



UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/AC.6/SR.125  
24 April 1953  
ENGLISH  
ORIGINAL: FRENCH

ECONOMIC COMMITTEE

Fifteenth Session

SUMMARY RECORD OF THE HUNDRED AND TWENTY-FIFTH MEETING

Held at Headquarters, New York,  
on Monday, 6 April 1953, at 2.30 p.m.

CONTENTS

Report of the Transport and Communications Commission (sixth session)  
(E/2363, E/2363/Add.1, E/2387, E/2388)

PRESENT:

Chairman:

Mr. BIRECKI

Poland

PRESENT: (continued)

<u>Members:</u>	Mr. GARCIA OLANO	Argentina
	Mr. TANGE )	
	Mr. FOXCROFT )	Australia
	Mr. de KLIJDER	Belgium
	Mr. CHA	China
	Mr. BLANCO	Cuba
	Mr. GHORBAL	Egypt
	Mr. ARMENGAUD	France
	Mr. LAL )	
	Mr. BANERJI )	India
	Mr. IRANEZ	Philippines
	Mr. TYKOCINSKI	Poland
	Mr. NYMAN	Sweden
	Mr. VANER )	
	Mr. AKANT )	Turkey
	Mr. OBRAZTSOV	Union of Soviet Socialist Republics
	Mr. ANDERSON	United Kingdom of Great Britain and Northern Ireland
	Mr. STIBRAVY	United States of America
	Mr. BERMUDEZ	Uruguay
	Mr. RIVAS	Venezuela
	Mr. STANOVNIK	Yugoslavia
<u>Also present:</u>	Mr. FRAZAO	Brazil

Representatives of specialized agencies:

Mr. DAWSON	International Labour Organisation (ILO)
Miss BANOS	Food and Agriculture Organization (FAO)
Mr. CARNES	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. WRIGHT	International Monetary Fund
Mrs. MEAGHER	World Health Organization (WHO)

Representative of a non-governmental organization:

	Mrs. IUSARDI	International Chamber of Commerce (ICC)
<u>Secretariat:</u>	Mr. IUEAC	Director of the Division of Transport and Communications
	Mr. DUMONTET	Secretary of the Committee

REPORT OF THE TRANSPORT AND COMMUNICATIONS COMMISSION (SIXTH SESSION) (E/2363, E/2363/Add.1, E/2387, E/2388)

Mr. LUKAC (Secretariat) presented some comments on the report of the Transport and Communications Commission. He pointed out, among other things, that the report included for the first time a section on United Nations priority programmes and concentration of effort and resources. He then referred to the various subjects dealt with in the report and introduced the draft resolutions which the Commission was submitting to the Economic and Social Council.

The CHAIRMAN proposed that the Committee should hold a general discussion and then vote on the draft resolutions.

Mr. GARCIA OLANO (Argentina) stated that his delegation had followed the work of the Transport and Communications Commission with interest and had noted its report. While recognizing the importance of the other subjects studied, it proposed to deal with one particular item, in connexion with which reference had been made to his country: discrimination in transport insurance. In document E/CN.2/139, it was stated that Argentina applied discriminatory laws which had resulted in higher cost of marine insurance, which was passed to the ultimate consumer and constituted a serious impediment to international trade. That incorrect and unfounded conclusion compelled him to comment on the system existing in Argentina.

In Argentina, as in most countries, insurance was mainly in the hands of private companies, which operated under the supervision of official organizations. That supervision, which was essential for protecting the policy-holders, had existed since 1938 and the companies, both foreign and domestic, could not but feel satisfaction, since it had created an atmosphere of confidence favourable to them. Foreign insurance agents had always been treated reasonably and the special provisions applying to them were based on the need to protect the local policy holders. In 1940, steps had been taken to end the irregular practices of many foreign companies, which had transferred their reserves, consisting of insurance premiums, to their head offices and had not had sufficient funds in Argentina to meet their obligations or the

assets to guarantee the fulfilment of those obligations. The insurance companies had willingly agreed to deposit a certain percentage of their reserves, an arrangement which did not differ greatly from those in effect in European countries where the relevant legislation was considered to be among the most complete and advanced.

The taxation levied on insurance companies had existed for a long time and was in accordance with the country's Constitution and legislation. The use of two different scales, for Argentine and foreign companies respectively, was designed to protect legitimate national interests. The Argentine companies were operating under unfavourable conditions and had to be protected against often ruinous competition. The taxation did not affect foreign capital, being borne by the local policy-holders. It was merely a matter of placing the national companies on an equal footing in order to encourage their development. More than forty-five foreign companies were operating in Argentina and there was nothing to prevent the establishment of new ones.

