

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

COMMISSION B.

SUMMARY RECORD

Eighth Meeting held on Wednesday, 11 June 1947 at 2.30 p.m.
at the Palais des Nations, Geneva.

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

CHAPTER VII

ARTICLE 50:

The discussion on Article 50 was continued from the previous meetings of the Commission.

Mr. CAPLAN (United Kingdom) stated that his delegation wished to withdraw their proposed new Article 50 from consideration at this stage. They wished however to place before the sub-committee a new form of Article 50 which would take into account the various views expressed by the other delegates in their amendments and in the Commission discussions.

The CHAIRMAN agreed to this procedure.

Mr. C. D. L. WHITE (New Zealand) thought it desirable to make it quite clear that the Organization should have discretion to take action on the basis of a Study submitted by any inter-governmental organization. It was not felt necessary to specifically stipulate that inter-governmental organizations would be entitled to request a conference.

Mr. E. de VRIES (Netherlands) thought it better to give inter-governmental organizations a right to request a conference

otherwise there would be a tendency for them to call for a conference themselves.

Mr. W. T. DOIG (Australia) said that he believed that the addition of a clause such as that suggested would reduce to a minimum the possibility of duplication between two organizations which had responsibilities in the field of commodity studies and policy. His delegation felt that Article 49 left the calling of the conference entirely to the discretion of I.T.O., and suggested that their proposal would not in any way remove that right. They were anxious to record, at this stage, that they wished to ensure that the right of a Member having a substantial interest in the trade of a commodity would be preserved insofar as the request that a conference be called is concerned. It would seem clear that Article 49 states that in all cases, no matter who requests or recommends that a conference be called, the ITO Members who are interested in the commodity will themselves have to agree first that the information, no matter where it comes from, is adequate to warrant the calling of the conference. He therefore suggested that the initiative for calling such a conference must rest with the I.T.O.

Mr. MARTINS (Brazil) associated his delegation with the proposal made by the United Kingdom delegate, that the Sub-Committee be entrusted with further study of this question and should endeavour to meet the various points of view expressed. He wished, however, to state that his delegation considered that the Organization is fully competent to decide whether difficulties arising in connection with production problems should be solved by a conference convened at the request of either an organization or a Member.

If an inter-governmental organisation asked for a conference it would not be in the same position because it usually had its own means of solving difficulties. The Trade Organisation should first of all find out whether the difficulties were likely to affect international trade or would perhaps need to obtain information from other specialised agencies.

It was agreed to refer this Article to the Subcommittee.

ARTICLE 51:

As no proposals have been made concerning the preamble the Committee passed to discussion of sub-paragraph (a).

Sub-paragraph (a):

The CHAIRMAN asked the United Kingdom delegate to introduce the amendment suggested by his delegation.

Mr. CAPLAN (United Kingdom) stated that the changes his delegation suggested to this sub-paragraph were the result of the experience acquired at the recent Wheat Conference in London. This Conference was of the opinion that it was more reasonable to leave the problem of accession of countries to commodity arrangements in the hands of the appropriate Commodity Council.

Mr. de VRIES (Netherlands) asked that the drafting should bring out clearly the fact that even though the conditions of participation are established by the participants themselves, the approval of the Organization is nevertheless needed, especially in view of the fact that an exception to the provisions of Chapter V is made.

Mr. MINOVSKY (Czechoslovakia) asked the United Kingdom delegate whether the word "procedure" contained in his amendment should not be replaced by the word "principles".

Mr. PETER (France) pointed out that the remarks of the Czechoslovak delegate were due to an error in the French text, and that his point would be covered by replacing the words "ce procédé" by the words "ces procédés".

The CHAIRMAN then referred sub-paragraph (a) to the Sub-Committee.

No proposals were made concerning sub-paragraph (b).

Concerning the amendment suggested to sub-paragraph (c) Mr. SCHWENGER (United States) stated that it was not meant to be a substantive change. The sense of the part of the sentence his delegation proposed to delete was already contained in a previous Article and therefore would not constitute an addition to the present sub-paragraph.

