be permitted under the Charter for expanding the production and consumption of goods in short supply. He would like the Sub-Committee to consider this question.

Professor DE VRIES (Netherlands) supported the sense of the Indian amendment but was not satisfied with the wording. "Expansion" might not be necessary, but merely prevention of restriction. As regards bi-lateral arrangements,

he recalled that the London text had provided for commodity arrangements consisting of two or more governments provided that such arrangements were open for all other countries to join.. Also, bilateral arrangements between state trading enterprises were excluded from the provisions of Chapter VII under Article 59. A further type of bilateral arrangement might fall under restrictive business practices and become subject to Chapter VI.

M. PETER (France) expressed sympathy with the Indian amendment. He was not clear, however, whether sales at special prices were consistent with the provisions against discrimination in Chapter V and against harmful commercial practices in Chapter VI. He hoped that the Sub-Committee would be able to find a form of words consistent with the provisions of these Chapters.

Mr. CHEN (China) thought that the United Kingdom amendment of the Czechoslovak proposal would cover the point raised by the Indian delegation.

Dr. ADARKAR (India) emphasised that the Sub-Committee should definitely decide whether or not sales at special prices under the F.A.O. would be permitted under the terms of the I.T.O. Charter and make their decision clear in the Charter. He also thought that if bilateral arrangements were permitted in the Charter, there should be less stringency regarding the procedure relating to their conclusion e.g. in regard to insistence on the calling of Study Groups and Commodity Conferences.

The CHAIRMAN proposed that the matter should be referred to the Sub-Committee and this was agreed.

Suggested Article 47A.

The CHAIRMAN proposed that the new Article 47A proposed by the United Kingdom should be referred to the Sub-Committee as it concerned rearrangement of the Chapter.

Mr. CAPLAN (United Kingdom) agreed that the new Article did not represent a substantive alteration and that it should be referred to the Sub-Committee. However, he reserved the right of his delegation to return to the matter if they were not satisfied with the Sub-Committee's rearrangement of the Chapter.

Mr. DOIG (Australia) agreed with the idea of the United Kingdom proposal but disliked the emphasis on study groups, particularly in the light of paragraph 1 of Article 48.

It was agreed to refer the suggested Article to the Sub-Committee.

Nominations for Sub-Committee.

The CHAIRMAN proposed that a delegate of each of the following countries should be appointed to serve on the Sub-Committee:

Australia
Canada
Czechoslovakia
France
United Kingdom
U.S.A.

They would elect their own chairmen. If other delegations not represented on the Sub-Committee wished to present their views they should approach the chairman of the Sub-Committee.

Mr. MUÑOZ (Chile) asked whether delegations not represented on the Sub-Committee might be circulated with relevant papers; otherwise they would be unable to keep in touch with its proceedings.

The CHAIRMAN stated that, although no minutes would be kept of the Sub-Committee's proceedings, the Secretary would keep all delegations informed.

Mr. AUGENTHALER (Czechoslovakia) proposed that the delegate for Cuba should be added to the Sub-Committee, and this proposal was supported by Mr. Muñoz (Chile).

The CHAIRMAN stated that he would himself have made this proposal if he had not known that Mr. Guerra was leaving Geneva this week. He asked whether Mr. Guerra's alternate would be prepared to serve. It was agreed to add Cuba to the countries represented on the Sub-Committee.

The CHAIRMAN stated that the Sub-Committee would hold its first meeting at 10.30 a.m. on Tuesday, June 10th.