Important reforms had been introduced in 1946 under a new policy based on the principle of economic independence. It was known that insurance and re-insurance taken out abroad resulted in the flow of substantial funds from the country and, consequently, in fluctuations in the balance of payments. Again, when the export and import trade varied to any great extent, insurance had necessarily to adjust itself to the new situation. It was natural and legitimate that the local production and consumption that nourished that trade should be insured within the country. Act No. 12988 imposed that obligation only when the person incurring risk in receiving or dispatching commodities resided in the country. In every other case there was complete freedom, recognized in many agreements with other countries. The advantages of those provisions were obvious: they dispensed with foreign exchange transactions, which were difficult at the moment, they made it easier for the policy-holder to pay his premiums, to file claims and to obtain compensation; if the occasion arose, they obviated the need to deal through foreign-law-courts, and, lastly, they made insurance less expensive and brought down the cost of commodities accordingly. The status of foreign policy-holders raised no problem. Argentine companies operated under effective and modern supervision, which kept them solvent and financially responsible to no less a degree than

similar foreign companies. When they made payments in foreign currency, they obtained every facility from the Central Bank under Act No. 12988.

It would thus be seen that the sole purpose of the double insurance system was to counteract the risk of a false assessment and misunderstanding of the Argentine insurance market. The reinsurance monopoly existing in Argentina was not a new solution; there were many precedents for it. In the absence of a well organized reinsurance system, national insurance would be at the mercy of foreign markets and would have to accept the unilateral conditions laid down by them. That was what the 1946 reform had been intended to change. The Re-insurance Institute recently set up as a State enterprise, met an obvious need. Its purpose was to organize and protect the national market, but it was not intended to dispense with foreign reinsurance agents and, each year it renewed the concession which allowed them to participate profitably in the national insurance operations.

Both national and foreign companies had to transfer to the Institute part of the risks covered in the country. The fact that, in the case of foreign companies, the percentage was 30 per cent, was not an actual disadvantage in practice.

Thus, as a result of the foregoing considerations, it had been necessary to grant the national companies treatment which was, in certain respects, preferential, in order to strengthen them, since their unduly slow development had not been in keeping with the country's wealth and the interests to be protected. It was for that purpose that the new insurance and reinsurance system, which applied to all countries without discrimination, had been introduced.

He hoped that the explanation which he had just given on the insurance and reinsurance system in Argentina had completely refuted the account of discrimination in transport insurance given in the report. It had also served to show that the idea of discrimination in transport insurance, introduced by the International Chamber of Commerce, was an ambiguous idea like the idea of freedom of trade which guided that organization's activities. As long as they were abstract and not connected with the problem of the economic structure and development of the countries engaging in international trade, those ideas could not but be ambiguous. All the conditions which the

International Chamber of Commerce listed as included in the definition of discrimination could be appreciated only in relation to the problems of economic development.

The Secretary-General himself had recognized, in the report, that the legislation providing that commodities in international trade must be insured by national companies was justified by the fact that it was necessary for governments to promote the development of their national insurance companies. The Argentine delegation maintained that the proposals submitted in the recommendations of the International Chamber of Commerce and the Transport and Communications Commission were not likely to create conditions of really free trade. There were much more important and more urgent measures, such as those relating to the prices of raw materials, which would contribute to the achievement of free trade not only for a few specific countries but for all countries, large and small, whether highly developed or under-developed.

Mr. TANGE (Australia) said that the authorities responsible for transport matters in his country had carefully studied the report of the Transport and Communications Commission. He had only a few comments to make in the general debate. That was tantamount to saying that the Australian delegation supported the report as a whole; it considered that the report was a valuable contribution to the general study of the problem and that it suggested practical steps in a number of fields. He would return to the points which were of particular interest to his delegation when the Committee considered the draft resolutions. For the time being, he would merely refer to them briefly.

The Australian Government had ratified the Convention on the Inter-Governmental Maritime Consultative Organization. The Australian delegation therefore strongly supported draft resolution C, which invited those countries that had accepted the Convention to consider what measures might be taken with a view to hastening the bringing into being of the organization. Needless to say, the prevailing uncertainty concerning the organization precluded the adoption of decisions on other matters, particularly the unification of maritime tonnage measurement and the pollution of sea water.

The competent Australian services were actively studying the Convention on Road Traffic and consultations were at present taking place between the authorities of the Federal Government and those of the states, which shared responsibility and authority in that field. It would therefore be premature at the present juncture to indicate what was Australia's position in the matter.