Mr. WARWICK SMITH (Australia) opposed the deletion proposed by the United States. He stated that his delegation favoured the following three principles: (1) the advantages afforded to countries should be commensurate with the obligations they accepted; (2) no impediment should be made to the participation of non-Members of ITO in commodity arrangements; (3) the position of non-participating countries should be left to the Commodity Council and not to the Organization, even though the Organization may assume certain supervisory functions.

Mr. SCHWENGER (United States) stated that he agreed with the Australian representative about the importance of maintaining the possibility of participation for the non-Members. He thought, however, that the principles mentioned by his Australian colleague were safeguarded even if the American amendment were agreed. He disagreed with the Australian delegate on the position of non-participating Members, and stated that sub-paragraph (c)

constituted a guarantee of equitable treatment to those Members who, because their interest in the commodity was small, did not participate.

Mr. de VRIES (Netherlands) suggested the addition of the words "under the Charter" after the words "with obligations accepted".

The CHAIRMAN referred the problem to the Sub-Committee and it was decided to deal with it only after Commission A had clarified the position of non-Members and had drafted a text of Article 36 in this connection.

ARTICLE 52.

The CHAIRMAN asked the delegates to confine their discussion to the points contained on pages 8, 9 and 10 of the Secretariat's paper and not to deal with the question of widening the scope of Article 52, as this question was already being dealt with by the Sub-Committee.

Sub-paragraph (a):

Concerning the amendment proposed by the Chilean delegation to sub-paragraph (a), Mr. MUNOZ (Chile) stated that his delegation had held the opinion that the problem of countries with a small volume of international trade did not receive careful consideration at the First Session. However, his delegation was now of the opinion that the problems the Chilean amendment intended to cover were covered by the addition of the words "or under-employment" after the words "widespread unemployment" in sub-paragraph (b). He was therefore in a position to withdraw the amendment.

The CHAIRMAN drew the attention of the Committee to the proposal of the United States delegation in connection with sub-paragraphs (a) and (b).

Mr. R.B. SCHWENGER (United States) stated that the change suggested by his delegation, namely the inclusion of the words "in the absence of specific governmental action", was only a drafting change aimed at clarifying the text.

Mr. de SWARDT (South Africa) agreed with the United States delegate, but preferred the words "inter-governmental action" to the words "governmental action".

Mr. R.B. SCHWENGER (United States) answered that he had no strong views on the subject, but that the word "governmental" as used in the text included "inter-governmental action".

Sub-paragraphs (a) and (b) were referred to the Sub-Committee.

Sub-paragraph (c).

Mr. SCHWENGER (United States) stated that his delegation favoured the deletion of this sub-paragraph because the definition of "primary commodity" as devised by the Drafting Committee in New York and contained in the present Article 60 included substitute and complementary products. If unforeseen circumstances developed then paragraph 3 of Article 66 could become operative and sub-paragraph (c) of Article 52 did therefore not constitute an important addition to the text.

M. PETER (France) was in favour of maintaining sub-paragraph (c) because he considered that a reference to Article 66 would not be enough. As to the definition contained in Article 60, he stated that it did not cover all the cases in which commodity arrangements might be necessary. A commodity like steel, for example, was not necessarily a substitute or a complementary commodity.

Mr. WHITE (New Zealand) supported the delegate of France.

Mr. CAPLAN (United Kingdom) stated that in his opinion now that a new definition had been devised for primary commodities it was useless and even dangerous to keep sub-paragraph (c). As to a particular commodity like steel, he did not see any reason which would preclude it from being dealt with in a group with primary commodities like pig-iron or iron ore.

Mr. MINOVSKY (Czechoslovakia) stated that he could not accept the United States proposal for the deletion of sub-paragraph (c).

Mr. de VRIES (Netherlands) stated that he too wanted to retain sub-paragraph (c). In his opinion it is the economic circumstances of production and consumption which should determine whether an agreement could be concluded, and not so much whether a commodity was a primary one or not.

Baron de GAIFFIER (Belgium) supported the statement made by his Netherlands colleague.

Mr. MUNOZ (Chile), Mr. MARTINS (Brazil) and Mr. FRESQUET (Cuba) expressed themselves in favour of the deletion of sub-paragraph (c).

Mr. RICHARDS (Canada) was also in favour of removing sub-paragraph (c).

Mr. DOIG (Australia) was also of the opinion that sub-paragraph (c) should be deleted.

Additional paragraph proposed by F.A.O.