The Australian delegation would discuss the proposal to change the draft Convention on a Uniform System of Road Signs and Signals into a protocol when draft resolution D was considered. The problem of road signals was at present under study in Australia, but the Australian delegation was able to state there and then that it would like to have a clause in the protocol which would allow governments to enter reservations. It was proposed in the draft resolution that the protocol should be opened for signature as soon as it had been adopted by the Economic and Social Council. The usual practice was to submit the text of such instruments to the various governments concerned. The Australian delegation hoped that consultations would continue, which would enable the Australian Government to take a position.

Generally speaking, the Australian delegation supported nearly all the proposals submitted in the report and did not object to the order of priority adopted with respect to transport and communications.

Mr. de KINDER (Belgium) said that his delegation did not wish to participate in the general debate but reserved the right to express its views when the Committee considered the draft resolutions.

Mr. RIVAS (Venezuela), after congratulating the Commission and the Secretariat, said that his delegation had no substantive comments to make on the draft resolutions. It would, however, ask for a separate vote on paragraph 7 of draft resolution D, for the absence of any clause in the protocol on a uniform system of road signs and signals which would allow Governments to enter reservations was incompatible with some provisions in the Venezuelan Constitution.

With regard to paragraph 3 of draft resolution H, he pointed out that in Venezuela aliens enjoyed the same rights as nationals in matters of transport insurance. The insertion in every future commercial treaty of a clause designed to prevent discrimination could be dangerous, since the term "discrimination" might give rise to confusion. The Venezuelan delegation would nevertheless vote for draft resolution H but it requested that its observation should be included in the record of the meeting.

Mr. STIBRAVY (United States of America) congratulated the Transport and Communications Commission on the useful work it had done at its last session. He commended the Commission for having established an order of priority for transport and communications projects, in accordance with the decisions of the Economic and Social Council. The United States delegation approved in general the draft resolutions submitted in the report, subject to certain comments which it would make when the Committee considered the drafts. The United States Government was keenly interested in the implementation of the Convention on the Inter-Governmental Maritime Consultative Organization, to which it had already adhered. With regard to discrimination in transport insurance, the United States Government was already endeavouring to include in its commercial treaties with other countries a provision designed to prevent the discrimination referred to in paragraph 3 of draft resolution H.

The CHAIRMAN invited the Committee to consider the draft resolutions. Unless the Committee objected, he would put draft resolution A to the vote at the end of the debate, since it merely invited the Economic and Social Council to take note of the report of the Transport and Communications Commission on the work of its sixth session.

It was so decided.

#### Draft resolution B

Mr. OBRAZTSOV (Union of Soviet Socialist Republics) requested a separate vote on sub-paragraph (ii) of the draft resolution.

Mr. ANDERSON (United Kingdom) said that his delegation would vote in favour of draft resolution B. The United Kingdom Government had not yet completed its study of the question of pollution of seawater and hoped that the Secretary-General would not proceed with any of the activities referred to in the draft resolution before he had received the reports of the United Kingdom and other governments at present studying the problem, for IMCO could not but benefit from the work already accomplished on the subject. The United Kingdom Government hoped to be represented, when the time came, on the committee of experts proposed in the draft resolution.

Mr. LUKAC (Secretariat) assured the United Kingdom representative that the Secretary-General would wait until he had received communications from all the Governments concerned before convening the committee of experts.

He wondered what was the situation with regard to sub-paragraph (ii) of the draft resolution, in view of the fact that the Secretary-General had stated in document E/2363/Add.1 that no expenses in connexion with the payment of travel and subsistence of experts could be met out of the regular budget.

Sub-paragraph (ii) of draft resolution B was adopted by 13 votes to 2, with 2 abstentions.

Mr. NYMAN (Sweden) stated that the competent Swedish authorities were at present studying the problem of pollution of seawater, with a view to determining the effects of pollution by fuel oil and discovering means of preventing or reducing the harmful consequences of such pollution. The Swedish Government was not, therefore, able to take a position there and then on the recommendations of the Transport and Communications Commission. Nevertheless, he could say at once that his Government was not convinced of the desirability of establishing an inter-governmental maritime consultative organization. There was no assurance that the organization would ever be created or that its activities would have the desired effect. The Swedish Government felt that the only way to achieve tangible results would be to convene an international conference, which could base its work upon the draft convention of 1935. The Swedish delegation would, however, vote in favour of draft resolution B, subject

to its reservations with respect to IMCO, because the draft was an important step towards a solution of the problem of pollution of seawater.

Mr. ARMENGAUD (France) said that his delegation would like a meeting of experts to be convened without waiting for IMCO to be organized. The European countries which were washed by narrow seas were vitally concerned with the problem of pollution of seawater and would like to see it solved without delay. The French delegation would vote for draft resolution B, since it was likely to accelerate that solution.