Mr. YATES (F.A.O) explained the purpose of the additional paragraph suggested by F.A.O. Various F.A.O. conferences had recognized the possibilities of using inter-governmental commodity arrangements for the expansion of both production and consumption. He pointed out that such arrangements might, by providing for the expansion of consumption, actually reduce the need for limitations

on production. However, an agreement can only be permitted under those circumstances and for those purposes if Article 52 were amended along the lines proposed by the F.A.O. Rice expansion would probably require substantial investment and the countries concerned would possibly want some assurance regarding the future of the international market, and it might become necessary to make provision for an agreement which would give the necessary assurance. He pointed out that under the suggested amendment of F.A.O. the responsibility for determining the degree of necessity would still rest with I.T.O.

Mr. CAPLAN (United Kingdom) agreed with the sentiments expressed by the F.A.O. Observer, but submitted the following form of words:

"such an agreement is necessary to enable the governments concerned to promote the orderly expansion of production and consumption of a primary commodity."

Under this suggestion the Organization would still be left with the power to determine whether the necessity existed for taking action.

Baron de GAIFFIER (Belgium) supported the proposal of the F.A.O. representative, but wished to have an opportunity to study the text of the United Kingdom proposal before expressing an opinion on it.

Mr. RAHIMTOULA (India) supported the F.A.O. proposal. Agreements should be possible in cases when it is necessary to plan expansion of production to meet consumption needs. Such agreements should be recognized by the I.T.O.

Mr. SCHWENGER (United States) expressed sympathy with the objects of the proposed additional clause. He considered that there should be every appropriate means open for the expansion of production and consumption whenever that would be an advantage

to the producers and consumers, and agreements for the purpose should certainly be allowed by the Chapter. However, he had little doubt as to whether the insertion of a sub-paragraph at this particular point would be the best method. In the first place, such agreements seem to have been provided in the Chapter. A good deal of the expansion would also be done through national agricultural organizations related to the work of the F.A.O. Much of this development would take place on an over-all or regional basis rather than on a commodity basis. In addition, many cases of the type envisaged in the amendment would be covered by the non-regulatory agreements. He also pointed out that many such arrangements would probably be regulatory to a minor extent. As the Sub-Committee was examining the definition of regulatory agreements, he considered that a decision on any one of the suggested new paragraphs might await on the preparation by the Sub-Committee of a definition of regulatory agreements.

M. PETER (France) supported the substance of the F.A.O. proposal, but shared the doubts of the United States Delegation with regard to the form which it should take. He was inclined to think that the matter submitted by the F.A.O. might be better inserted somewhere else in the Charter.

He proposed that the Commission should agree to adopt in principle the substance of the F.A.O. proposal and leave the Sub-Committee to decide the appropriate place for the insertion of such a paragraph.

Mr. E.A. RICHARDS (Canada) pointed out that the suggested amendment was designed to relate production to consumption needs. He believed that such a purpose would best be achieved by a regulatory agreement. He supported the principle and the revised text.

Mr. FRESQUET (Cuba) agreed that the principle should be inserted in the Charter, but did not think that Article 52 was the right place.

Mr. WHITE (New Zealand) supported the proposal of the F.A.O. and considered that Article 52 was the only satisfactory place for its insertion.

Mr. DE VRIES (Netherlands) also supported the insertion of a paragraph in Article 52. The insertion was necessary as the matter was not covered at present.

Mr. GANGULI (India) said the type of agreement envisaged in the F.A.O. proposal should be inserted in Article 52. The I.T.O. approach might be different from that of the F.A.O. The latter favoured commodities being supplied through non-commercial channels at special prices so that there might be equilibrium of world production and consumption at a high level.

Mr. CAPLAN (United Kingdom) denied that there would be any differences between the approach of I.T.O. and that of F.A.O. The same governments would be members of both Organizations, so that their aims and objectives would not conflict.

The CHAIRMAN pointed out that there was general agreement in the Commission with the proposal of the F.A.O. but a difference of opinion as to the exact place in the Charter where this provision should be inserted. He suggested approval of the suggestion of the French Delegation under which the question of the place of insertion would be left to the Sub-Committee.

This was agreed.

The Cuban representative stated that at this stage it was necessary to reserve the position of his Delegation.