Draft resolution B was adopted by 16 votes to none, with 2 abstentions.

Draft resolution C

Mr. STANOVNIK (Yugoslavia) said that his delegation would abstain from voting on draft resolution C but its abstention should not be construed as a criticism of the Transport and Communications Commission. The Yugoslav Government fully appreciated the technical work done by the Commission but it had certain reservations which precluded it from voting for the draft resolution.

Draft resolution C was adopted by 11 votes to none, with 7 abstentions.

Mr. NYMAN (Sweden) said that he had abstained because the Swedish Government had not yet ratified the Convention and was reserving its position with respect to IMCO.

Draft resolution D

Mr. LUKAC (Secretariat) gave some clarification concerning document E/2387. Instead of providing for a conference to adopt a convention on the basis of the draft prepared by the committee of experts, the Commission had preferred to call the instrument a "Protocol" and declare it open for signature. Members of the Committee would find in the note by the Secretary-General the amendments and changes in the Protocol which the Legal Department had suggested as a result of that decision. The only change affecting draft resolution D concerned paragraph 6 (a) and was to be found in paragraph 9 of document E/2387.

In connexion with reservations to the Protocol, the legal experts consulted had, in view of the Commission's recommendations and in accordance with the wishes expressed by the General Assembly in its resolution 598 (VI), urged that there should be a clause providing that no reservation could be made to the Protocol. It was now for the Council to take a decision in the matter. The Commission had considered a clause providing for reservations unnecessary by not fixing a time-limit for the implementation of the Protocol, the Commission had in effect given governments which would ratify the Protocol the necessary time to introduce the system of road signs and signals proposed to them. Furthermore, reservations of a technical nature could not fail to impede the uniformity that was being sought and to complicate the problems of drivers going from one country to another.

Mr. CHA (China) recalled that the Chinese Government had ratified the 1931 Convention and intended to adhere to the new Convention. He was surprised that in document E/2387 the Secretary-General had mentioned only the English, French, and Spanish languages, although Chinese too, was an official language of the United Nations. He therefore proposed that the last paragraph of the Protocol should be amended by the addition of the word "Chinese" after "Spanish", and the substitution of the word "four" for "three".

Mr. LUKAC (Secretariat) pointed out the text had at first been drawn up in English and French, those being the only working languages of the Economic and Social Council at the time. As the Council had decided since to adopt Spanish as a working language, the Secretary-General had felt it necessary to recommend that the Protocol should be drawn up in the three languages used by the Council.

The CHAIRMAN considered that there was no need for the Committee to take a decision on the Chinese proposal, that would be better left to the Economic and Social Council.

Mr. NYMAN (Sweden) said that his Government had ratified the Geneva Protocol on Road Signs and Signals of 1949 and was of the opinion that the adoption of a new system of road signs and signals would be burdensome and liable to cause

a good deal of confusion. The Swedish delegation would therefore vote against draft resolution D. Again, it was not convinced that the question of a uniform system of road signs and signals was entitled to the priority which the Transport and Communications Commission had given it.

Mr. RIVAS (Venezuela) asked for a separate vote on paragraph 7. In spite of Mr. Lukac's explanation, the Venezuelan delegation felt that the word "reservation" in its legal sense should apply not only to the system of road signs and signals but to the penalties and civil consequences incurred by drivers of vehicles in connexion with road signs and signals. The Constitution of Venezuela gave the Venezuelan courts the right to assess the penalties and civil consequences of any violations of the provisions of bilateral or multilateral international instruments to which Venezuela was a party.

Mr. ANDERSON (United Kingdom) wondered, with the Australian representative, whether it would be expedient to open the Protocol for signature without first obtaining the views of governments. The Secretary-General should be asked to find out how many governments were prepared to ratify the Protocol and paragraph 6 of draft resolution D should be amended accordingly. The United Kingdom Government would like the Protocol to be ratified by the largest number of States possible, hence its desire to avoid undue haste, which, all things considered, could only run counter to the objective in view. The United Kingdom Government itself would probably be unable to ratify the Protocol in its present form.

Mr. ARMENGAUD (France) thought the observations of the United Kingdom representative were well-founded. He therefore proposed that sub-paragraph 6 (a) should be replaced by the following:

"To continue his consultations concerning the contents of the Protocol and the date it should be opened for signature, and to report to the Council at its seventeenth session".

Mr. NYMAN (Sweden) said that he would vote for the French amendment because the new sub-paragraph would give the Swedish Government time to study the Draft Convention in greater detail. His delegation shared the Venezuelan representative's views on paragraph 7 and could not approve the provisions of that paragraph.

Mr. GHORBAL (Egypt) proposed the addition after the words "at its seventeenth session" of the words "as to the desirability of having no reservation clause included in the Protocol".

Mr. TANGE (Australia) supported the French amendment. After hearing the views of many other delegations he was convinced that it would not be advisable to open the Protocol for signature in its present form without holding further consultations with governments. With regard to paragraph 7, it would be better not to try to impose upon governments a rigid system of road signs and signals without giving them the possibility of entering reservations to their acceptance. Only on that condition would the Protocol achieve universal ratification. If the Committee decided to delete paragraph 7, it should invite the Legal Department to include a clause in the Protocol expressly allowing reservations.

Mr. BERMUDEZ (Uruguay) said that paragraph 7 was unacceptable in its present wording, which was too rigid.

Mr. RIVAS (Venezuela) fully supported the statement of the Australian representative concerning paragraph 7. While he appreciated the Egyptian representative's conciliatory efforts, he asked him to withdraw his amendment.

Mr. BERMUDEZ (Uruguay) and Mr. GARCIA OLANO (Argentina) supported the observations of the Australian and Venezuelan representatives.

Mr. ARMENGAUD (France) proposed that sub-paragraph 6 (b) and paragraph 7 should be combined. The new wording would then be as follows:

"(b) To bring to the attention of the governments the information and explanations contained in the Final Report of the Group of Experts on Road Signs and Signals (document E/CN.2/119--E/CN.2/Conf.1/12), and the recommendation of the Commission that no reservation clause be included in the Protocol".

Mr. CHA (China) felt that it would be better if paragraph 7 were deleted entirely; he was, however, prepared to accept the French proposal.

Mr. de KINDER (Belgium) thought that the French proposal might reconcile all views, since as it seemed to meet all the objections that had been raised.

Mr. RIVAS (Venezuela) considered it unnecessary to mention the question of reservations in the draft resolution. It would be simpler to delete paragraph 7.

Mr. ARMENGAUD (France) recalled that the text submitted by the Transport and Communications Commission reflected the views of the majority of its members: that fact should not be overlooked. The amendment he had proposed to sub-paragraph 6 (a) would give the governments concerned time to take a position of the question of reservations.

The CHAIRMAN put to the vote the Australian proposal to delete paragraph 7 of draft resolution D.

The proposal was adopted by 9 votes to none, with 9 abstentions.

A vote was taken on the new text of sub-paragraph 6 (b), as proposed by the French representative.

The proposal was not adopted, 6 votes being cast in favour and 6 against with 6 abstentions.

Mr. GHORBAL (Egypt) explained that he had voted against the French proposal to combine sub-paragraph 6 (b) and paragraph 7, because the latter paragraph had already been voted upon and had been rejected.

Mr. LUKAC (Secretariat) observed that paragraph 7 of document E/2387 was now pointless, since the Committee had voted to delete paragraph 7 of draft resolution D.

The CHAIRMAN put to the vote the new text of sub-paragraph 6 (a), as proposed by the French representative.

The proposal was adopted by 15 votes to none, with 3 abstentions.

Draft resolution D, as amended, was adopted by 16 votes to none, with 2 abstentions.

Mr. LUKAC (Secretariat) drew attention to a further point connected with the subject dealt with in resolution D, i.e. the amendments to the draft Protocol on a Uniform System of Road Signs and Signals, which were suggested in the Secretary-General's note (E/2387) on the basis of recommendations made by the Transport and Communications Commission. He asked whether it should be understood that the Secretary-General might introduce those amendments into the final provisions of the draft Protocol, with the exception, however, of the following points, which might be reserved for the time being, in view of the decisions just taken by the Committee:

- (a) the closing date for the signature of the Protocol (point 3 of document E/2387)
- (b) the question of the reservation clause, upon which the Council would ultimately have to decide in accordance with General Assembly resolution 598 (VI) (point 7 of document E/2387)
- (c) the question of authentic languages of the Protocol and of the date it would bear (point 8 of document E/2387).

The CHAIRMAN noted the Committee's agreement with that procedure.

Draft resolution E

Mr. ANDERSON (United Kingdom) proposed two changes in the English text of draft amended annex 8 of the Convention on Road Traffic. The word "disabled" in paragraph 3 should be replaced by the word "crippled" and the words "shall endeavour to conform" in paragraph 4 should be replaced by the words "shall give full consideration".

It was so agreed.

Draft resolution E was adopted by 16 votes to 2.

The meeting rose at 5.25 p.m.

29/4 a.m.